

Annual Report  
**2019**  
Sakol Energy Public Company Limited



<sup>th</sup>  
**10**  
ANNIVERSARY

# Values

**C** ... **Challenge**

**O** ... **One**

**R** ... **Respect**

**R** ... **Result**

**E** ... **Evolve**

**C** ... **Communication**

**T** ... **Teamwork**

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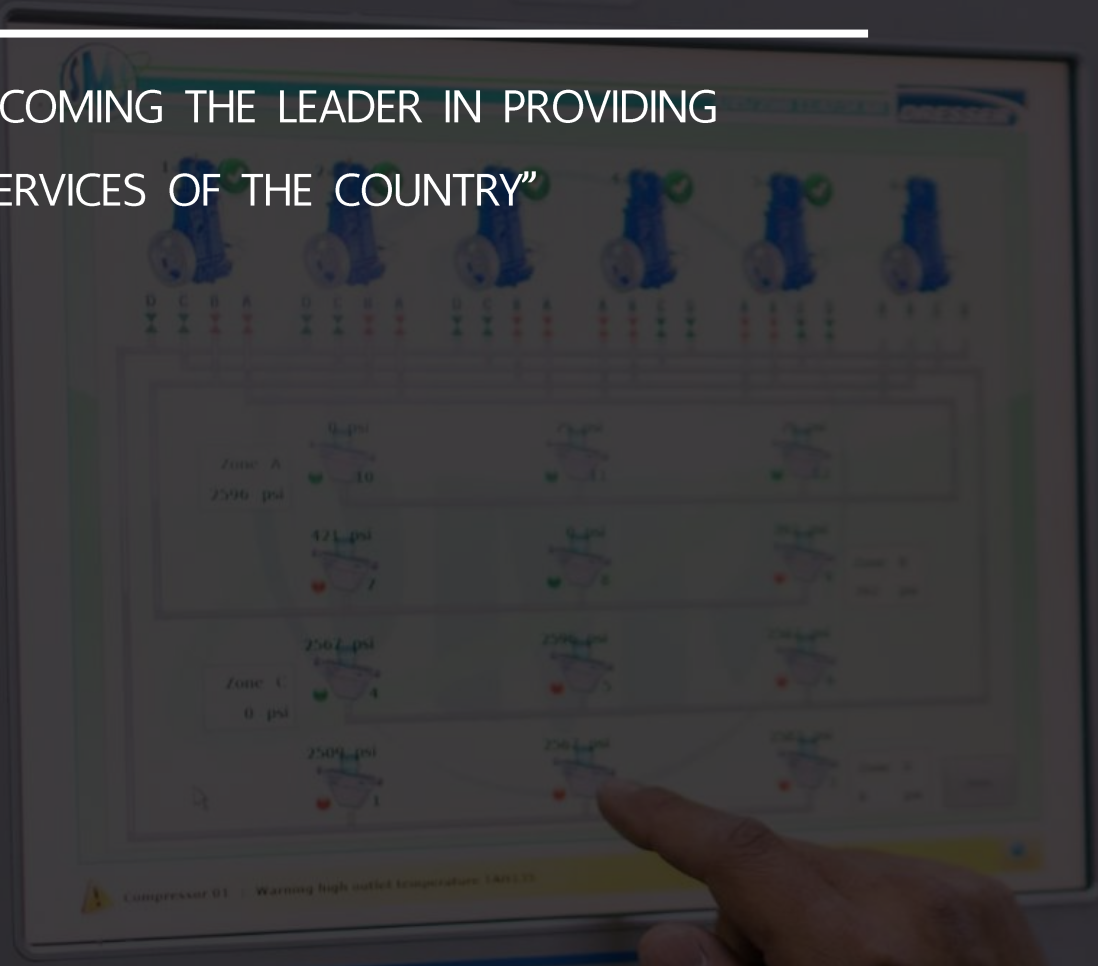
DRESSER

Wayne

# Vision

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“FOCUS ON BECOMING THE LEADER IN PROVIDING  
THE ENERGY SERVICES OF THE COUNTRY”



COMPACT 015

VOLTAGE  
PRESENCE

WARNING  
AUTOMATIC STARTUP

ALARM

START

STOP

ALARM SILENCE

RESET



# Mission

---

|                |   |  |
|----------------|---|--|
| Shareholders   | : | Generate good return and continuously grow the business with sustainability.   |
| Employees      | : | Provide continuous training and development, including appropriate employee welfare and fair compensation. Place great importance on safety. |
| Trade partners | : | Build relationship and trust with trade partners to establish sustainable business.  |
| Customers      | : | Emphasize on creating customer satisfaction by upholding high standard of service and using innovations.                                     |
| Creditors      | : | Place importance on compliance with terms and conditions of agreement .<br>with creditors and conduct to creditors with honesty.             |
| Competitors    | : | Support and promote free and fair competition through compliance with ethical and legal frameworks.  |
| Society        | : | Become an organization which is responsible to society and environment.  |

# Message from Chairman



Dear shareholders,

During the year 2019, Sakol Energy Public Company Limited or SKE had significant developments in its operations. SKE started recognizing revenues from investment in new businesses including compressed bio-methane gas (CBG) production and distribution and production and distribution of renewable energy as VSPP (biomass power plant) with installed capacity of 9.9 megawatts, whereby SKE has a power purchase agreement with the Provincial Electricity Authority for 8.0 megawatts. As a result, there is developments in respect of SKE's revenues, which will be sources of sustainable revenues in the future.

Nevertheless, the present climate change caused directly and indirectly from human activities is an important factor in changing the energy business. In the past, the main source of energy generation was fossil fuel, which releases a lot of greenhouse gas and causes significant changes to the climate. Hence, world leaders collectively agreed on Sustainable Development Goals (SGDs) of which one of the 17 goals or the 7th goal is Affordable and Clean Energy. The goal is to ensure universal access to affordable, reliable and modern energy services. The energy business must also adjust itself. There is an increase in the number of campaigns for clean energy. As there is fast development in technology, clean energy will be widely popular in the era that the energy business changes to clean energy (Green Energy). Clean energy will gradually increase its importance and replace the old thermal energy. Although the renewable energy plants are going to play an important role in the society, the importance of the thermal energy plants would not be lowered suddenly. This depends on readiness of each country in the regions. Emerging countries do not generate sufficient electricity to accommodate economic growth and do not have the capital to invest in renewable energy plants to replace the old energy plants.

In respect of the operating performance in the year 2019, the compression of NGV decreased by approximate of 11%, which was consistent and in line with a decrease in Thailand's NGV usage of 11%. The cause of decrease in NGV usage was the overall economic conditions of the country, particularly export growth which was -2.65%, the lowest in four years and import growth which was -4.66%. This is important to NGV usage because NGV business will receive positive impact if the overall economic conditions improve. The biomass power plant has commenced its operations in August 2019 and achieved its targets by generating revenues from selling electricity in the amount of over Baht 100 million in the past year. SKE gives importance to raw material cost management which is the heart of biomass power plant business and production and distribution of compressed bio-methane gas business for sustainable management in order to achieve its targets.

In addition, SKE has created new core values in the year 2019 to develop its personnel's attitudes and potentials to create value-added work to SKE. SKE launched a core value "CORRECT" and organized training program called "SKE Leadership Acceleration Program."

We very much hope to improve capabilities of our personnel who are valuable resources and main drive in bringing the organization towards its goals.

On behalf of the Board of Directors of Sakol Energy Public Company Limited, I would like to express our gratitude to shareholders, customers, trade partners and all relevant persons for their support in SKE's operations in the year 2019. I sincerely hope that you will continue to support us in our endeavors.

Lastly, we insist on managing our business according to good corporate governance practices and good management for sustainable business. I would like to take this opportunity to thank the Board of Directors, executives and all employees who have performed their duties with full effort and carried out their responsibilities well that SKE has achieved stability in its business operations and growth according to the organizational goals.

Prof. Emeritus Dr. Direk Lavansiri  
President of Board of Directors

# Message of Chief Executive





Dear shareholders,

This year will be the 11th anniversary of Sakol Energy Public Company Limited or SKE. During the past decade, SKE has continuously grown, starting with provision of natural gas compression service for NGV trailer trucks of PTT Public Company Limited to deliver NGV to NGV stations which are not along natural gas pipelines. After operating natural gas compression service for over 8 years, SKE was listed on the Stock Exchange of Thailand in the year 2017 and utilized the proceeds obtained from the listing for business expansion by investing in renewable energy business or biomass power plant. The construction period of the power plant was an approximate of 18 months and the power plant started its commercial operation date (COD) on 8 August 2019. During the past year, the biomass power plant business generated over Baht 100 million in revenues to SKE. In addition, SKE invested in production and distribution of compressed biomethane gas (CBG) business through acquisition of shares in RE Biofuels Co., Ltd. in the year 2019. RE Biofuels Co., Ltd. has personnel with experience and expertise in the production of compressed biomethane gas. Wastewater from cassava starch factory is used in the production process of compressed biomethane gas. The company sells compressed biomethane gas to industrial factories and as substitute fuel of NGV. The revenues generated during the past year was an approximate of Baht 23 million.

It can be derived from Thai economic conditions in the 4th quarter of 2019 that the country's gross domestic product (GDP) grew 1.6%, a decrease from the growth rate of 2.6% in the previous quarter. In the year 2019, Thai economy grew by 2.4%. The slowdown in GDP growth in the 4th quarter or October to December 2019 is considered the slowest growth in the 21-quarter period from the 4th quarter of 2014 on account of 3 main factors: 1) global economic slowdown, uncertainties on trade barriers, and strengthening of Thai Baht which has resulted in negative growth of the value of Thai exports at -4.9%; 2) delay in Thailand's 2020 annual budget; and 3) impact from drought. These factors have an impact on NGV and CGB businesses. This can be seen from decrease in the quantity of NGV compression by 11% compared to the year 2018. The average quantity of NGV compression was 499 tons per day. SKE received compensation for an average of 20 tons per day according to the minimum quantity under the contract of 520 tons per day. SKE's quantity of NGV compression was in line with usage of NGV in the industry which has reduced by an approximate of 12% YoY or from 5,800 tons per day to 5,100 tons per day. Another relevant factor was NGV price, which has increased from Baht 13.10 per kilogram to Baht 14.50 per kilogram or 11% increase.

If the overall economic conditions improve, SKE expects to maintain the quantity of NGV compression at the minimum quantity of 520 tons per day in the year 2020. CBG business was also affected by the current environment and the sale quantity did not reach the target of 7 tons per day. Therefore, SKE focused on selling it as fuel for industrial factories in stead of as NGV fuel. At present, SKE has been selling CBG to industrial factory customers and it is expected that the business can achieve the target performance in the year 2020. The biomass power plant has installed capacity of 9.9 megawatts and a power purchase agreement with the Provincial Electricity Authority for 8.0 megawatts. It started commercial operation on 8 August 2019. The capacity factor of the power plant is 84.64%, generating an approximate of Baht 108 million in revenues. Since there is a power purchase agreement with the Provincial Electricity Authority, the biomass power plant business is not much affected by the current economic conditions. Nevertheless, SKE has a plan to increase the capacity factor of its power plant to over 90% in the year 2020. It will also have an effective raw material procurement plan in order to control and maintain cost of power generation at a good level.

In the year 2020, SKE will follow its business plan which includes additional investment in alternative and renewable energy business in order to achieve its goals to generate Baht 1,000 million in revenues per year or to achieve the total power generation and distribution capacity of 30 megawatts within the year 2022. At present, SKE's debt to equity ratio is 0.88 times. Therefore, SKE is confident in securing sources of financing for the business expansion.

On behalf of the management, I would like to express our gratitude to our customers, shareholders, business partners and supporters who have always given confidence, support and trust to Sakol Energy Public Company Limited. The management and I promise to operate SKE at the best of our abilities and uphold good corporate governance principles for the benefits of all stakeholders. I would also like to express my gratitude for all of the hard work by the Board of Directors who has always performed their duties and responsibilities while considering utmost benefits to shareholders and the organization. Most importantly, I would like to extend my appreciation to all staffs and employees of SKE for their professionalism and devotion in performing work at their best capabilities during the year 2019. Thank you.



Mr. Chutchai Sumethchotimetha

CEO

# Report of Audit Committee



The Audit Committee of Sakol Energy Public Company Limited has 4 directors consisting of (1) Pol. Gen. Worapong Chewprecha, the Chairman of the Audit Committee (2) Mr. Witoon Simachokedee, the member of the Audit Committee (3) Mrs. Rawittha Pongnuchit, the member of the Audit Committee and (4) Mr. Attawoot Papangkorn, the member of the Audit Committee. And Ms. Pimol Chonchanachai, the position of Internal Audit Manager, Is the secretary of the Audit Committee.

The Audit Committee performs its duties within the scope of duties and responsibilities as assigned by the Board of Directors which is in line with the regulations of the Stock Exchange of Thailand. The Audit Committee gives importance about reviewing financial statements, Good corporate governance, Risk management systems, Internal control system and internal audit, And Review the company to comply with the law Securities and Exchange Stock market requirements Or laws related to the business of the company Verification of accuracy And the effectiveness of information technology related to operations Financial report And compliance with regulations and laws, including the appointment of auditors

In the accounting period of 2019, the meeting of the Audit Committee held 4 times where the auditor and internal auditor attended the meeting, the details can be summarized as follows:

Review the financial statements for the year 2019. The Audit Committee has agreed with the auditor that Such financial statements are as accurate as they should be in accordance with accounting standards and financial reporting standards.

Review of internal control system and internal audit for evaluation of sufficiency and appropriation and efficiency of the internal control system by considering of the internal audit report and assessment form on sufficiency of the Company. In year 2019, the Company did not find any significant mistakes. The Company had appropriate measures to protect its assets and also disclosed information accurately, completely and reliable. Therefore, the Audit Committee is of the view that the Company has the internal control system significantly, appropriately and efficiently.

Review and provide opinion on the related party transactions or transactions that may have conflict of interest including disclosure of information in accordance with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission of which the auditor has disclosed information relating to financial statements and footnote to the financial statements and the Audit Committee was of the same view with the auditor and such transactions are reasonable and the information have been disclosed accurately and completely.

Select and nominate auditor and determine audit fees for the year 2019 to propose to the Board of Directors to subsequently propose it for approval by the 2019 Annual General Meeting of shareholders of which the Audit Committee has considered the credentials, independency and appropriation of audit fees and has resolved to appoint KPMG Phoomchai Audit Limited to act as the auditor of the Company for the year 2019 with the annual audit fees of Baht 2,900,000.-

On behalf of the Audit Committee

Pol. Gen.

Worapong Chewprecha  
Chairman of Audit Committee

# Board of Directors



1 Prof. Emeritus Dr.Direk Lavansiri

- Chairman
- Independent Director

2 Mr. Chutchai Sumethchotimetha

- Director

3 Mrs. Aree Sumethchotimetha

- Director

4 Mr. Jakkraphong Sumethchotimetha

- Director

5 Mr. Thanapon Sumethchotimaytha

- Director

6 Mrs. Tanipa Puangjumpa

- Director

7 Pol.Gen. Worapong Chewprecha

- Independent Director

8 Dr. Witoon Simachokedee

- Independent Director

9 Mrs. Rawittha Pongnuchit

- Independent Director

10 Assistant professor Dr. Attawoot  
Papangkorn

- Independent Director



# Board of Audit Committee



- 1 Pol.Gen. Worapong Chewprecha  
▪ Chairman of Audit Committee
- 2 Dr. Witoon Simachokedee  
▪ Audit Committee

- 3 Mrs. Rawittha Pongnuchit  
▪ Audit Committee
- 4 Assistant professor Dr. Attawoot Papangkorn  
▪ Audit Committee

# Board of Executive Committee



1 Mr. Chutchai Sumethchotimetha

▪ Chief Executive Officer

2 Mrs. Aree Sumethchotimetha

▪ Senior Vice President

3 Mr. Jakkraphong Sumethchotimetha

▪ Managing Director

4 Mr. Thanapon Sumethchotimaytha

▪ Chief Operating Officer

5 Mrs. Napaporn Sathitthammaporn

▪ Chief Financial Officer

# Board of Nomination&Remuneration



- 1 Mrs. Rawittha Pongnuchit
  - Chairman of the nomination and Remuneration Committee
- 2 Assistant professor Dr. Attawoot Papangkorn
  - Audit Committee
- 3 Mr. Piya Vittayavarokit
  - Audit Committee

# **Detail of Board of Directors and Executive**







## Prof. Emeritus Dr. Direk Lavansiri

Position : Chairman / Independent Director

Age : 70 Years

Education / Training :

- Ph.D. of Civil Engineering, Oregon State University,
- United States of America
- Director Certification Program (DCP) 76/2006 IOD
- Director Accredited Program (DAP) 56/2006 IOD

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                    |   |
|--------------------|---|
| Apr 2017-Present   | Chairman / Independent Director<br>Sakol Energy Public Company Limited      |
| Aug 1984-Present   | Director<br>Cenise Engineering Consultants Co., Ltd.                        |
| Feb 2008-Jul. 2014 | President of Energy Regulatory<br>Committee<br>Energy Regulatory Commission |

## Mr. Chutchai Sumethchotimetha

Position : Director / Chief Executive Officer  
(Authorized director)

Age : 65 Years

Education / Training :

- Master degree (Public Administration) National Institute of Development Administration Training profile
- Director Accredited Program (DAP) 132/2016 IOD
- Certificate of Senior Executives of Justice Process, 11th Generation, Thailand Justice Institute
- Health Ambassador, 2nd Generation, Chulabhorn Royal Academy

Shareholding Ratio(%)<sup>(1)</sup> : 292,165,503 (31.416%)

Family Relation between the Director and Executives :

- Husband of Mrs. Aree Sumethchotimetha
- Father of Mr. Thanapon Sumethchotimaytha and
- Mr. Jakkraphong Sumethchotimetha

Work Experience :

|                  |   |
|------------------|---|
| Sep 2016-Present | Director / CEO<br>Sakol Energy Public Company Limited |
| Sep 2014-Present | Director<br>SK 15 Co., Ltd                            |
| Oct 2014-Present | Director<br>Sakol Energy Biomass Power 15 Co., Ltd    |
| May 2018-Present | Director<br>Mae Krating Power Co., Ltd.               |





## Mrs. Aree Sumethchotimetha

Position : Director / Senior Vice President  
(Authorized director)

Age : 64 Years

Education / Training :

- Master degree (Faculty of Political Science)
- Director Accredited Program (DAP) 132/2016 IOD

Shareholding Ratio(%)<sup>(1)</sup> : 206,756,858 (22.232%)

Family Relation between the Director and Executives :

- Wife of Mr. Chutchai Sumethchotimetha
- Mother of Mr. Thanapon and Mr. Jakkraphong Sumethchotimetha

Work Experience :

|                  |  |
|------------------|--|
| Sep 2016-Present | Director /<br>Senior Vice President<br>Sakol Energy Public Company Limited |
| Sep 2014-Present | Director<br>SK 15 Co.,Ltd  |
| Oct 2014-Present | Director<br>Sakol Energy Biomass Power 15 Co., Ltd                         |

## Mr.Jakkraphong Sumethchotimetha

Position : Director / Managing Director / Company's secretary  
(Authorized director)

Age : 34 Years

Education / Training :

- Master of International Marketing (MA), London Metropolitan University, London ,UK
- Director Accredited Program (DAP) 132/2016 IOD
- Driving Strategic Success with IT Governance (ITG) 3/2016 IOD
- Anti-Corruption Practice Guide ACPG 34/2016 IOD
- Certificate program of new executives for peaceful preservation , 1st Generation, Royal Police Cadet Academy
- Certificate of Business Development Project KTB-MMS Customer, 2nd Generation, Krungthai Public Company Limited
- Intermediate Certificate course of Young Leadership in Democratic Governance, 9th Generation, King Prajadhipok's Institute

Shareholding Ratio(%)<sup>(1)</sup> : 1,729,661 (0.186%)

Family Relation between the Director and Executives :

- Son of Mr. Chutchai and Mrs. Aree Sumethchotimetha

Work Experience :

|                  |  |
|------------------|--|
| Sep 2016-Present | Director/ Managing Director<br>Sakol Energy Public Company Limited |
| May 2018-Present | Director<br>Mae Krating Power Co., Ltd.                            |



## Mr. Thanapon Sumethchotimaytha

Position : Director / Chief Operating Officer  
(Authorized director)

Age : 38 Years

Education / Training :

- Bachelor's Degree (International Marketing) Bournemouth University
- Director Accredited Program (DAP) 127/2016 IOD

Shareholding Ratio(%)<sup>(1)</sup> : 930,661 (0.10%)

Family Relation between the Director and Executives :

- Son of Mr. Chutchai and Mrs. Aree Sumethchotimetha

Work Experience :

|                  |  |
|------------------|--|
| Sep 2016-Present | Director/ Chief Operating Officer<br>Sakol Energy Public Company Limited |
| Sep 2014-Present | Director SK 15 Co.,Ltd   |
| Oct 2014-Present | Director Sakol Energy Biomass Power 15 Co., Ltd                          |
| Mar 2018-Present | Director RE BioFuel Co., Ltd   |
| May 2018-Present | Director Mae Krating Power Co., Ltd.                                     |



## Mrs. Tanipa Puangjampa

Position : Director  
(Authorized director)

Age : 57 Years

Education / Training :

- Master degree (Public and Private Sectors Management Program) National Institute of Development Administration
- Director Accredited Program (DAP) 134/2017 IOD

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                  |  |
|------------------|--|
| Sep 2016-Present | Director Sakol Energy Public Company Limited     |
| Sep 2014-Present | Director SK 15 Co.,Ltd                           |
| Oct 2014-Present | Director Sakol Energy Biomass Power 15 Co., Ltd  |
| Nov 2014-Present | Director Global Refinery Co., Ltd.               |
| Aug 2013-Present | Director Global Inter Co., Ltd.                  |
| Nov 2015-Present | Director GI Green Palm Oil Co., Ltd.             |
| Aug 2006-Present | Director GI Green Power Co., Ltd.                |
| Jul 2010-Present | Director Sunny Diva Co., Ltd.                    |
| Aug 2015-Present | Director Donsak Ville Co., Ltd.                  |
| Aug 2014-Present | Director The Lofty Warehouse Co.,Ltd.            |
| Oct 2007-Present | Director T.S.Palm Oil Co., Ltd.                  |
| Sep 2008-Present | Director Thai Alternative Energy Group Co., Ltd. |





## Pol.Gen. Worapong Chewprecha

Position : Independent Director / Chairman of Audit Committee

Age : 65 Years

Education / Training :

- Master degree (Public Administration), Honored, National Institute of Development Administration
- Director Certification Program (DCP) 218/2016 IOD

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                  |  |
|------------------|--|
| Sep 2016-Present | Independent Director /<br>Chairman of Audit Committee<br>Sakol Energy Public Company Limited |
| Feb 2009-Present | Director<br>Silver Shield Public Company Limited   |
| 2013-2015        | Deputy Commissioner-General  |

## Dr. Witoon Simachokedee

Position : Independent Director

Age : 65 Years

Education / Training :

- Doctoral Degree, Ph. D. of Public Administration (Public and Private Sector Management), Ramkhamhaeng University
- Doctoral Degree, Honorable Ph. D. of Engineering in Safety Technology Engineering and Occupational Health, Suan Sunandha Rajabhat University
- Doctoral Degree, Honorable Ph. D. of Engineering in Safety Engineering, Kasetsart University
- Doctoral Degree, Honorable Ph. D. of Science, King Mongkut's University of Technology North Bangkok
- Director Certification Program (DCP) 11/2009
- Financial Statements for Directors (FSD) 4/2009
- Role of the Chairman Program (RCP) 23/2010

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                    |   |
|--------------------|---|
| Sep. 2016-Present  | Independent Director / Audit Committee<br>Sakol Energy Public Company Limited |
| Sep. 1994-Present  | Director<br>Delta Electronics (Thailand) Public Co., Ltd.                     |
| Oct. 2009-Sep 2014 | Permanent Secretary, Ministry of Industry                                     |





## Mrs.Rawittha Pongnuchit



Position : Independent Director / Audit Committee/  
Chairman of the nomination and Remuneration Committee

Age : 69 Years

Education / Training :

- Master of Political Science, Thammasat University
- Director Certification Program (DCP) 59/2005 IOD

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                  |   |
|------------------|---|
| Sep 2016-Present | Independent Director /<br>Audit Committee / Chairman of the nomination and<br>Remuneration Committee<br>Sakol Energy Public Company Limited |
| Jun 1994-Present | Director Pranda Jewelry Public Co., Ltd.  |
| Nov 2007-Present | Director Synnex (Thailand) Public Co.,Ltd.  |
| Sep 2004-Present | Director Solartron Public Co., Ltd.   |
| Mar 2013-Present | Director Chankam Residence Co., Ltd.  |
| Nov 2011-Present | Director Phutra Corporation Co., Ltd.   |
| Sep 1992-Present | Director Namheng Concrete (1992) Co., Ltd.  |

## Assistant professor Dr. Attawoot Papangkorn

Position : Independent Director / Audit Committee/  
Nomination and Remuneration Committee

Age : 34 Years

Education / Training :

- DBA in Business and Administration major in Management (Corporate governance) University of The Thai Chamber of Commerce
- Director Accredited Program (DAP) 134/2017 IOD
- หลักสูตร Risk Management Program For Corporate Leaders (RCL) 14/2018 IOD

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                  |   |
|------------------|---|
| Sep 2016-Present | Independent Director / Audit Committee/<br>nomination and Remuneration Committee<br>Sakol Energy Public Company Limited |
| Nov 1992-Present | Director Sajjapong Lawyer Office Co., Ltd.  |
| Sep 2015-Present | Director Mitr Theeyu Co., Ltd.  |
| Jun 2015-Present | Director Sapsitthi Co.,Ltd  |
| Jul 2010-Present | Director Pinklao-Banglumpoo Co., Ltd.   |
| Jun 2015-Present | Director Host Orlogiry Co., Ltd.  |
| Apr 2017-Present | Director Nawattakam 986 Co., Ltd.   |
| Apr 2017-Present | Director System 986 Co., Ltd.   |



## Mrs.Napaporn Sathitthammaporn

Position : Chief Financial Officer

Age : 43 Years

Education / Training :

- Master of Business Administration, University of Bath, United Kingdom
- Master of Accountancy, Chulalongkorn University
- Postgraduate Diploma in Audit, Thammasat University
- Bachelor of Accountancy (Second-Class Honors), Bangkok University
- CFO Focus on Financial Reporting Thailand Federation of Accounting Professions
- Financial Reporting Standard No. 9 (IFRS 9)

Shareholding Ratio(%)<sup>(1)</sup> : -None-

Family Relation between the Director and Executives : -None-

Work Experience :

|                     |   |
|---------------------|---|
| May 2019 - Present  | Chief Financial Officer<br>Sakol Energy Public Company Limited  |
| Mar 2019-Present    | Director RE BioFuel Co., Ltd  |
| Nov 2018 - Present  | Partner PKF Audit (Thailand) Ltd.   |
| June 2017 - Present | Sub-Committee member of the Dignitary Sub-Committee<br>on Audit Test Performance Thailand Federation of<br>Accounting Professions |
| Feb 1996 - Aug 2018 | Partner KPMG Phoomchai Audit Ltd.   |



หมายเหตุ : <sup>(1)</sup> ข้อมูลสัดส่วนการถือหุ้นในบริษัทเป็นข้อมูลจากการปิดสมุดทะเบียนผู้ถือหุ้น (XO) ณ วันที่ 30 ธันวาคม 2562

# Key Activities of the Year 2019



On 14-15 March 2019 Ganesha sacrifice ceremony And visit Mae Krating Biomass Power Plant





On 14-15 March 2019 Ganesha sacrifice ceremony And visit Mae Krating Biomass Power Plant





On 24 April 2019 The Company held the Annual General Meeting of Shareholders for 2019.  
At the Golden Tulip Sovereign Hotel, Bangkok



On 8 August 2019 Mae Krating Biomass Power Plant Starting Commercial Operation (COD) with PEA



On 14 August 2019 MD and CFO

Attending the opening ceremony of the capital market enhancement project in honor of Chalerm Phrakiat.

On the auspicious occasion of the coronation





On 9 September 2019 Executive along with the employees of the company have an annual donation in 2019 at Nakhon Sawan Province



On 26 November 2019 Received an award Investor Relations Awards 2019  
from The Stock Exchange of Thailand





On 20 December 2019 The company held a New Year's Eve event





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# Policy and Nature of Business

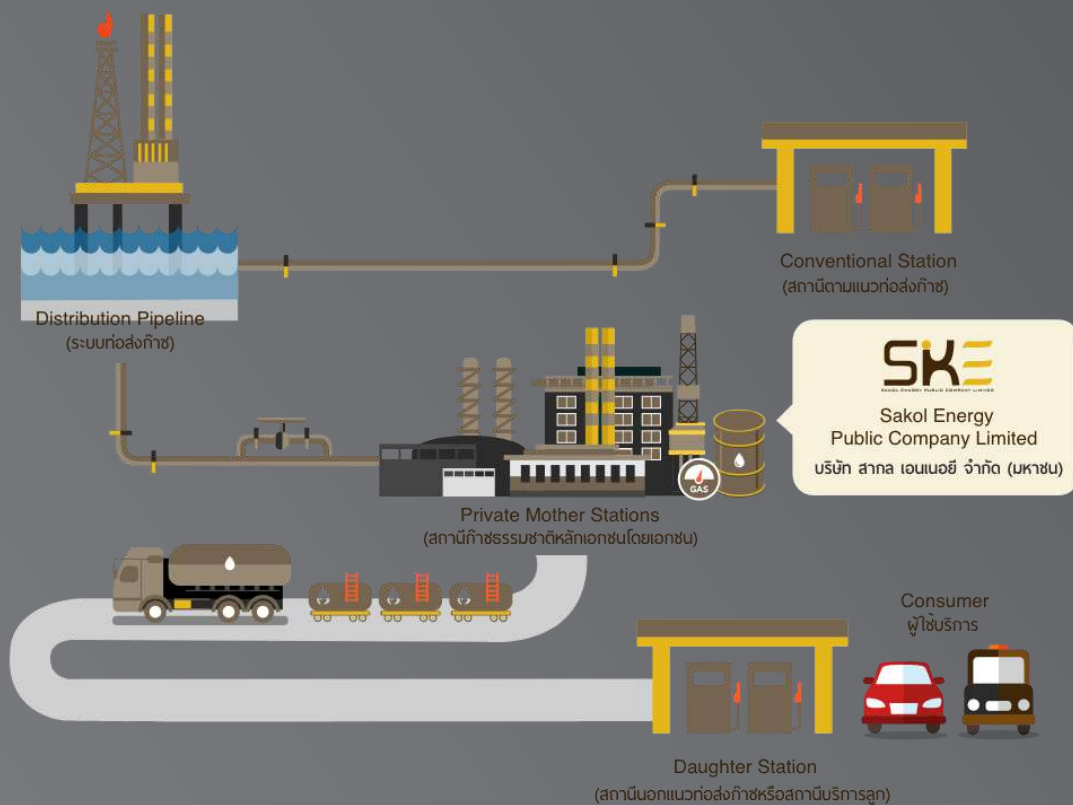
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## Nature of Business

Sakol Energy Public Company Limited performs the energy business operation of Private Mother Station (PMS) 2 stations and subsidiaries performs the business operation of conduct on. producing and selling of compressed bio-methane gas (CBG) and biomass power plant with the installed capacity of 9.9 MW.

The main business of the company is Private Mother Station (PMS) by providing the services of compressing NGV to the natural gas transportation vehicles of PTT PCL ("PTT") to transport to the Private Mother Station (PMS) outside the gas pipeline or Daughter Station including performing the operation in improving the quality of natural gas in order to conform to the required standards prior to the use in other parts. The customer is PTT.

At present, the Company owns 2 Private Mother Stations (PMS) ; Private Mother Station of Pathum Thani Province and Private Mother Station of Saraburi Province. The contract is made for hiring to compress natural gas along with establishing Private Mother Station ("Gas compressing hire contract") with PTT.



## Objectives

1. To become a leading private natural gas compression service provider
2. To continuously promote research and development of new energy business
3. To invest in environmentally friendly business
4. To allocate budget sufficiently and appropriately
5. To allocate budget sufficiently and appropriately

## Business Strategy

To achieve its business objectives, the Company focuses on the three following strategies :

1. Cost reduction strategy
2. Strategy in respect of investment in related business
3. Strategy in respect of development in natural gas compression technology



## Nature of business of company and subsidiaries

### Sakol Energy Public Company Limited

Sakol Energy Public Company Limited performs the business operation of Private Mother Station (PMS) by providing the services of compressing NGV to the natural gas transportation vehicles of PTT PCL (“PTT”) to transport to the Private Mother Station (PMS) outside the gas pipeline or Daughter Station including performing the operation in improving the quality of natural gas in order to conform to the required standards prior to the use in other parts. The customer is PTT.

At present, the Company owns 2 Private Mother Stations (PMS) ; Private Mother Station of Pathum Thani Province and Private Mother Station of Saraburi Province. The contract is made for hiring to compress natural gas along with establishing Private Mother Station (“Gas compressing hire contract”) with PTT.

Private Mother Station Pathum Thani Province, it is located in Chiang Rak Noi Sub-District, Samkhok District, Pathum Thani Province in the area of 8 rai, 3 ngarn, 64 square wa to serve the demand of NGV using in the metropolitan areas. The natural gas compressing force is not lower than 200 tons per day with the reservation of production for 25% throughout the contract term (totaling the natural gas compressing force and the reservation force of 250 tons per day). The Company made the additional contract to PTT to compress the natural gas additionally for another 100 tons per day. The total capacity of natural gas compressing was in the maximum of 350 tons per day. NGV can be compressed to at least 10 natural gas transportation vehicles simultaneously with the filling rate of not less than 12 tons per hour and can produce the gas for 24 hours throughout 365 days per year.

Private Mother Station of Saraburi Province, it is located on Tha Maprang Sub-district, Kaeng Khoi District, Saraburi Province in the area of 18 rai 2 ngarn 61 square wa to serve the demand of NGV using in the northeastern region. The natural gas compressing force is not lower than 320 tons per day with the reservation of production for 25% throughout the contract term (totaling the natural gas compressing force of 400 tons per day). NGV can be compressed to at least 10 natural gas transportation vehicles simultaneously with the filling rate of not less than 12 tons per hour and can produce the gas for 24 hours throughout 365 days per year.

### Subsidiaries

#### 1. SK 15 Company Limited

SK 15 Company Limited was incorporated on 11 September 2014 to conduct property for lease business. Its head office is located in Chatuchak District, Bangkok. As of 31 December 2017, the total registered capital of SK 15 Company Limited is Baht 140,000,000, divided into 1,400,000 shares at the par value of Baht 100 per share and all of the company’s shares have been fully paid-up. The Company holds 99.99% shareholding of the total registered and paid-up capital of SK 15 Company Limited. At present, SK 15 Company Limited owns land in Nakhonsawan Province of 57 Rai, and the company has prepared to use the remaining land for development of future projects.



## **2. Sakol Energy Biomass Power 15 Company Limited**

Sakol Energy Biomass Power 15 Company Limited (former name is Sakol Wind Power Company Limited) was incorporated on 21 October 2014 to conduct feasibility study on biomass power plant business. Its head office is located in Chiang Rak Noi, Samkhok, Pathum Thani. As of 31 December 2017, the total registered capital of Sakol Energy Biomass Power 15 Company Limited is Baht 62,000,000, divided into 620,000 ordinary shares at the par value of Baht 100 per share and all of the company's shares have been fully paid-up. The Company holds 99.99% shareholding of the total registered and paid-up capital of Sakol Energy Biomass Power 15 Company Limited. At present, Sakol Energy Biomass Power 15 Company Limited owns land in Songkhla Province of 101 Rai

## **3. RE BioFuels Company Limited**

RE BioFuels Company Limited was incorporated on 17 July 2017 to conduct on producing and selling of compressed bio-methane gas Its head office is located at 252/93 (E) Muangthai-Phatra Complex 17th floor Rachadaphisek Rd., Huai kwang, Bangkok 10310 As of 6 March 2018, RE BioFuels Company Limited's registered capital was Baht 21,000,000, divided into 210,000 ordinary shares at the par value of Baht 100 per share and all of the shares are fully paid-up. The Company has 75% shareholding in RE BioFuels Company Limited. At present, RE BioFuels Company Limited has in production and distribution of compressed biomethane gas business, with the production capacity of 9,000 kilograms per day. Compressed biomethane gas is produced from biogas in waste water from cassava manufacturing plant. Such biogas passes the process of quality improvement and compression to create compressed biomethane gas with a similar quality as NGV. And sell to the main customer group, which is a group of transportation operators that use natural gas (NGV) as fuel.

## **4. Maekrating Power Company Limited**

Mae Krating Power Company Limited was incorporated on 3 July 2012 to conduct biomass power plant business by using biomass as fuel, having its head office at 252/108 (B) Muang Thai - Phatra Complex Building, Ratchadaphisek Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10310. On 26 June 2018, Mae Krating Power Company Limited has its registered capital of Baht 282,300,000 dividing into ordinary shares of 28,230,000 shares with the par value of Baht 10 each and has the paid-up capital in full. The Company holds 80% shares of total paid-up capital. At present, Mae Krating Power Company Limited conducts biomass power plant business with the installed capacity of 9.9 MW to sell electricity in the maximum selling capacity of 8.0 MW to Provincial Electricity Authority.

# Key milestones

## and development of the Company

SAKOL ENERGY PUBLIC COMPANY LIMITED



## Year 2009

- Sakol Energy Company Limited was incorporated on 16 January 2009 with initial registered capital of Baht 80,000,000, divided into 800,000 ordinary shares at the par value of Baht 100 per share of which Baht 25 per share was paid-up or equivalent to total paid-up capital of Baht 20,000,000.
- The Company entered into 20-year contract no. 1 dated 17 March 2009 with PTT for operating natural gas private mother station (PMS) at Chiang Rak Noi Sub-district, Samkhok District, Pathum Thani Province, having production capacity of compressed natural gas of not less than 200 tons per day and reserved production capacity of 25% for the whole term of the contract.
- The Company started distributing natural gas for PTT pursuant to the contract on 9 October 2009. The average quantity of compressed natural gas produced by the Company for transportation trucks of PTT is 250 tons per day (Pathum Thani).
- The Company received the first Board of Investment Promotion Certificate for Pathum Thani Private Mother Station from the Board of Investment of Thailand on 19 November 2009 with investment promotion incentives for the business of investment in NGV station.

## Year 2010

- In October, the Company increased its registered capital for another Baht 80,000,000, divided into 800,000 ordinary shares at the par value of Baht 100 per share of which Baht 25 per share was paid-up. The newly issued shares were offered and allotted to the existing shareholders. As a result, the Company's total registered capital after the capital increase was Baht 160,000,000, divided into 1,600,000 ordinary shares and paid-up

## Year 2011

- The Company received the second Board of Investment Promotion Certificate for Saraburi Private Mother Station from the Board of Investment of Thailand on 18 January 2011 with investment promotion incentives for the business of investment in NGV station for vehicle.
- In February, the Company paid-up its registered capital in the additional amount of Baht 60,000,000, resulting in the total registered and paid-up capital of the Company being Baht 160,000,000, consisting of 1,600,000 ordinary shares at the par value of Baht 100 per share.
- The Company entered into 20-year contract no. 2 dated 23 February 2011 with PTT for operating natural gas private mother station (PMS) at Tha Maprang Sub-district, Kaeng Khoi District, Saraburi Province, having production capacity of compressed natural gas of not less than 200 tons per day and reserved production capacity of 25% for the whole term of the contract.
- The Company started distributing natural gas for PTT pursuant to the contract on 16 July 2011.

## Year 2012

- In June, the Company entered into amendment agreement with PTT to increase production capacity of compressed natural gas for Saraburi Private Mother Station (PMS) to not less than 320 tons per day and reserved production capacity of 25% for the whole term of the contract.



## Year 2014

- In September, SK 15 Company Limited was incorporated with initial registered capital of Baht 140.00 million with an objective to conduct property for lease business. The Company has 99.99% shareholding in SK 15 Company Limited. to operate real estate rental business
- In October, Sakol Biomass Power Company Limited was incorporated with initial registered capital of Baht 19.00 million with an objective to conduct business of production and distribution of electricity. The Company has 99.99% shareholding in Sakol Biomass Power Company Limited. For produce and sell the electricity
- In October Sakol Energy Biomass Power 15 Co., Ltd was incorporated ( Former name is Sakol Wind Power Company Limited ) with initial registered capital of Baht 62.00 million with an objective to conduct business of production and distribution of electricity. The Company has 99.99% shareholding in Sakol Wind Power Company Limited. For produce and sell the electricity
- In December, the Company requested to PTT for increase of production quantity of compressed natural gas in the additional amount of 100 tons per day for Pathum Thani Private Mother Station.

## Year 2015

- In June, the Company entered into additional contract for improvement of natural gas quantity for Pathum Thani Private Mother Station.
- The Company increased its registered capital in the additional amount of Baht 202,400,000, divided into 2,024,000 ordinary shares with par value of Baht 100 per share of which are fully paid-up. As a result, the Company's total registered capital was Baht 346,400,000, divided into 3,464,000 ordinary shares with par value of Baht 100 per share.

## Year 2016

- On 14 September 2016, the Company was converted into public company limited.

## Year 2017

- The Company has set the date for the offering of 237.20 million new ordinary shares with a par value of 0.50 baht per share, with the offering price of 1.80 baht per share and the payment date of the capital increase between 14 November 2017 and 16 November 2017 with the subscription of the newly issued ordinary shares of the company Total 237.20 million shares with a par value of 0.50 baht per share, totaling 426.96 million baht.
- On 20 November 2017, the Company registered an increase in its paid-up capital by Baht 118,600,000, resulting in the total paid-up capital of Baht 465,000,000, divided into 930,000,000 ordinary shares. Par value at 0.50 baht per share
- On 22 November 2017, the Company registered its shares as listed securities on the Stock Exchange of Thailand (SET).



## Year 2018

- The Board of Directors' Meeting No. 1/2018 held on 25 January 2018 resolved to approve acquisition of 7,500 shares in RE BioFuels Company Limited ("RE BioFuels") at par value of Baht 100 per share, accounting for 75% of the total paid-up capital of RE BioFuels, On 6 March 2018, RE BioFuels registered increase in its registered capital by Baht 14,000,000. At present, there is a paid-up capital of 15,000,000 baht. The Company holds 75% of the shares as before.
- The 2018 Annual General Meeting of shareholders held on 19 April 2018 has resolved to approve the Company to acquire the business of Mae Krating Power Company Limited in the shareholding ratio of 80% of the total paid-up capital of Mae Krating Power Company Limited representing 2,000,000 shares with the par value of Baht 10 each. The Company has ownership over the shares of Mae Krating Power Company Limited on 15 May 2018 and on 26 June 2018, Mae Krating Power Company Limited has increased its registered capital of Baht 257,300,000. At present, the total paid-up capital is Baht 283,300,000 and the Company holds 80% of total shareholding

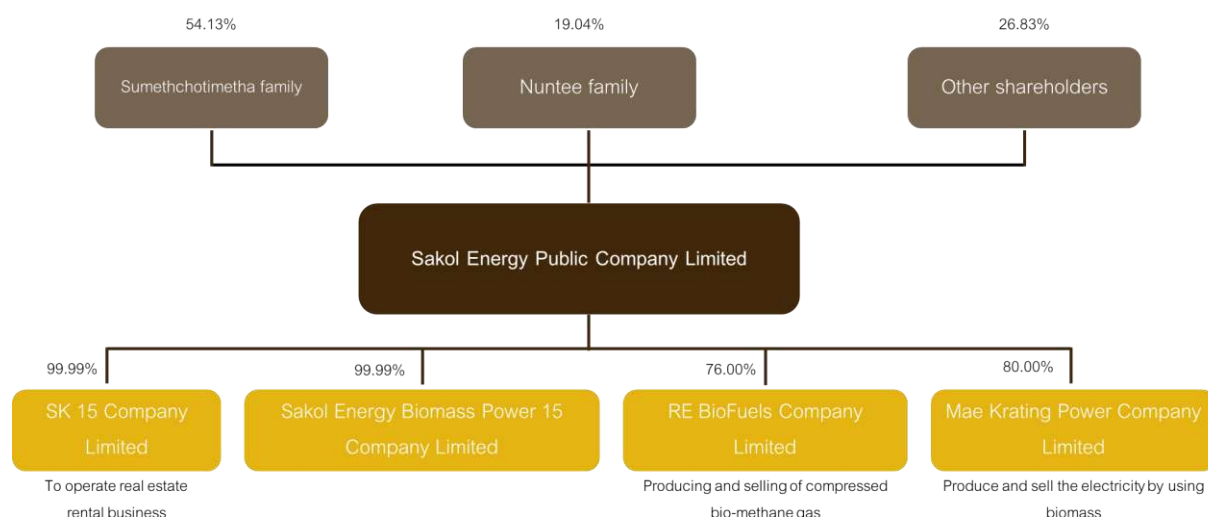
## Year 2019

- On 31 May 2019, RE BioFuels, a subsidiary of SKE funded for the implementation of the Compressed Bioethane Production Promotion Project (CBG) in establishments with biogas systems To install compressed bio-methane gas (CBG) system, size 6,000-11,999 kilograms per day From the Department of Alternative Energy Development and Efficiency (DEDE)
- On 22 July 2019, RE BioFuels registered the capital increase of 2,000,000 baht to the Department of Business Development Ministry of Commerce and later on 30 October 30 2019, registered to increase the capital by 4,000,000 baht. Therefore, RE Biofuels Company Limited has a registered capital of 21,000,000 baht in which the company holds 76%
- On 8 August 2019 Mae Krating Power Company Limited, a subsidiary of SKE, has started to distribute commercial electricity (COD) to the Provincial Electricity Authority. with a maximum capacity on contract with PEA of 8.00 MW.
- On 26 November 2019 Received an award Investor Relations Awards 2019 from The Stock Exchange of Thailand.



# Shareholding Structure

Set out below is the shareholding structure and shareholding in the Company



*Remark : It is the information from book closing date as of 30 December 2019*

The details of the Company's shareholding in subsidiaries as of 31 December 2018

| Company Name                                  | Paid-up Capital (Baht) | Shareholding (%) | Core Business  |
|---|------------------------|------------------|--|
| SK 15 Company Limited                         | 140,000,000            | 99.99            | Property for lease   |
| Sakol Energy Biomass Power 15 Company Limited | 62,000,000             | 99.99            | Awaiting sale of land  |
| RE BioFuels Company Limited                   | 21,000,000             | 75.00            | Production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day |
| Mae Krating Power Company Limited             | 282,300,000            | 80.00            | Produce and sell the electricity by using biomass.   |

## Relationship with businesses of major shareholders

There is relationship with businesses of major shareholders. Please refer Item “*Related Party Transactions*” for more details.

As of 31 December 2019, details on the Company’s major shareholders’ shareholdings in other companies are as follows:

### 1. Names of company or business related to Sumethchotimetha family<sup>1/</sup>

| Company Name |   | Type of Business   | Shareholding by Sumethchotimetha family  |
|--------------|---|--|--|
| 1            | N15 Technology Company Limited                    | Nonhazardous industrial waste disposal and waste-to-energy plant in Amata Nakorn Industrial Estate | 96.25%   |
| 2            | Trans Group Company Limited                       | Purchase and sale of lignite and lumber  | 99.80%   |
| 3            | B.P. 15 Company Limited                           | Manufacturer and distributor of wood pellet  | 91.33%   |
| 4            | PTC Holding Company Limited                       | Mining / sale of coal / sale of biomass and office lease   | 100.00%  |
| 5            | Tamtanakom Company Limited                        | Transportation of agricultural products, containers, coal and cement                               | 100.00%  |
| 6            | Tarnsuwan Company Limited                         | Transportation of agricultural products, containers, coal, cement and natural gas (NGV)            | 99.92%   |
| 7            | T Line Transport Company Limited                  | Container truck transportation   | 100.00%  |
| 8            | CSK Inventory Company Limited                     | Warehouse lease  | 70.00%   |
| 9            | CSK Inventory Services Company Limited            | Warehouse management service   | 70.00%   |
| 10           | Trans Energy Company Limited                      | Contractor for construction of factory and office  | 10.00%   |
| 11           | CSK Waste Recycling Company Limited <sup>2/</sup> | Waste recycling. At present, the company has not started the operation.                            | 25.00% (direct shareholding)<br>60.00% (indirect shareholding through CSK Inventory Company Limited) |
| 12           | Thai Biogas Technology Company Limited            | Project for napier grass as energy crop for power production                                       | 50.00%   |
| 13           | TC Power Resources Company Limited                | Mining   | 50.00%   |

**Remark :** <sup>1/</sup>Sumethchotimetha family consists of: 1. Mr. Chutchai Sumethchotimetha, 2. Mrs. Aree Sumethchotimetha, 3. Miss Intira Sumethchotimetha, 4. Mr. Thanapon Sumetchotimaytha, 5. Mr. Rapeepat Sumethchotimetha and 6. Mr. Jakkraphong Sumethchotimetha

## 2. Names of company or business related to Nunttee family

| Company Name |   | Type of Business   | Shareholding by Nunttee family  |
|--------------|---|--|---|
| 1            | Global Refinery Company Limited <sup>1/</sup>               | In process of studying and setting-up of palm oil refinery plant project   | -   |
| 2            | Global Inter Company Limited <sup>1/</sup>                  | Storage tank for palm oil and storage tank for related products  | 39.33%  |
| 3            | GI Green Palm Oil Company Limited                           | Sale and purchase of palm oil and sale and purchase of palm oil related products   | 17.00%  |
| 4            | GI Green Power Company Limited <sup>1/</sup>                | Manufacturer and distributor of biodiesel  | 0% (ทางตรง)<br>90.00% (ทางอ้อม โดยถือหุ้นผ่าน บริษัท โกลบอล อินเตอร์ จำกัด) |
| 5            | Sunny Diva Company Limited <sup>1/</sup>                    | Manufacturer and distributor of milk and yoghurt   | 98.00%  |
| 6            | Donsak Ville Company Limited <sup>1/</sup>                  | Provision of accommodation   | 97.00%  |
| 7            | The Lofty Warehouse Company Limited                         | In process of studying and setting-up of warehouse   | 90.00%  |
| 8            | Thai Alternative Energy Group Company Limited <sup>1/</sup> | Holding company focusing on investment in energy business  | 100.00%   |
| 9            | T.S.Palm Oil Company Limited <sup>2/</sup>                  | Sale and purchase of palm oil and sale and purchase of palm oil related products   | 13.75%  |
| 10           | Legal Chancery Council Company Limited                      | Legal Service  | 100.00%   |
| 11           | Global Pellets Company Limited                              | Sale and purchase of wood pellets  | 40.00%  |
| 12           | Global Bistro Management Company Limited                    | Restaurant   | 84.99%  |
| 13           | Palm Biz Corporation Company Limited                        | Conduct main business in relation to providing information and marketing plan of palm oil business                         | 95.00%  |
| 14           | TC Power Resources Company Limited                          | Mining   | 50.00%  |
| 15           | Domus Realestate Development Company Limited                | Land trading, land and house agent, land allotment, land and house, commercial building, procurement of land and equipment | 0.05%   |
| 16           | Thai Biogas Technology Company Limited                      | Pilot project of power producing from napier grass   | 30.00%  |

**Remark :** Nunttee family consists of: 1. Mr. Thanakorn Nunttee 2.Mrs.Thanaporn Nunttee 3. Miss Kantanika Nunttee 4.Mr. Thanapat Nunttee 5.Mr.Monthon Nunttee 6. Mrs. Tanipa Puangjumpa

<sup>1/</sup> Mrs. Tanipa Puangjumpa is a director of the company.

<sup>2/</sup> Inactive and/or planned for close down.

# Nature of Business

## Revenue structure of the company and subsidiaries

Total revenue structure of the company and subsidiaries for the fiscal year ending 31 December 2018-2019, the details of which are as follows :

| Business  | Operated by                           | Percentage of shares held by the company | 2017          |            | 2018          |            | 2019          |            |
|---|---------------------------------------|--|---------------|------------|---------------|------------|---------------|------------|
|   |                                       |  | Baht Million  | %          | Baht Million  | %          | Baht Million  | %          |
| <b>1.Sale &amp; Service Gas-Related Business</b>  |                                       | -  | 310.15        | 92.94      | 297.07        | 91.31      | 238.57        | 60.53      |
| 1.1 Private Mother Station (PMS)  | Sakol Energy PCL                      |  | 208.13        | 62.37      | 201.15        | 61.83      | 169.66        | 43.05      |
| 1.2 Natural Gas Quality Improvement   | Sakol Energy PCL                      |  | 102.02        | 30.57      | 95.92         | 29.48      | 68.91         | 17.48      |
| <b>2.Revenue from financial lease</b>   |                                       |  | 21.43         | 6.42       | 20.62         | 6.34       | 19.73         | 5.01       |
| 2. 1 adjustment of Revenue according to Accounting Standard No. 17 (TFRIC4)                         | Sakol Energy PCL                      |  | 21.43         | 6.42       | 20.62         | 6.34       | 19.73         | 5.01       |
| <b>3. Revenue from electricity sales</b>  |                                       |  |               |            |               |            | 108.39        | 27.50      |
| 3.1 Mae Krating Biomass Power Plant   | Mae Krating Power Co.,Ltd             | 80                                       |               |            |               |            | 108.39        | 27.50      |
| <b>4. Revenue from compressed bio-methane gas Sales</b>   |                                       |  |               |            |               |            | 10.40         | 2.64       |
| 4.1 bio-methane gas   | RE Biofuel Co.,Ltd                    | 75.95                                    |               |            |               |            | 10.40         | 2.64       |
| <b>5.Other Business</b>   |                                       |  | 2.12          | 0.64       | 7.66          | 2.35       | 17.01         | 4.32       |
| 3.1 Profit from sale of open-end fund   |                                       |  |               |            |               |            |               |            |
| 3.1.1 Profit from sale of open-end fund   | Sakol Energy PCL                      |  | 0.78          | 0.24       | 1.92          | 0.59       | 0.11          | 0.03       |
| 3.1.2 Profit from sale of open-end fund   | Mae Krating Power Co.,Ltd             | 80                                       |               |            |               |            | 0.08          | 0.02       |
| 3.1.3 Profit from sale of open-end fund   | SK 15 Co.,Ltd                         | 99.99                                    |               |            |               |            | 0.13          | 0.03       |
| 3.1.4 Profit from sale of open-end fund   | Sakol Energy Biomass Power 15 Co.,Ltd | 99.99                                    |               |            |               |            | 1.04          | 0.26       |
| 3.2 Interest income   |                                       |  |               |            |               |            |               |            |
| 3.2.1 Interest income from financial institutions   | Sakol Energy PCL                      |  | 0.10          | 0.03       | 0.29          | 0.09       | 0.30          | 0.08       |
| 3.2.2 Interest income from financial institutions   | Mae Krating Power Co.,Ltd             | 80                                       |               |            | 0.11          | 0.03       | 0.08          | 0.02       |
| 3.2.3 Interest income from financial institutions   | RE Biofuel Co.,Ltd                    | 75.95                                    |               |            | 0.12          | 0.03       |               |            |
| 3.2.4 Interest income from third parties  | Sakol Energy PCL                      |  |               |            |               |            | 0.09          | 0.02       |
| 3.2.5 Interest income from third parties  | RE Biofuel Co.,Ltd                    | 75.95                                    |               |            |               |            | 0.09          | 0.02       |
| 3.2.6 Interest income from third parties  | SK 15 Co.,Ltd                         | 99.99                                    |               |            |               |            | 0.14          | 0.04       |
| 3.3 Utility income  |                                       |  |               |            |               |            |               |            |
| 3.3.1 Utility income  | Sakol Energy PCL                      |  | 0.55          | 0.17       | 0.51          | 0.16       | 0.53          | 0.14       |
| 3.3.2 Utility income  | Mae Krating Power Co.,Ltd             | 80                                       |               |            | 0.20          | 0.06       | 0.50          | 0.13       |
| 3.4 Urealized gain on exchange  | RE Biofuel Co.,Ltd                    | 75.95                                    |               |            | 0.18          | 0.05       | 0.91          | 0.23       |
| 3.5 Gain from amortization of negative goodwill (Mae Krating Power Plant Project)                   | Sakol Energy PCL                      |  |               |            | 3.50          | 1.08       |               |            |
| 3.6 Funding from the Department of Alternative Energy Development and Efficiency Ministry of Energy | RE Biofuel Co.,Ltd                    | 75.95                                    |               |            |               |            | 12.00         | 3.04       |
| 3.7 Revenue from the sale of scrap materials  | Sakol Energy PCL                      |  | 0.01          | -          |               |            |               |            |
| 3.8 Other income  |                                       |  |               |            |               |            |               |            |
| 3.8.1 Other Income  | Sakol Energy PCL                      |  | 0.15          | 0.04       | 0.83          | 0.26       | 0.95          | 0.24       |
| 3.8.2 Other Income  | Mae Krating Power Co.,Ltd             | 80                                       |               |            |               |            | 0.03          | 0.01       |
| 3.8.3 Other Income  | SK 15 Co.,Ltd                         | 99.99                                    | 0.53          | 0.16       |               |            | 0.02          | 0.01       |
| 3.8.4 Other Income  | Sakol Energy Biomass Power 15 Co.,Ltd | 99.99                                    |               |            |               |            | 0.01          | -          |
| <b>Total income</b>   |                                       |  | <b>333.70</b> | <b>100</b> | <b>325.35</b> | <b>100</b> | <b>394.10</b> | <b>100</b> |

**Remark :** (1) stations of Private Mother Station (PMS) consist of NGV Private Mother Station Chiang Rak Noi, Pathum Thani and NGV Private Mother Station Saraburi  
 (2) Revenue from natural gas quality improvement business included in the business revenue Private Mother Station Chiang Rak Noi, Pathum Thani and Private Mother Station Saraburi





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## Private Mother Station (PMS)

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Sakol Energy Public Company Limited is Private Mother Station (PMS) operator, providing natural gas compression service for NGV trailer trucks of PTT Public Company Limited (“PTT”) which distribute NGV to Private Mother Station (PMS) which are not along natural gas pipelines or Daughter Station, including improving natural gas quality to meet the regulators’ standards. PTT is the Company’s customer.

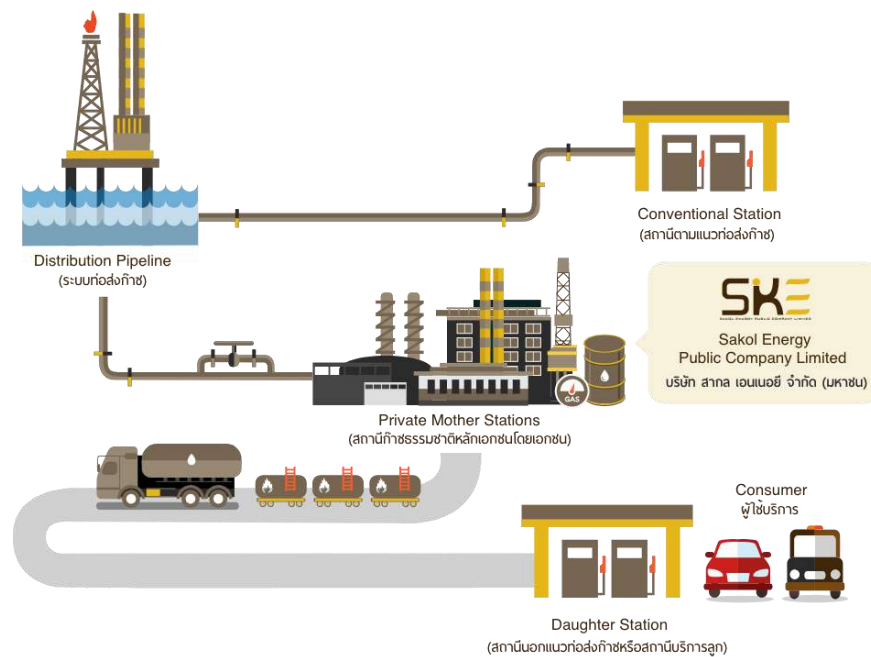


Diagram illustrating the Company’s business operation

- Remarks :
1. **Private Mother Station(PMS)** is a station located along the pipeline which compresses and improves quality of natural gas and fuels in NGV trucks for transportation to daughter stations.
  2. **Daughter Station** is a station located off the pipeline and must receive natural gas supplied from NGV trucks supplied by mother stations and dispenses such natural gas to users.
  3. **Conventional Station** is a station located along the pipeline which improves quality of natural gas and sells to users.

### Natural gas compression process

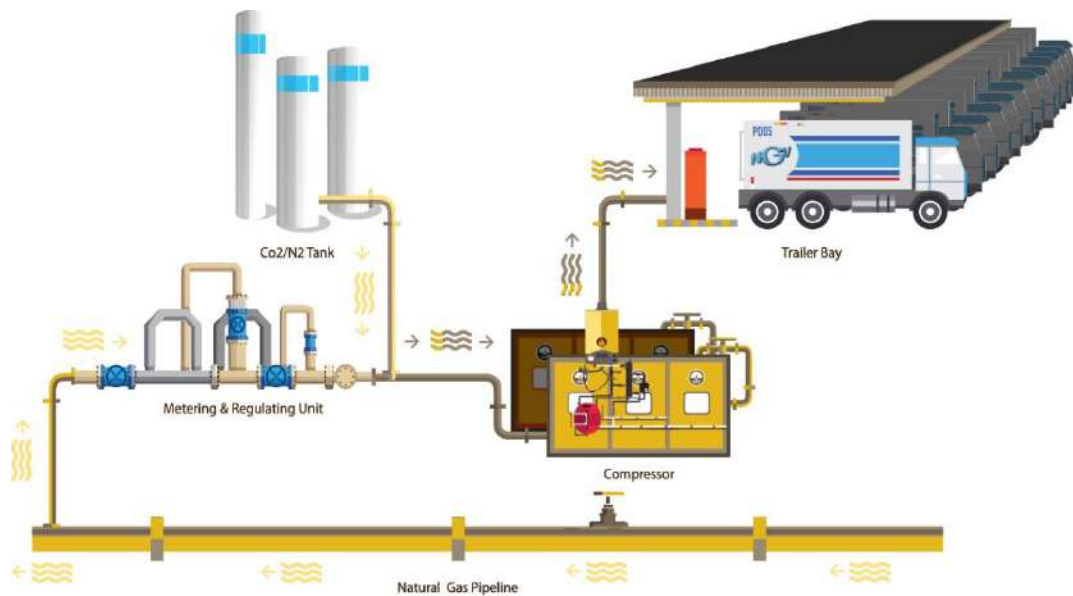


Diagram illustrating of natural gas compression process

### Natural gas compression process by Private Mother Station (PMS)

1. Natural gas passes through pipeline to the main natural gas private mother station (PMS) through gas metering to measure the quantity of gas to the private mother station (PMS);
2. Natural gas has high heat pressure which shall be required to improve the quality of gas by mixing carbon dioxide (CO<sub>2</sub>) or nitrogen (N<sub>2</sub>) with natural gas to meet the standard heat pressure of motor vehicles as required by Department of Energy.
3. Low-pressured natural gas coming from pipeline through gas metering will enter compressor to create the level of compression as required; and
4. High-pressured natural gas will be passed to filling panel for filling into natural gas trailer trucks for transportation to daughter station.

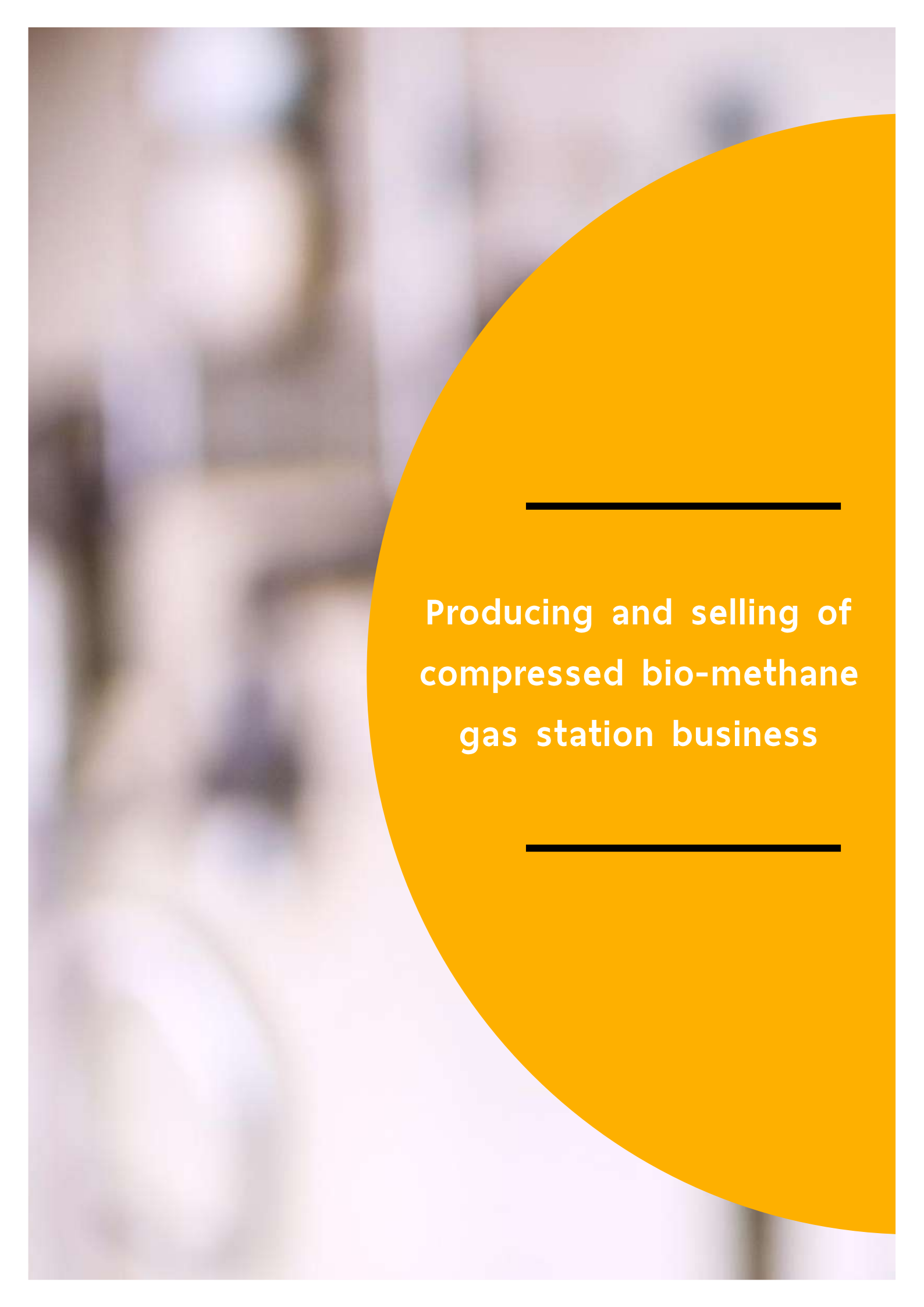


### Installed capacity and actual production of compressed natural gas

|   | 2015    | 2016    | 2017    | 2018    | 2019    |
|---|---------|---------|---------|---------|---------|
| <b><u>Pathum Thani Station</u></b>                          |         |         |         |         |         |
| Installed capacity of compressed natural gas (ton per year) | 157,899 | 157,899 | 157,899 | 157,899 | 157,899 |
| Actual production of compressed natural gas (ton per year)  | 91,029  | 97,944  | 89,178  | 88,954  | 76,108  |
| Actual production of compressed natural gas (ton per day)   | 249     | 268     | 244     | 244     | 209     |
| Capacity utilization rate (%)                               | 58%     | 62%     | 56%     | 56%     | 48%     |
| <b><u>Saraburi Station</u></b>                              |         |         |         |         |         |
| Installed capacity of compressed natural gas (ton per year) | 166,549 | 166,549 | 166,549 | 166,549 | 166,549 |
| Actual production of compressed natural gas (ton per year)  | 122,718 | 120,323 | 121,661 | 115,724 | 106,054 |
| Actual production of compressed natural gas (ton per day)   | 336     | 329     | 333     | 317     | 291     |
| Capacity utilization rate (%)                               | 74%     | 72%     | 73%     | 70%     | 64%     |
| <b><u>Total</u></b>   |         |         |         |         |         |
| Installed capacity of compressed natural gas (ton per year) | 324,448 | 324,448 | 324,448 | 324,448 | 324,448 |
| Actual production of compressed natural gas (ton per year)  | 213,747 | 218,267 | 210,839 | 204,677 | 182,162 |
| Actual production of compressed natural gas (ton per day)   | 586     | 596     | 578     | 561     | 499     |
| Capacity utilization rate (%)                               | 66%     | 67%     | 65%     | 63%     | 56%     |

Source : SKE

Remark : Installed capacity of compressed natural gas production is the maximum capacity of compressor.



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**Producing and selling of  
compressed bio-methane  
gas station business**

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RE BioFuels Company Limited ("RBF") conduct its business on producing and selling of compressed bio-methane gas of which this gas has quality similar to the natural gas vehicle (NGV). The process of biogas producing consists of the receiving of biogas from fermentation tank and transfer to machinery to improve the quality of gas to produce the gas that has quality which is suitable for using in vehicle and it shall have quality in accordance with the regulations under the notification of Department of Energy

The maximum capacity of compressed bio-methane gas production is 9,000 kilograms per day. The gas station of RBF can support many types of vehicles such as private car, public transport, large truck and track for gas transportation for transferring of gas to other selling points or using of gas as fuel in industrial facilities.

The facility and gas station are located at Lam Thamenchai District, Nakhon Ratchasima Province which are close to tapioca starch factory of which such factory can supply waste water and waste from production. The waste waters from the tapioca starch factory are raw material of biogas fermentation tanks whereby such biogas fermentation tanks are under supervision of a company which experts in fermentation and production of biogas. The produced gas will sell to RBF for producing and selling as compressed bio-methane gas.

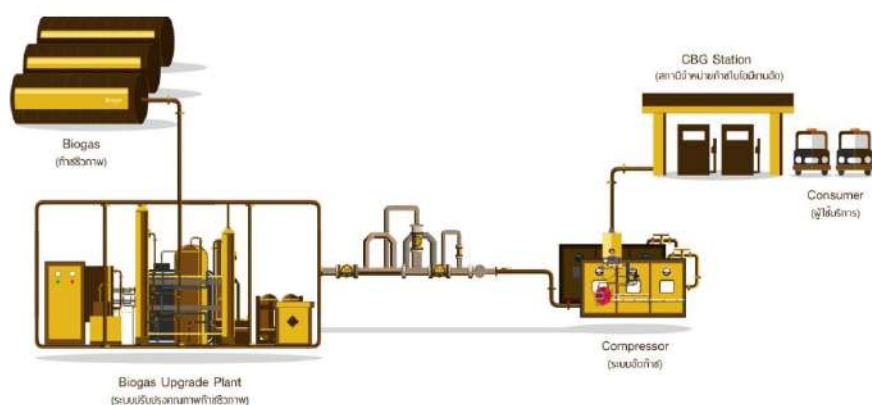
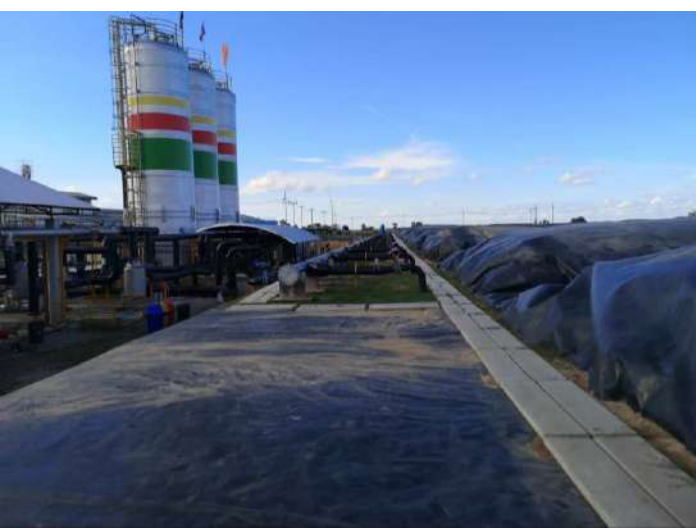


Diagram illustrating of produce CBG



# RBF





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# **Biomass Power Plant Business of Mae Krating**

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Currently, the factory has been constructed and the machinery has been installed. Only the civil work is still in the construction system, such as fences, gutters, roads within the project etc.

In August 2019, Mae Krating Biomass Power Plant Able to produce electricity for sale to the Provincial Electricity Authority Continuously until present

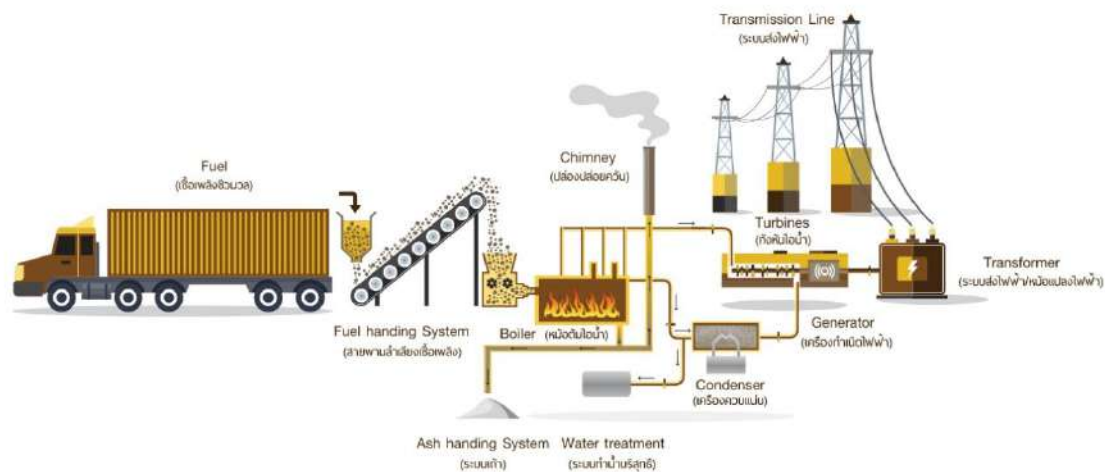


Diagram illustrating of produce the electricity





## Marketing and Competitions

### Private Mother Station : PMS

#### 1. Competitive strategy

##### (1) Reduction of loss quantity (Gas Loss)

Under the terms and conditions of the Gas Compression Contract with PTT, the Company must compress natural gas in the quantity determined thereunder and minimize loss quantity (not exceeding 1%) in order not to be subject to penalty under the contract. Most of the time, the Company's quantity of gas loss does not exceed 1%. In addition, the Company delivers natural gas according to the schedule under the contract. Such performance creates credibility which shall be beneficial to the Company in being awarded concession by PTT, if Private Mother Station (PMS) is opened for bidding in the future.

**Remark :** Quantity of gas loss is difference between quantity of gas measured by meter before entering Private Mother Station (PMS) and quantity of gas measured by meter before dispensing to natural gas trailers.

##### (2) Continuous improvement and development of equipment or parts used in the business

Since most equipment or parts used in the natural gas station are costly because they must be imported from overseas, the Company must improve and develop equipment or parts such as spare parts used in compressor. The Company hires a local manufacturer to produce such equipment or parts to reduce importation from overseas. As a result, the Company can decrease its operating costs and increase its competitiveness.

##### (3) Site selection in advance

Location of the site is an important factor in setting up private mother stations as it needs to be along the natural gas distribution pipelines of PTT. The Company purchases land in advance in the area along the distribution pipelines of PTT for the purpose of bidding for concession of private mother stations in the future. The land owned by the Company is located along the natural gas distribution pipelines of PTT which creates competitive edge to the Company in bidding for future projects.

##### (4) to business relating to natural gas compression and energy business

At present, the Company has a plan to expand to business relating to natural gas compression and energy business in order to diversify its business. The business relating to natural gas compression includes natural gas transportation service, gas station, conventional ex-pipeline, compressed bio-methane gas (CBG), biomass power plant, conversion of agricultural products to energy etc. Since the Company sees potential in expanding from its existing business, the Company is now in process of negotiating to set-up conventional ex-pipeline with PTT.

#### 2. Characteristics of customer and target customer

The Company's customer is PTT Public Company Limited. NGV trailer trucks, pursuant to the terms and conditions of natural gas transportation service contract with PTT, will come to the Company's stations for fueling of compressed natural gas pursuant to the terms and conditions of the natural gas transportation contract between the Company and PTT. The schedule of NGV trailer trucks arriving at the Company's stations on a monthly and weekly basis are prepared in advance. The schedule may be subject to changes by PTT. In the event of urgency, PTT may notify the Company 1 – 3 days in advance to revise and plan for transportation and traffic of NGV trucks from PTT to the Company's stations.

#### 3. Pricing Policy

The Company's pricing policy under the gas compression and private mother station (PMS) set-up contract consists of 2 parts: (1) availability payment (AP), a fixed compensation during the whole period of the contract term; and (2) energy payment, a variable compensation, such as price of electricity, exchange rates and consumer price index. In case there is improvement of natural gas quality, fees will be charged for such additional service. Fees for improvement of natural gas quality consists of 2 parts: (1) availability payment 2 (AP2), a fixed compensation during the whole period of the contract term; and (2) energy payment 2 (EP2), a variable compensation, such as price of electricity, producer price index: freight trucking, and consumer price index. The Company will collect fees with PTT based on the actual quantity of compressed natural gas in each month. In the event the actual monthly quantity of compressed natural gas is lower than the monthly quantity guaranteed by PTT, PTT agrees to pay fees only in the form of availability payment (AP) on the shortfall of the guaranteed monthly quantity

#### 4. Sale and distribution channel

##### Process of compress natural gas

1. Natural gas transportation service provider of PTT examines if gas container is in proper working conditions



2. Natural gas transportation service provider of PTT takes gas container to filling station (trailer bay)



3. The Company compresses natural gas





4. The Company records quantity of compressed natural gas in order to issue delivery slip to natural gas transportation service provider of PTT



5. Natural gas transportation service provider of PTT takes gas container which has been filled with natural gas to parking space ready for further delivery to customer



6. Natural gas transportation service provider of PTT transports compressed natural gas from the Company's station to daughter station or service station

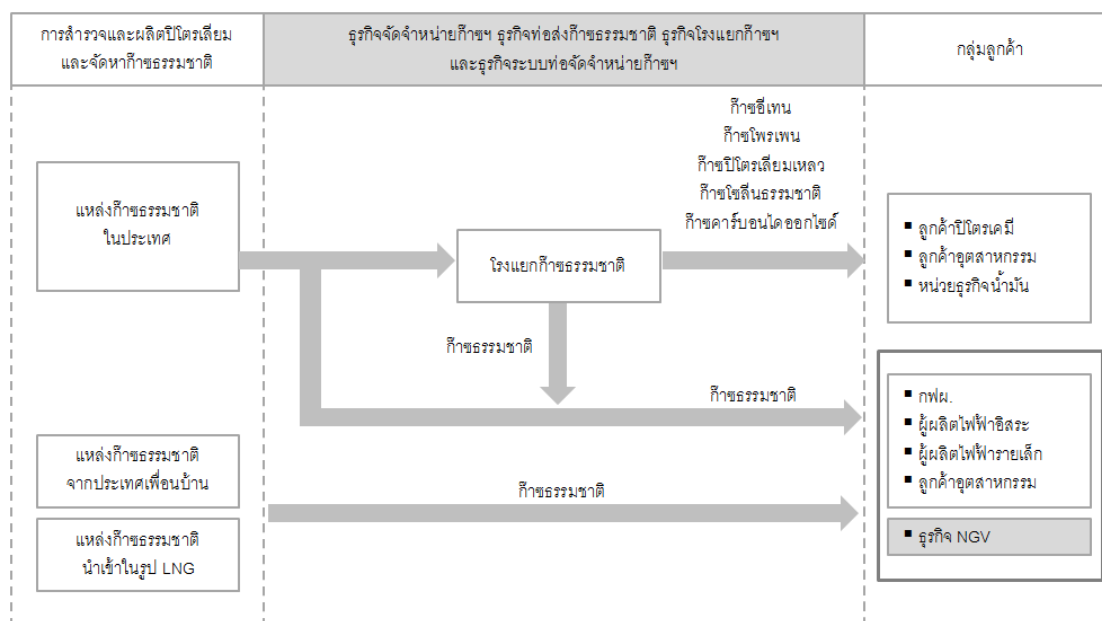


The above compression process of natural gas for NGV trucks is in accordance with terms and conditions of natural gas compression contract with PTT. Pathum Thani Private Mother Station has minimum compressed natural gas capacity of 200 tons per day and reserved capacity of 25% for the whole term of the contract, with additional quota from PTT to compress natural gas of another 100 tons per day. Saraburi Private Mother Station has minimum compressed natural gas capacity of 320 tons per day and reserved capacity of 25% for the whole term of the contract. The Company's staff and PTT's staff jointly examine the production quantity of compressed natural gas at the end of each month at Metering and Regulating Station. PTT agrees to pay service compensation on a monthly basis in the amount equivalent to the actual quantity of compressed natural gas filled in its NGV trucks and the invoice for service will be paid within 30 days from the date of submission of the invoice.

## 5. Industry Outlook and Competition

### Natural gas industry outlook

As the Company operates private mother station (PMS) business providing natural gas compression service to natural gas trailers of PTT for transportation to daughter stations, demand for natural gas is a key factor to growth of this business. The natural gas industry outlook in Thailand is as follows:



#### (1) Procurement and usage of natural gas

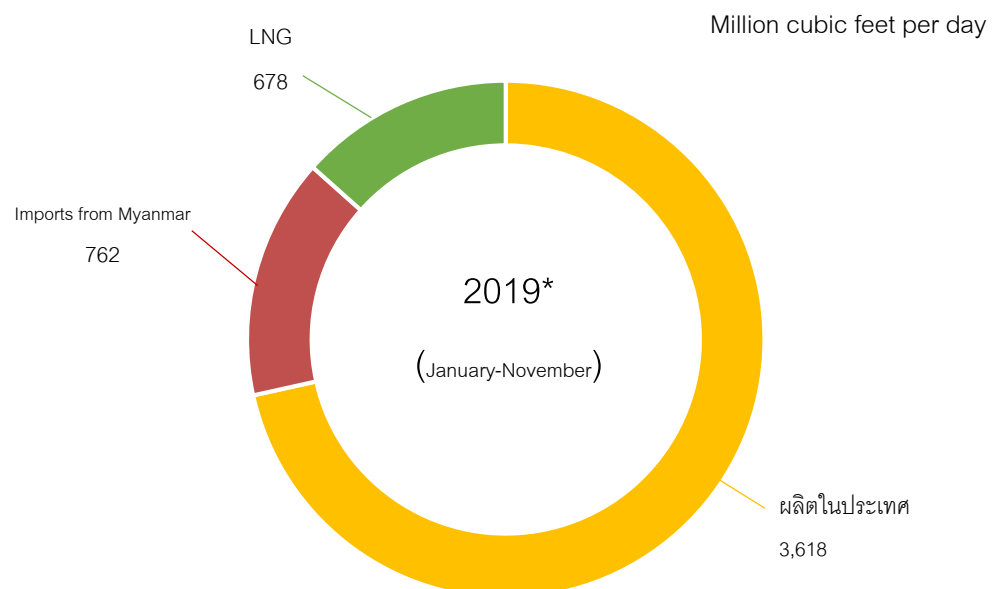
At present, main sources of natural gas in Thailand can be divided into the following two sources (In 2018 EPPO):

- Domestic production accounts for 72% of the total production quantity. Natural gas is from:
  - Gulf of Thailand which includes Erawan field, Bongkot field, Arthit field, Benjamas field, Tarntawan and Platong gas field.
  - Joint development area, namely Malaysia-Thailand joint development area (JDA)
  - Inland area such as Nam Phong field, Nam Phong Sub-district, Khon Kaen Province and Pu Hom field, Udonthani Province.
- Importation from overseas accounts for 28% of the total production quantity. Natural gas is from:
  - Importation from Burma such as Yadana gas field, Yetagun gas field, and Zawtika gas field accounts for 16% of the total production quantity.
  - Importation from overseas, namely Middle East, South America, and Australia, in the form of Liquefied Natural Gas (LNG) accounts for 12% of the total production quantity.

PTT is the operator of the natural gas business. It is the natural gas buyer from the natural gas seller under natural gas purchase contracts both domestically and internationally. For importing liquefied natural gas (LNG) from abroad, PTT has established PTT LNG Company Limited (PTTLNG) to carry out the construction of a jetty and a terminal for Map Ta Phut LNG Terminal to meet future demand for natural gas.

In 2019 (January-November), gas production in Thailand was 3,618 cubic feet per day. The rest is imported from abroad. Burma's imports are 762 cubic feet per day and imported LNG 678 cubic feet per day. Total supply of natural gas is 5,058 cubic feet per day. First LNG imports were made in May 2011.

Graph showing the supply and use of natural gas in Thailand 2019



*Soucre : Energy Policy and Planning Office, Ministry of Energy*

## Gas Pipeline Network in Thailand

PTT has constructed gas pipeline for approximately 493 kilometers long to connect from the natural gas pipeline system to industrial customers nationwide.

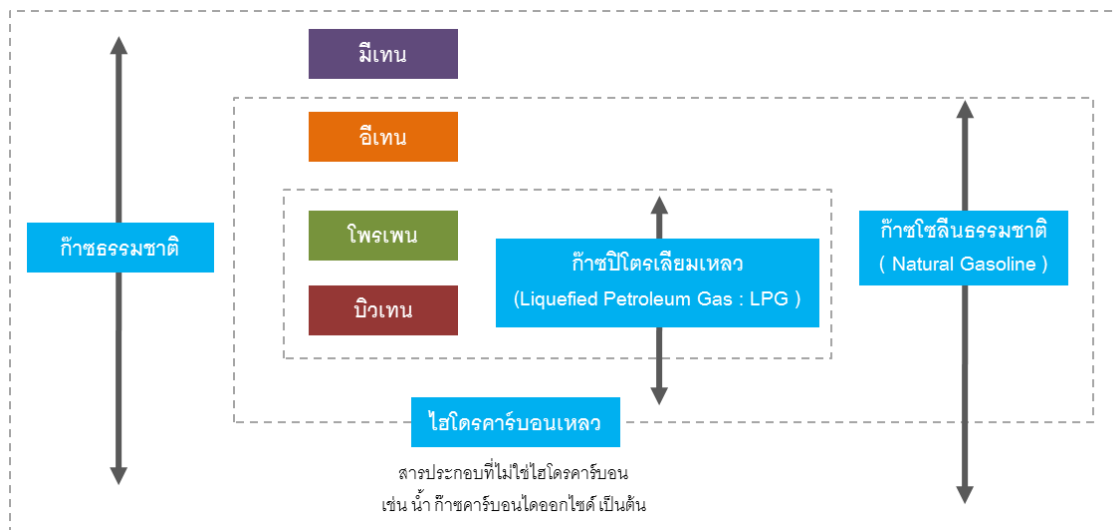


Source : Information form of the year 2018 of PTT Public Company Limited



## Natural gas components and benefits

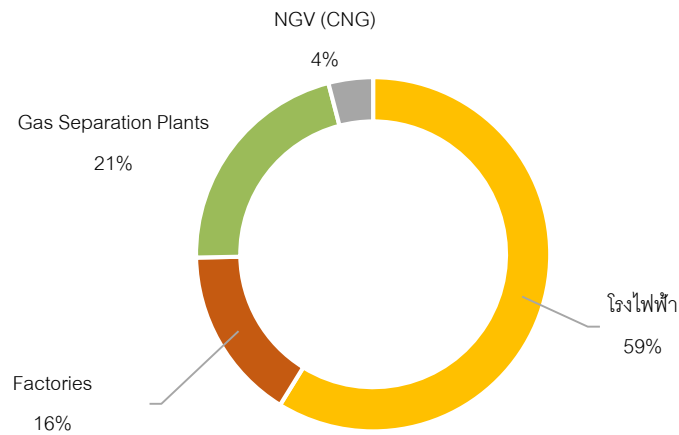
Natural gas consists of a variety of hydrocarbons such as methane, ethane, propane gas, butane gas, etc. There are also non-hydrocarbon compounds such as carbon dioxide, hydrogen sulphide gas, nitrogen gas and water, etc. th gas can be used as follows:



1. Methane (C1): Used as a fuel for the production of electricity and heat in industrial plants. Used as raw material for chemical fertilizer production. When used in high pressure tanks, it is called "compressed natural gas (CNG)". It can be used as fuel in vehicles, or "natural gas for vehicles (NGVs)".
2. Ethane (C2): Used as raw material in the petrochemical industry. It is a substitute for polyethylene resin (PE) for plastic bags, toothpaste tubes, plastic bottles, shampoos. Synthetic fibers to be processed into other products.
3. Propane Gas (C3): Used as a raw material in the petrochemical industry. It is a precursor for the production of polypropylene (PP) resins for the production of synthetic rubber. Battery, battery and oil quality additives
4. Butane gas (C4): Used as raw material in the petrochemical industry. It is the starting material for the additive to increase octane in gasoline, instead of lead (MTBE), synthetic rubber and ABS plastic.
5. Liquid petroleum gas (C3 + C4): Used as fuel or LPG in households, fuel In Cars, fuel for industrial heating Used as raw material in the petrochemical industry.
6. Carbon dioxide (CO2): The product is derived from the process of extracting carbon dioxide from natural gas or for using in cast iron industry, food preservation, beverage industry (Soft drinks and beer), and for making fire extinguishers, raincoats, dry ice or to create smoke in the entertainment industry.

### Natural Gas Usage

Natural gas usage of each branch matrix between 2019\*

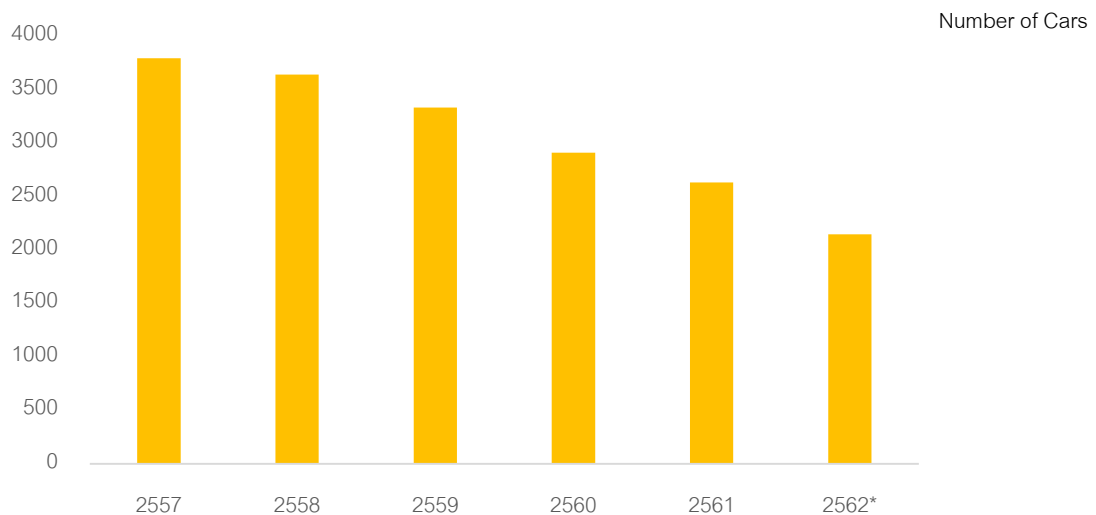


*Note :* Data for the year 2019 \* is from January-November

*Soucre :* Energy Policy and Planning Office, Ministry of Energy

The use of natural gas in Thailand in 2019 was most used in electricity generation of 59%, the second was the gas separation plant for using as raw materials of various industries such as petrochemical industry, which accounts for 21.25%, the using of natural gas in factories was 16% and the using of natural gas for transportation (CNG) was 4%

### Volume of NGV cars in Thailand\*

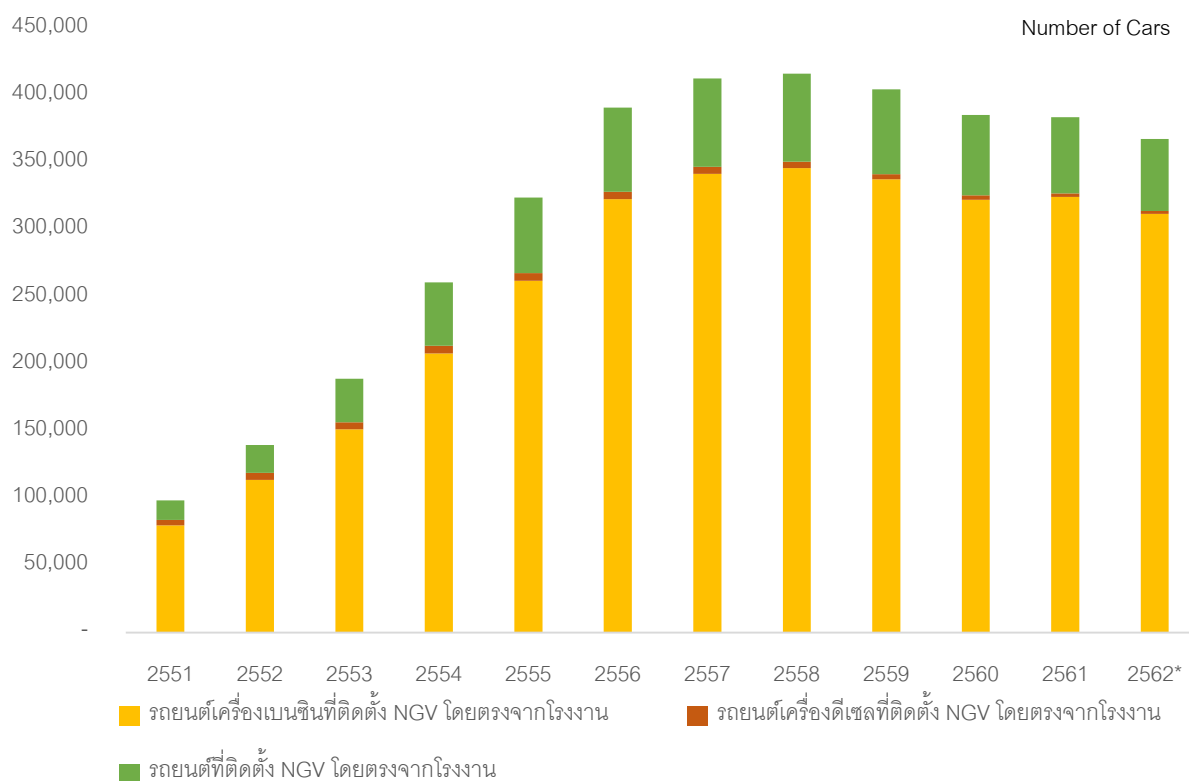


*Note :* Data for the year 2019 \* is from January-November

*Soucre :* Energy Policy and Planning Office, Ministry of Energy

The amount of natural gas used for vehicles is decreasing every year. This is a result of the floating price adjustment of NGV to reflect the cost in 2016, causing the NGV price to increase from approximately 13 baht in 2016, moving up to the present, the average price in 2019 \* 16.12 baht and the amount of NGV usage In 2019 \* at 2,150 million cubic feet

### Volume of NGV cars in Thailand

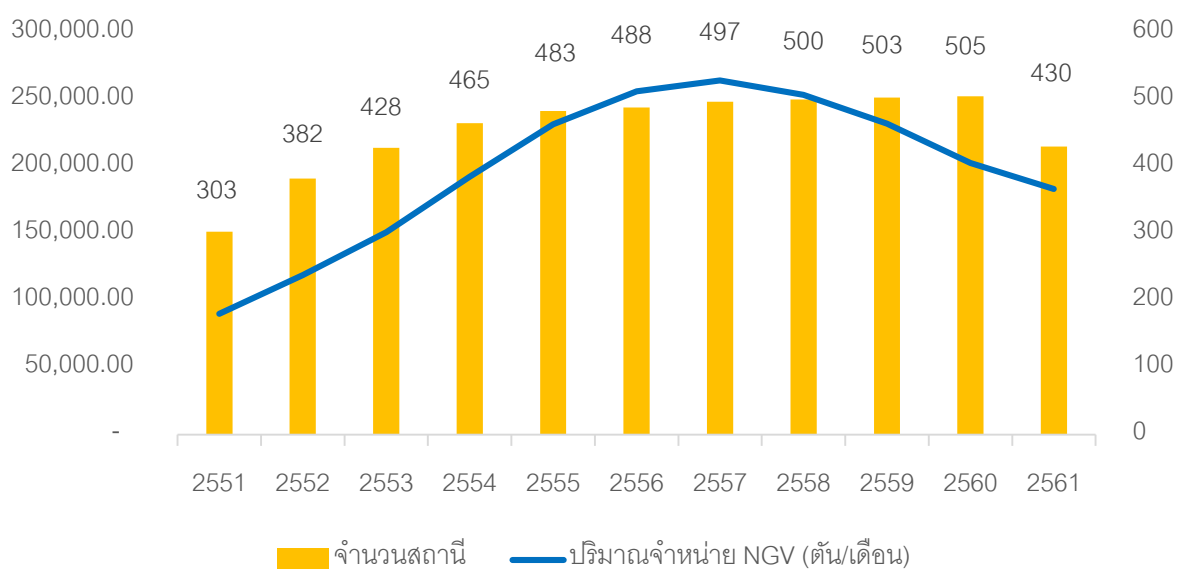


Source : Department of Transportation

### NGV gas station and NGV monthly sales volume

Average Sale Volume of NGV

(Ton per month)



Source : PTT Public Company Limited

Statistics from 2008 to 2017, NGV related industries continue to grow. The number of NGV vehicles increased from 98,581 units in 2008 to 416,204 units in December 2015 or an average annual growth rate of 23.76 percent. The average NGV sales volume increased from 90,133 tons per month to 253,568 tons per month or an average annual growth rate of 13.49%. The number of service stations in the year 2018 increased from 303 (in 2008) to 507. However, in 2015 - 2017, there will be a decrease in gas sales volume but the company is not affected much. From 520 tons of natural gas compression contract with PTT.

## Competition

### (1) Private Mother Station: PMS

The investment in NGV private mother station (PMS) requires substantial amount of capital because the business requires large area of land which must connect with PTT's natural gas pipelines and the equipment used in the business, such as natural gas compressor and filling equipment, are costly. The business also requires engineering expert with particular knowledge and expertise as natural gas has high pressure. It can be dangerous without due care and engineering expert looking after the system.

The Company is equipped with capital for investment in respect of land and equipment required for operating private mother stations (PMS). It also has knowledgeable and experience personnel with expertise in engineering. Given such factors, the Company is a leading operator of natural gas private mother station (PMS) for PTT and the Company is one of the first private companies to operate this business. In addition, operating private natural gas mother station business is a concession business. The business operator must have thorough knowledge and experience with readiness in respect of investment capital and personnel. Therefore, there is a high barrier of entry for the business.

At present, there are 18 natural gas private mother stations (PMS) of which 14 stations are operated by PTT and 4 stations are operated by private operators. The Company had been appointed to operate 2 natural gas private mother stations, located in Pathum Thani Province and Saraburi Province. The number of stations operated by the Company accounts for 50% of the total number of stations operated by private operators. The other two private stations are operated by Scan Inter Public Company Limited and Winnergy Corporation Company Limited, the details of which are as follows:

| Operator Name                        | Location of Station   | Minimum Production<br>Quantity of<br>Compressed Natural<br>Gas per Contract | Expiration of<br>Contract |
|--------------------------------------|---|---|---------------------------|
| Scan Inter Public Company Limited    | Bang Krabue Sub-district, Samkhok District, Pathum Thani Province | 350 ton/day   | 2572                      |
| Winnergy Corporation Company Limited | Rajathewa Sub-district, Bangplee District, Samutprakarn Province  | 350 ton/day   | 2572                      |

Source : SEC Filing (Form 56-1) of Scan Inter Public Company Limited.



At present, the Company does not have any direct competitor because the operation of natural gas private mother station (PMS) is pursuant to the natural gas compression contracts with PTT. However, upon expiry of the term of such contracts and if the contracts are not renewed, the Company may have competitors as it has to bid for operating natural gas private mother stations (PMS) in the future.

### Producing and selling of compressed bio-methane gas station business

#### 1. Competitive Strategy

RBF has station which is close to raw material source and has sufficient raw material and modern machinery which is suitable to produce gas with high quality. In addition, there are no other competitors or other gas stations near the location of RBF's gas station. The road in front of the gas station is the main road of the District which can connect to other Provinces.

#### 2 Type of Customers and Targeted Customers

Customers using the service are the customers who have vehicle using NGV such as private cars, trucks and public transports. In addition, it can provide the service to customers who need to use the gas in industrial facilities by containing the gas in truck for using.

The targeted customers of the Company are NGV customers in the nearby area and industrial plants that require natural gas as fuel.

#### 3 Type of Customers and Targeted Customers

The determination of price shall be in accordance with the market price of the natural gas for vehicle that distribute at the station and gas price that distribute to factory.

#### 4. Distribution and Distribution Channel

(1) RBF sells its gas through the station of RBF (2) sells by transporting of gas from the station to purchasing point of customer if required.

#### 5. Industry Outlook and Competition

Producing and selling of compressed bio-methane gas station business is a new business in this country. Company's machinery has the highest capacity in the country. The factor that affects the growth of the business is the demand for gas of customers. By dividing the customer groups into two main groups: vehicles and industrial factories.

Vehicle customers is the group of customers which will use the gas as fuel of vehicle. At present, the this group of customers has a stable demand for gas since in the past, the price of fuel has been fluctuating. If the price of fuel increases, customers of the vehicle group will certainly have a higher level of demand for gas.

Industrial customers is the group of customers which will use gas as fuel in the factory production system. This group of customers has grown steadily because the cost of using gas as a fuel for production is lower than using other types of fuel. The major factor that customers in industrial factories will use gas depends on the distance from the factory to the gas station which will affect the transportation cost of gas to the factory.

### Biomass Power Plant Business of Mae Krating

#### 1. Competitive Strategy

Because the products of the biomass power plant of Mae Krating is the electricity The Provincial Electricity Authority (PEA) is the only one customer.

#### 2. Type of customers and Targeted Customers

Provincial Electricity Authority (PEA)

### 3. Pricing Policy

Pricing Determined from the power purchase announcement of the Provincial Electricity Authority (PEA).

### 4. Distribution and Distribution Channel

Produce the electricity to provide the Provincial Electricity Authority (PEA) through the electricity trading meter.

### 5. Industry Outlook and Competition

Mae Krating Biomass Power Plant Project Sell all electricity produced to PEA only Under the long-term power purchase agreement with PEA for a period of 20 years. Therefore, after the commercial operation, the company Therefore do not have to face competition in the search for other power buyers However, if bidding for new power plant projects in the future, the company still has to face competition with companies that produce and distribute electricity. And others. However, due to the success of the production and distribution of electricity Combined with the vision and readiness of personnel And good relations with business partners. The company believes that the company has the potential to compete in the future for the electricity production and distribution business Under the biomass power plant project (Solid fuel type), installed capacity of 9.9 MW

### Product and Service Procurement

#### Private Mother Station : PMS

#### (1) Procurement of natural gas and inert gas for enhancing quality of natural gas

Since PTT will procure natural gas for the Company during the whole term of the NGV compression contract, therefore, natural gas is not considered as the Company's raw material. Although PTT bears the risk of natural gas procurement, the Company will be affected in case PTT cannot procure natural gas for the Company.

As heating value of natural gas procured by PTT is not appropriate for vehicles, the Company has to add appropriate quantity of inert gas such as carbon dioxide (CO<sub>2</sub>) or nitrogen (N<sub>2</sub>) to enhance quality of natural gas according to regulatory standard as prescribed for vehicles by the Department of Energy Business. The heating value as prescribed under the relevant regulations or Wobbe Index (W.I.) must be between 37 – 42 megajoule per square meter. Such inert gas are ones of the Company's raw materials. The Company has entered into purchase contract for carbon dioxide (CO<sub>2</sub>) and nitrogen (N<sub>2</sub>) with a sole local supplier, namely Linde (Thailand) Public Company Limited for the contract term of 5 – 6 years. Although the Company has a sole supplier for inert gas, it has a supplier list of inert gas for comparison purpose.

#### (2) Procurement of machinery

The key machinery for operating private mother station (PMS) business is natural gas compressor and natural gas filling equipment. The Company purchased machinery from a local supplier for Pathum Thani Private Mother Station. For Saraburi Private Mother Station, the Company purchased capability and standard machinery from a reputable foreign supplier and hired a local company with expertise and experience to install such equipment.

### (3) Procurement of equipment and spare parts

The Company purchases equipment and spare parts directly from foreign manufacturer and local distributor. However, in order to reduce the number of importation of such equipment and spare parts from overseas, the Company has engaged a local company to develop and improve such equipment and spare parts which have work efficiency equivalent to imported equipment and spare parts. As a result, the Company was able to reduce its costs of equipment and spare parts.

#### **Producing and selling of compressed bio-methane gas station business**

The raw material procurement of business derived from the purchase of biogas or raw gas from the fermentation tank, the fermentation tank received the raw material from the cassava starch in nearby area.

In respect of the machinery located in the gas station, it consists of two main parts which are improvement of gas quality part and gas station. The machinery of improvement of gas quality part which is procured and imported from overseas, is installed under the supervision of expert. The machinery of gas station is constructed by a company in the country including the installation of all machineries. For the maintenance of machinery, the Company plans to procure some spare parts from overseas and to reduce the cost of import of spare part from overseas, if some spare parts can procure in the country, all such spare parts will be purchased in the countries. In addition, the cost of labour in relation to the installation, improvement, maintenance of all machineries, the Company engages the expert to provide 24-hours services.

#### **Biomass Power Plant Business of Mae Krating**

The project has a gross power capacity of 9.9 MW, with plans to distribute electricity to the Provincial Electricity Authority's network of approximately 8 megawatts. The remaining 1.9 megawatts, which will be Used for various activities within the project. For electricity distribution to PEA, the project will send electricity through transformers of the project to adjust the voltage appropriately before feeding to the PEA. Therefore, the project has designed a substation within the project area. To adjust the voltage to be suitable for the use of electricity in each activity Before delivering the remaining electricity to the Provincial Electricity Authority's network The project has a contract to connect the electricity to the network of Rong Kwang Power Station. The station is located in Rong Kwang District, Phrae Province, where the project has 1 connection point, which is in front of the project

Mae Krating Power Company Limited is aware of environmental quality. Therefore assigns Eco Collant Co., Ltd., an environmental consulting company There is also an environmental quality laboratory that is registered with the Department of Industrial Works. Ministry of Industry Register number Wor-262 is the operator to monitor the implementation of environmental protection and correction measures And the environmental impact monitoring measures proposed in the report And prepare a summary report every 6 months for submission to the Energy Regulatory Commission And related agencies continue.



## Benefits from the Promotion Certificate of Board of Investments

The Company received the benefits from the investments by obtaining the promotion certificate of the Board of Investments under the Investment Promotion Act B. E. 2520 of which the Company shall comply with the terms and conditions as set out in the promotion certificate.

| Benefits certify                 | No. of Certificate | Date             | Starting Date and Expire Date   | Benefits under the Promotion Certificate  |
|----------------------------------|--------------------|------------------|---|---|
| The Company (Pathumthani branch) | 1876(1)/2552       | 19 November 2009 | <p>- October 9, 2009 to October 8, 2017, exemption from corporate income tax for net profits from operating activities</p> <p>- October 9, 2017 to October 8, 2022 has been a reduction in the corporate income tax on profits from investment at the rate of 50 per cent of the normal rate.</p> | <p>For the investment in natural gas station for vehicles</p> <ul style="list-style-type: none"> <li>- Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain in the Kingdom for as long as the Committee deems appropriate.</li> <li>- Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand under Section 25 to work in accordance with his / her position of work approved by the Board for the period of time permitted to live in the Kingdom.</li> <li>- Exemption of import duty on machinery as approved by the Board.</li> <li>- Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations.</li> <li>- In the event of loss of business during the period of corporate income tax exemption under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years</li> </ul> |

| Benefits certify                 | No. of Certificate | Date            | Starting Date and Expire Date  | Benefits under the Promotion Certificate   |
|----------------------------------|--------------------|-----------------|--|--|
|                                  |                    |                 |  | <ul style="list-style-type: none"> <li>- Dividends from the promoted businesses is exempted from corporate income tax according to Section 31 at the time of corporate income tax exemption.</li> <li>- The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period.</li> <li>- The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times from the actual expenses for the period of 10 years from the operating date.</li> <li>- The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation</li> </ul>   |
| The Company<br>(Saraburi branch) | 1059(1)/2554       | 18 January 2011 | <ul style="list-style-type: none"> <li>- July 16, 2011 to July 15, 2019, exemption from corporate income tax for net profits from operating activities</li> <li>- July 16, 2019 to July 15, 2024 has been a reduction in the corporate income tax on profits from investment at the rate of 50 per cent of the normal rate.</li> </ul> | <p>For the investment in natural gas station for vehicles</p> <ul style="list-style-type: none"> <li>- Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain in the Kingdom for as long as the Committee deems appropriate.</li> <li>- Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand according to section 25 to work in accordance with his / her position of work approved by the Board for the period of time permitted to live in the Kingdom.</li> <li>- Exemption of import duty on machinery as approved by the Board.</li> <li>- Exemption of corporate income tax on net income from promoted operations for a</li> </ul> |

| Benefits certify                  | No. of Certificate | Date             | Starting Date and Expire Date  | Benefits under the Promotion Certificate  |
|-----------------------------------|--------------------|------------------|--|---|
|                                   |                    |                  |  | <p>period of 8 years commencing from the date of commencement of business operations.</p> <ul style="list-style-type: none"> <li>- In the event of loss of business during the period of corporate income tax exemption under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years</li> <li>- Dividends from the promoted businesses is exempted from corporate income according to section 31 at the time of corporate income tax exemption.</li> <li>- The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period.</li> <li>- The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times from the actual expenses for the period of 10 years from the operating date.</li> <li>- The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation</li> </ul> |
| Mae Krating Power Company Limited | 61-1317-1-00-1-0   | 4 September 2018 | - Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of | <p>For the investment in Biomass Power Plant</p> <ul style="list-style-type: none"> <li>- Permission to bring an alien who is a skilled worker or expert and spouses and dependent persons of both types of persons shall come to the Kingdom for a number of periods of time and shall remain</li> </ul>   |

| Benefits certify | No. of Certificate | Date | Starting Date and Expire Date   | Benefits under the Promotion Certificate  |
|------------------|--------------------|------|---|---|
|                  |                    |      | <p>commencement of business operations.</p> <p>-- The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period according to section 31.</p> | <p>in the Kingdom for as long as the Committee deems appropriate.</p> <ul style="list-style-type: none"> <li>- Permission is granted to bring a foreigner who is a skilled worker or expert who granted permission to stay in Thailand under Section 25 to work in accordance with his / her position of work approved by the Board for the period of time permitted to live in the Kingdom.</li> <li>- Exemption of import duty on machinery as approved by the Board.</li> <li>- Exemption of corporate income tax on net income from promoted operations for a period of 8 years commencing from the date of commencement of business operations.</li> <li>- In the event of loss of business during the period of corporate income tax exemption under paragraph two company will be allowed to deduct the annual losses incurred during that time to deduct from the net profit that occurs after the corporate income tax exemption period with a period of not more than 5 years from the date of expiration By choosing to deduct from the net profit of any year or many years</li> <li>- Dividends from the promoted businesses is exempted from corporate income tax according to sector 31 at the time of corporate income tax exemption.</li> <li>- The corporate income tax for the net profit be reduced to 50% from the normal rate for 5 years from the expiration of the exemption period.</li> <li>- The permission to deduct the expenses in relation to the transportation fees, electricity fees and water fees at 2 times</li> </ul> |



| Benefits certify | No. of Certificate | Date | Starting Date and Expire Date | Benefits under the Promotion Certificate  |
|------------------|--------------------|------|-------------------------------|---|
|                  |                    |      |                               | <p>from the actual expenses for the period of 10 years from the operating date.</p> <ul style="list-style-type: none"> <li>- The permission to deduct the investment cost of installation or construction of facilities at the rate of 25% of the investment cost in addition to the normal depreciation</li> </ul> |

### Standards obtained by the Company

| Branch      | Type of Standard             |   |
|-------------|------------------------------|---|
| Phatumthani | ISO 9001:2015                | Management of International Quality and Standard for Private Mother Station (PMS)   |
|             | ISO 14001:2015               | Environmental management System : Private Mother Station: PMS   |
|             | TIS 18001 / OHSAS 18001:2007 | Industrial product standard and Occupational health and safety management system : specification for Private Mother Station (PMS) |
| Saraburi    | ISO 9001:2015                | Management of Quality System for Private Mother Station (PMS)   |
|             | ISO 14001:2015               | Environmental management System for Private Mother Station (PMS)  |
|             | TIS 18001/ OHSAS 18001:2007  | Occupational health and safety management system : specification for Private Mother Station (PMS)                                 |

## Laws and Regulations

| Company | Laws and Regulations  | Regulator  |
|---------|---|--|
| SKE     | Notification of Ministry of Energy regarding the rules and safety standard of natural gas station which under responsible of the Department of Energy Business B.E. 2550 issued under the Hazardous Substance Act B.E. 2535 | Ministry of Energy                                   |
| SKE     | Fuel Control Act B.E. 2542  | Deaprtment of Energy Business, Ministry of Energy.   |
| SKE     | Building Control (No.5) Act B.E. 2522   | Ministry of Interior.                                |
| SKE     | Town Planning Act B.E. 2518   | Ministry of Interior.                                |
| SKE     | Hazardous Substance Act, B.E. 2535  | Ministry of Industry                                 |
| SKE     | Promotion and Conservation of National Environmental Quality Act, B.E. 2535   | Ministry of Natural Resources and Environment        |
| SKE     | Land Transport Act B.E. 2522  | Department of Land Transport, Ministry of Transport. |
| SKE     | Highway act B.E. 2535 (1992)  | Ministry of Transport and Ministry of Interior.      |
| RBF     | Notification of the Ministry of Energy on the criteria and standards of safety of natural gas stations that the Department of Energy has the authority and responsibility   | Deaprtment of Energy Business, Ministry of Energy.   |
| RBF     | Fuel Control Act B.E. 2542  | Deaprtment of Energy Business, Ministry of Energy.   |
| RBF     | Fuel Trade Act B.E. 2543  | Deaprtment of Energy Business, Ministry of Energy.   |
| RBF     | Notification of Department of Energy Business Re: Determining the Characteristics and Quality of Biometers for Motor Vehicles B.E.2561  | Deaprtment of Energy Business, Ministry of Energy.   |
| MKP     | Energy Industry Act 2007  | Energy Regulatory Commission Office                  |
| MKP     | Factory Act 1992  | Ministry of Industry                                 |
| MKP     | Building Control Act 2522 B.E.  | Department of Civil and Town Planning                |
| MKP     | National Environment Protection and Promotion Act 1992  | Ministry of Natural Resources and Environment        |
| MKP     | Energy Regulatory Commission Regulations on Electricity Development Fund B.E. 2535  | Ministry of Natural Resources and Environment        |
| MKP     | Announcement of the Energy Regulatory Commission regarding remittance to the Power Development Fund For electricity business licensees in the category of electricity production license 1992                               | Ministry of Natural Resources and Environment        |

## Environmental Impact

### Sakol Energy Public Company Limited

The Company intends to provide quality services, together with taking care of the environment. It gives emphasis on management of environment including quality of air and water. The Company prepared environmental impact assessment report (EIA) prior to the construction of natural gas private mother stations (PMS). The Company's expert looks after each process of natural gas compression with due care in order to control pollution generated from compression process at the standard level. The Company has strict environmental policy which is in line with its business operation. In addition, the Company engages an external party to conduct annual audit. The annual audit covers of 4 areas which are: 1) measure concentration levels of dust particles and chemical substance in the work environment; 2) heat measure; 3) measure of light intensity; and 4) measure of average sound level. During the past, the Company and its subsidiaries never had any dispute or problem relating to environmental impact.

### RE Biofuels Co. Ltd

RBF installs machine systems which have the standard and the certification on testing. Thus, it can ensure that it will not cause environmental impacts. In addition, the operation of the RBF supports to protect the environment due to the use of biogas derived from the waste water of the cassava starch factor, through the quality improvement process until it came out as a fuel for motor vehicles.

### Mae Krating Power Co.,Ltd

Mae Krating Power Co.,Ltd operates a Biomass power plant for generating the electricity on the size capacity of 9.90 MW have passed the environmental impact assessment by preparing a report of Code of Practice : COP for produce the electricity by using biomass.

### Non-delivery works

– None –

## **Risk Factors**

The risk factors for the group's Company and Subsidiary that may affect the return of investment of investors significantly can be summarized as follows:

### **Private Mother Station (PMS)**

#### **(1) Business Risk**

##### **Risk of reliance on major customer**

The Company conducts its business with one major customer namely PTT which is a sole distributor of NGV of Thailand however, the Company has expertise in the business relating to natural gas therefore the Company recurrently provide the service to PTT by having a long-term hiring contract which is a contract in relation to natural gas compression and establishment of 2 private mother stations (PMS) consisting of:

1. Pathumthani Private Mother Station of which a contract has been entered on 17 March 2009 for a period of 20 years following the signing date. will expire in 2029.
2. Saraburi Private Mother Station of which a contract has been entered on 23 February 2011 for a period of 20 years following the date of which the Company has been awarded on 15 October 2010 therefore the contract will expire in 2030.

For ending on 31 December 2018, the Company has revenue generated by natural gas compression business of 297.07 million Baht or equivalent to 91.31% of the total revenue of which it considers that the main revenue of the Company has been generated from sole major customer therefore, if the contract is terminated or PTT terminates the contract, it will have significant negative impact to the operating result of the Company.

However, the Company has the risk management policy for this matter by strictly complying with the contract and delivering of the good quality of services on a regular basis therefore, by complying with this policy, the Company is continually engaged by PTT until present. In addition, the Business Development Department of the Company has studied on the possibility of development of other projects which are projects in relation to expansion for investment in business relating to energy sector to mitigate the concentration risk in the future.

##### **Risk as a result of conditions in the contract with PTT**

Pursuant to the contract in relation to the natural gas compression operating by the private mother station, it may have risk on the conditions in the contract with PTT consisting of:

- 1) The indemnification on any damage arising from the unable to compress the natural gas as guarantee save for PTT suspends to supply natural gas of which the Company shall indemnify the damage of the fulfilled volume of natural gas arising out of PTT needs to procure the compressed natural gas from other sources at the rate of 1.5 times of the compensation for the natural gas compression per day.
- 2) If there have the difference between the natural gas's volume from the meter before delivering to the station and the meter before delivering to the natural gas transportation, the difference which is above 1 % , the Company shall compensate the loss for the difference of volume to PTT at the



rate as determined by PTT whereby PTT can offset this loss with the compensation for the natural gas compression however, if the Company can prove that the difference occurs due to the failure of the meter system for the volume of natural gas, PTT will negotiate to reduce such loss. During the past operation of the Company. The Company had a record on the compensation for the gas loss which was above 1 % and the Company had taken such gas loss as a cost in the financial statement.

- 3) PTT has its right to terminate the contract if the producer and/or concessionaire is lack of natural gas supply for PTT.
- 4) If any force majeure or any other event by third party occurs which is not a failure of any party and if it appears that there have any damages or losses completely to the gas pipeline of PTT and gas sub-pipeline of PTT and/or the natural gas mother station which cannot be restored to the good condition and workable as the standard of general industry and safety within 30 days from the date of such circumstance or other period as determined by both parties, it shall be deemed that the contract will be terminated automatically after the lapse of such 30 days or other period as agreed by both parties.

For the circumstance which the Company cannot compress the natural gas as per the minimum volume of natural gas compression guaranteed to PTT, the possibility of this circumstance is quite low due to for Saraburi Private Mother Station, the Company has natural gas compression contract at the minimum of 320 tons per day and has the installed capacity of 400 tons per day which is above the guaranteed minimum volume and for Pathumthani Private Mother Station, the Company has natural gas compression contract at the minimum of 200 tons per day and has the installed capacity of 350 tons per day which is above the guaranteed minimum volume. It can consider that the difference is excess and sufficient for the natural gas compression therefore the risk of natural gas compression is below the guaranteed minimum volume is quite low.

However, the Company has a risk management policy to mitigate such risk and give priority on the compliance with the contract with PTT including the delivery of good quality services on continually basis from the first date of operation and the Company also maintains the good relationship with PTT continually.

In addition, the Company also has other risk management plans to cover the risk from the unable to compress natural gas per guaranteed volume, the risk from force majeure of which the Company has maintenance plan for the natural gas compression machine on a regular basis and has a Business Continuity Management plan (BCM) to determine the management of organization in the critical crisis and the determination in relation to the business management for such circumstance that may occur of which all of risk managements are to ensure that the Company is ready for any risk that may occur due to the conditions of the contract with PTT therefore, it is why the Company is continually engaged by PTT until present.

For the early termination due to the damage in relation to the gas pipeline, if there is a gas pipeline within the station, the Company has a system to control the maintenance which is well established. For the part

of gas pipeline outside the station, it is under control of PTT whereby the main pipeline has many users including the power plants and factories therefore, the Company believes that PTT will maintain it very well. The damage of outside pipeline to the stage that the pipeline will be suspended is considered as the low risk.

#### **Risk of reliance of organization or company to supply goods and services for the business**

The Company conducts its business with 2 major organizations or companies to supply goods and services namely Provincial Electricity Authority which is a state-enterprise to distribute the electricity in Thailand and Linde (Thailand) Public Company Limited which is a leader of the supplier of industrial gas products in Thailand.

For the six months period ending 30 September 2017, the Company has cost from the natural gas compression service of which the main service costs include the electricity cost from the natural gas compression which has the electricity rate in accordance with the terms of Provincial Electricity Authority (PEA) on an actual basis and inert gas cost that has been used for the improvement of natural gas quality of 126.38 million Baht equivalent to 89.16% of the total cost of service therefore, it can consider that the service cost of the Company is from 2 major organizations or companies. If Provincial Electricity Authority and Linde (Thailand) Public Company Limited terminate the contract of electricity supply, sale and purchase contract of inert gas and other relevant contracts, it will have significant negative impact to the business operation of the Company.

If there has a circumstance that Linde (Thailand) cannot provide service in relation to the sale of industrial gas according to the contract, Linde (Thailand) Public Company Limited will indemnify the damage and penalty as set out in the sale and purchase contract for industrial gas or if there has a circumstance that Linde (Thailand) Co., Ltd. cannot provide service in relation to the sale of industrial gas according to the contract, the Company is able to procure other suppliers due to there have other 2-3 supplier of industrial gas that are ready to service the Company.

However, during the past period of business operation of the Company, the Company has complied with the contract strictly and was able to pay the electricity cost including the industrial gas cost according to the contract and the Company also believes that the contract can be renewed in the future.

#### **Risk from the damage of natural gas compression equipment**

Private Mother Station (PMS) at Sam Khok District, Pathumthani has 6 natural gas compression equipment and Private Mother Station (PMS) at Kaeng Khoi District, Saraburi has 6 natural gas compression equipment which are used for compressing of natural gas for NGV truck to deliver natural gas to daughter station. The mother station opens 24 hours for 365 days per year whereby the Company has agreed with PTT on the minimum volume of not less than 200 tons per day at Pathumthani Private Mother Station and the minimum volume of not less than 320 tons per day at Saraburi Mother Station. In addition, the Company shall have reserved capacity of not less than 12 tons per hour if the Company cannot comply with this commitment, the Company shall indemnify the damage arising from the difference to PTT at the rate of 1.5 times of the compensation for the natural gas compression therefore, if there have any damage to the private mother station or equipment for natural gas compression and the Company cannot compress the NGV according to the

agreement with PTT, the revenue of the Company will reduce and the expense will increase due to the compensation for such damage.

The Company carefully considers this risk therefore, during the past operation of the Company, the Company has maintained and repaired natural gas compression equipment at the private mother station (PMS) on continually basis in accordance with the monthly preventive maintenance plan for the whole year whereby the Company has a management and operation plan for safety and has rotation plan for natural gas compression equipment of which the average lifetime of each natural gas compression will be the same. Due to having the maintenance and repair plan on a regular basis, the past operation of the Company, the Company had not compensated any damage to PTT.

In addition, the Company has an insurance to cover risk of assets of the private mother station (PMS) at Pathumthani and Saraburi in the amount of 181.52 million Baht and 190 million Baht, respectively which will cover building of private mother station (PMS) including other construction and assets and equipment and third party that injured in the limited liability of not more than 10 million Baht per station. The Company has procured the additional insurance in accordance with the notification of Ministry of Energy re: the rules and procedure of the procurement of insurance according to the laws for any injured person due to the conducting of controlled business type 3 B.E. 2557 (2014) in the amount of not more than 5 million Baht per incident for each station.

#### **Risk from accident in the private mother station (PMS)**

In the private mother station (PMS) of the Company, it is considered as the part which generates revenue to the Company therefore, it may have risk if there has any accident occur in the station even the Company has insurance for risk of assets of t Pathumthani Private Mother Station and Saraburi Private Mother Station respectively of which such insurance amounts have been specified the insured assets in the sufficient amount to cover building of private mother station (PMS) including other construction and assets and equipment and third party that injured The Company has continued to procure the additional insurance in accordance with the notification of Ministry of Energy re: the rules and procedure of the procurement of insurance according to the laws for any injured person due to the conducting of controlled business type 3 B.E. 2557 (2014) for each station on annual basis.

However, from the past operation of the Company, there were no serious accidents in the private mother stations of the Company due to the Company has determined the measure for safety of the natural gas station for vehicle and the Company has complied with standard manual for natural gas service station as determined by PTT and has procured the employees to comply with those measure and manual strictly including having control of outsider when they come to use the service and the Company also has been certified in accordance with TIS 18001 standard which is a standard of industrial product relating to occupational health and safety management system for private mother station of which the Company has been certified for both of Pathumthani and Saraburi stations.

#### **Risk form lack of natural gas**

Due to the main business of the Company is natural gas compression of which this business is relevant to natural gas and is reliance on the natural gas generated by the pipeline of PTT, if there have any disruption on the pipeline of PTT and there have any temporally suspension on distribution of natural gas, the Company may not be able to provide natural gas compression service although this circumstance will not be penalized by PTT however the Company may have loss of revenue from normal business.

However, the possibility for the occurrence of such risk is quite low due to PTT has monitored the movement of supply and demand of natural gas in accordance with the movement of natural gas price in the world market and the policy of government sector including coordinating with sellers and customers to review and improve the supply plan of natural gas and LPG for short term and long term on a regular basis therefore it can handle any unpredictable circumstances including any impact when emergency and critical circumstance occurs whereby PTT has negotiated to procure natural gas from many sources in Thailand and has also negotiated to procure liquefied natural gas (LNG) from sellers in other countries around the world. PTT has determined the plan for procurement of additional natural gas by having the plan to expand the LNG terminal phase 1 to have input capacity for LNG of 11.5 million tons per year and to invest in pier and LNG terminal no. 2 to support the higher volume of LNG and to support the demand of natural gas in Thailand as well as to mitigate the risk that may occurs due to the lack of natural gas in the future of which the procurement of natural gas of PTT according to the sale and purchase contract for natural gas with onshore and offshore sellers, totaling 15 contracts, they have determined the guaranteed minimum purchasing volume which shall be taken by PTT if PTT cannot purchase natural gas in accordance with the guaranteed minimum purchasing volume as set out in the contracts, PTT shall pay the natural gas price in the part that PTT cannot take (Take or Pay). In addition, pursuant to the contract in relation to the natural gas compression by the private mother station (PMS), it states that if there have any change of laws, change of fuel price or lack of natural gas or natural gas is not sufficient for the domestic demand and either party may disadvantage or may have significant damage due to such party is obliged to continue to comply with terms of contract, the party who suffers from such damage can exercise its right to amend the contract and the parties shall have a meeting within 30 days upon request by other party. If the parties agree to amend the contract, the parties can amend and execute the amended contract.

**Risk from the decreasing of difference between the oil price and NGV price and the decreasing of the demand of NGV**

Due to NGV is an alternative fuel for vehicle and NGV price is lower than the oil price such as benzene oil and diesel oil which the car users will use NGV as the alternative fuel more if the difference between the NGV price and oil price is at the high level. On the other hand, if the difference between the NGV price and oil price is at the low level, the car users will reduce to use NGV although the Company will not carry out the sale of NGV which is a business that will suffer from the change of the difference between NGV price and oil price however, the NGV industry will suffer from the decrease of demand of which if the demand of NGV is decrease, it may reduce the volume of natural gas compression of PTT or it may reduce the expansion of NGV business of PTT

which may affect the present revenue of the Company and the capability of natural gas compression business expansion of the Company in the future.

**Risk from the change of environment under emergency or crisis**

The Company has a risk from the change of environment from inside and outside such as the change of technology, the change of competitor's strategy, form of industrial and domestic and international market conditions including the other critical crisis of which such factors as mentioned above are considered as the risks that may occur to the Company in the future. However, the Company understands that the importance of the risk management under unpredictable circumstances and considers that the risk management is the significant part of all process of carrying out the business which connects to all levels therefore the Company has prepared the Business Continuity Management plan (BCM) which is a working group consisting of managements, managers, and head departments of the Company to determine the procedure of business management in the critical crisis.

**(2) Risk on the management of business**

**Risk from the lack of skilled employee**

Due to the Company's business is relevant to the works relating to engineering, equipment and natural gas which is the business type that difference from the general equipment including the co-working with other companies which use international standard therefore, the employees shall have skills. The lost of the experienced and skilled employees such as chief engineer or other supervisors may affect the Company's operation of which the Company is aware of this risk therefore the Company focuses on maintain and develop its employees and human resources by giving the appropriated compensations and knowledge and experience including supporting the employees to attend seminar every year.

**Risk from having major shareholder which can influence the determination of management of business policy**

As of December 31, 2019, Sumethchotimetha's family holds shares in the Company representing 54.13 1/0% of the paid-up capital. In addition, Mr. Chutchai Sumethchotimetha also holds the position of Chief Executive Officer and he is the authorized director of the Company. The minority shareholders may be a risk that the major shareholders will influence the management policy in a certain direction and can control the policy and management in the Company including control over approval of resolutions of shareholders except for the matters which are required by laws or the Company's Articles of Association to be resolved by a three-fourths vote of the shareholders attending meeting, the other shareholders may not be able to collect the votes to scrutinize and balance the matters proposed by the major shareholders.

However, for transparency in management and monitoring and balance of power, management and directors, the Company has appointed the Audit Committee to ensure the check and balance and other matters before proposing to the shareholders' meeting for approval. To avoid conflicting matter and to create transparency in the operation of the Company, there are also 4 Independent directors from 10 who are not a



director nominated by Sumethchotimetha's family therefore, it can consider all matters to be proposed to the shareholders' meeting.

*Remark : <sup>(1)</sup>It is the information from the share register book closing date (XO) as of 30 December 2019*

#### **Producing and selling of compressed bio-methane gas station business**

Risks of this business are as follows:

1. Risk from no customers use the services can occur due to the decrease of the popularity in using natural gas as the fuel of motor vehicles because the fluctuation of oil price.
2. The direction and trend of the fuel price will affect the decision to choose compressed bio-methane fuel of industrial customers.
3. Risk from machinery damage, if the machinery of the gas production or the gas station is damaged, it will not be able to provide services. In respect of the operation of the Company, there is a maintenance plan for the machineries and working team stands by for 24-hours. In addition, the gas produced and ready for sale will be stored in the station at appropriate level.

Therefore, it will have low risk.

#### **Mae Krating Power Co.,Ltd**

Risk from natural disasters

Mae Krating Power Plant is located in Phai Thon Sub-district, Rong Kwang District, Phrae Province. The landform includes hills, forest and natural water sources, namely Mae Kum Mee Canal, which passes through Moo 9, 1, 2, 6 and 3 respectively from north to south and Mae Krating Creek which passes through Moo 6, 4, and 5. Farmers could use natural water sources for agriculture, but yet they are insufficient. This was due to having little rain in rainy season in the year 2019, the quantity of water reserved was lower than the actual required quantity of water, and natural water sources were drying up.

## General Information and Other Important Information

### general information of the Company

|   |  |                             |                             |
|---|--|-----------------------------|-----------------------------|
| Company name  | Sakol Energy Public Company Limited  | Business sector             | Energy and public utilities |
| Ticker symbol   | SKE  | Registered capital          | Baht 465,000,000            |
| Head office's address (Natural gas station in Pathum Thani) | No. 15 Moo 1, Chiang Rak Noi Sub-district, Sam Khok District, Pathum Thani Province 12160  | Paid-up capital             | Baht 465,000,000            |
| Natural gas station's address in Saraburi                   | No. 168 Moo 4, Tha Maprang Sub-district, Kang Koi District, Saraburi Province 18110  | Par value                   | Baht 0.50                   |
| Office address in Bangkok                                   | No. 252/ 108( B) , 252/ 109 ( C) , 21 <sup>st</sup> Floor Muang Thai- Phatra Complex Tower B, Ratchadaphisek Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10310 | amount of fully paid shares | 930,000,000 shares          |
| Company registration number                                 | 0107559000443  | type of paid-up shares      | ordinary shares             |
| Industry group  | Resource   | Start trading date in SET   | 22 November 2017            |
|   |  | Telephone                   | 02-026-3451                 |
|   |  | Facsimile                   | 02-026-3452                 |
|   |  | Company's Website           | www.sakolenergy.com         |

### Information of other reference person

|                       |  |                       |  |
|-----------------------|--|-----------------------|--|
| Securities registrar  |  | Auditor               |  |
| Name                  | Thailand Securities Depository Company Limited   | Name                  | KPMG Phoomchai Audit Limited   |
| Head office's address | The Stock Exchange of Thailand Building<br>93 Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok 10400 | Head office's address | 1, 50th – 51st Floor Empire Tower, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok 10120 |
| Telephone             | 02-009-9000  | Telephone             | 02-677-2000  |
| Facsimile             | 02-009-9991  | Facsimile             | 02-677-2222  |

### General information of subsidiaries

#### SK 15 Company Limited

|                             |  |
|-----------------------------|--|
| Head office's address       | 15 Prasert-Manukitch Road, Sena Nikhom Sub-district, Chatuchak District, Bangkok 10900 |
| Company registration number | 0105557134459  |
| Type of business            | Renting out real estate  |
| Business sector             | Renting out real estate  |
| Registered capital          | Baht 140,000,000   |
| Paid-up capital             | Baht 140,000,000   |
| Divided in to               | 1,400,000 share  |
| Par value                   | Baht 100 per share   |
| Telephone                   | 02-026-3451  |

#### RE Biofuels Company Limited

|                                     |  |
|-------------------------------------|--|
| Head office's address               | 252/93(E), 17th Floor, Tower B Muang Thai-Phatra Complex Building, Rachadaphisak Road, Huaykwang, Bangkok 10310                    |
| Location of Chumpuang Branch Office | 888 Moo 6 Khui, Lam Thamenchai, Nakhon Ratchasima 30270  |
| Company registration number         | 0105560117390  |
| Type of business                    | Plan to invest in production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day |
| Business sector                     | Energy and public utilities  |
| Registered capital                  | Baht 21,000,000  |
| Paid-up capital                     | Baht 21,000,000  |
| Divided in to                       | 210,000 share  |
| Par value                           | Baht 100 per share   |
| Telephone                           | 02-026-3451  |

#### Sakol Energy Biomass Power 15 Company Limited

|                             |   |
|-----------------------------|---|
| Head office's address       | No. 15 Moo 1, Chiang Rak Noi Sub-district, Sam Khok District, Pathum Thani Province 12160 |
| Company registration number | 0135557018734   |
| Type of business            | During the process of feasibility study on biomass power plant business                   |
| Business sector             | Energy and public utilities   |
| Registered capital          | Baht 62,000,000   |
| Paid-up capital             | Baht 62,000,000   |
| Divided in to               | 620,000 share   |
| Par value                   | Baht 100 per share  |
| Telephone                   | 02-026-3451   |

#### Mae Krating Power co. ltd

|                             |  |
|-----------------------------|--|
| Head office's address       | 252/108(B), 21th Floor, Tower B Muang Thai-Phatra Complex Building, Rachadaphisak Road, Huaykwang, Bangkok 10310 |
| Company registration number | 0105555096207  |
| Type of business            | produce and sell the electricity by using biomass.   |
| Business sector             | Energy and public utilities  |
| Registered capital          | Baht 282,300,000   |
| Paid-up capital             | Baht 282,300,000   |
| Divided in to               | 28,230,000 share   |
| Par value                   | Baht 10 per share  |
| Telephone                   | 02-026-3451  |

#### Other important information (if any)

The company has short-term loan agreements with third parties. Which is not a financial institution With details as follows

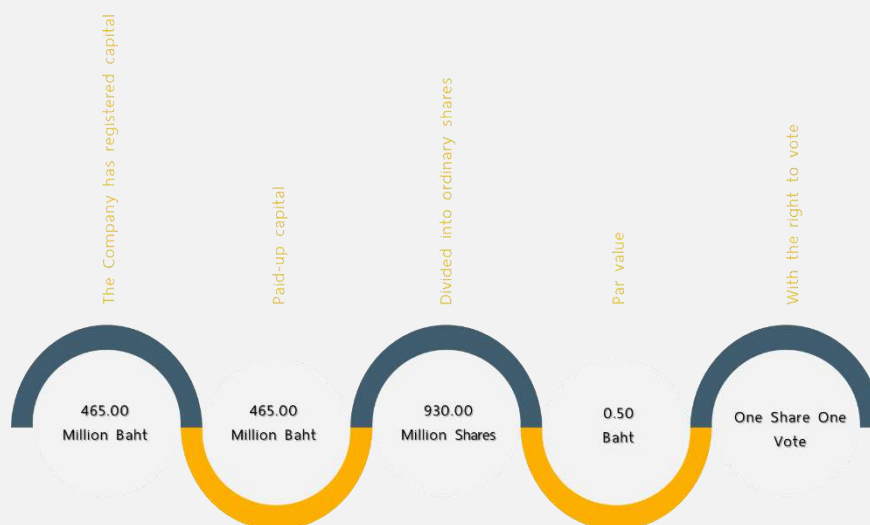
|   |                       |  |
|---|-----------------------|--|
| 1 | Borrower              | Sakol Energy Public Company Limited  |
|   | Type of Bond          | Short-term loans   |
|   | Type of creditors     | Outsider   |
|   | Total amount of money | 20,000,000 Baht  |
|   | Duration              | 9 months   |
|   | Repayment             | One time repayment   |
|   | Objective             | To be used as an investment in the business  |
|   | Guarantee             | <ul style="list-style-type: none"><li>■ Guaranteed full value by individuals and / or shares of Mr. Chutchai Sumethchotimetha, Directors and major shareholder and/or Mrs. Aree Sumethchotimetha, Directors and major shareholder, Major shareholder (No compensation) However, such guarantees are not considered a connected transaction because there is no compensation.</li><li>■ Advance order check</li></ul> |
|   | Debt balance          | 20,000,000 Baht  |
|   | Due Date              | during February 2020 - April 2020  |
| 2 | Borrower              | Mae Krating Power Company Limited  |
|   | Type of Bond          | Short-term loans   |
|   | Type of creditors     | Outsider   |
|   | Total amount of money | 30,000,000 Baht  |
|   | Duration              | 12 months  |
|   | Repayment             | One time repayment   |
|   | Objective             | Used as investment in the biomass power plant project of Mae Krating Power Company Limited as a company's subsidiary   |
|   | Guarantee             | <ul style="list-style-type: none"><li>■ Guaranteed full value by individuals and / or shares of Mr. Chutchai Sumethchotimetha, Directors and major shareholder and/or Mrs. Aree Sumethchotimetha, Directors and major shareholder, Major shareholder (No compensation) However, such guarantees are not considered a connected transaction because there is no compensation.</li><li>■ Advance order check</li></ul> |
|   | Debt balance          | 30,000,000 Baht  |
|   | Due Date              | August 2020  |

#### Governing law

Law enforcement thailand

# Securities and Shareholders Information

## Registered capital and paid-up capital



## Share transfer restriction

Shares in Sakol Energy Public Company Limited can be transferred with no restriction. However, a transfer shall not cause the foreign shareholding to exceed 49.00% of the total issued shares of Sakol Energy Public Company Limited.

## Shareholding structure

As of 31 December 2019, Major shareholder of the company names are shown below.

| ลำดับ | รายชื่อผู้ถือหุ้น             | จำนวน (หุ้น) | สัดส่วนการถือหุ้น (%) |
|-------|-------------------------------|--------------|-----------------------|
| 1     | Mr. Chutchai Sumethchotimetha | 292,165,503  | 31.416                |
| 2     | Mrs. Aree Sumethchotimetha    | 206,756,858  | 22.232                |
| 3     | Mrs. Thanaporn Nuntree        | 57,733,320   | 6.208                 |
| 4     | Mr. Thanakorn Nuntree         | 42,401,320   | 4.559                 |
| 5     | Miss Kantanika Nuntree        | 38,488,880   | 4.139                 |
| 6     | Mr. Thanapat Nuntree          | 38,488,880   | 4.139                 |
| 7     | Mr. Rutt Pongsurapipat        | 10,370,000   | 1.115                 |
| 8     | Mr. Sarawut Anakatham         | 6,400,000    | 0.688                 |
| 9     | Miss Lawan Bunajinda          | 5,065,000    | 0.545                 |
| 10    | Mr. Panupan Thanaset Sakun    | 5,065,000    | 0.543                 |
| 11    | Mrs. Sujitra Kosirisiriki     | 5,000,000    | 0.538                 |
| รวม   |                               | 707,919,761  | 76.122                |

Remark : It is the information from the share register book closing date(XO) as of 30 December 2019



The group of major shareholders who may significantly influence the determination of policies or business operation of the Company is shown below.

| ลำดับ | รายชื่อผู้ถือหุ้น                | จำนวน (หุ้น) | สัดส่วนการถือหุ้น (%) |
|-------|----------------------------------|--------------|-----------------------|
| 1     | Mr. Chutchai Sumethchotimetha    | 292,165,503  | 31.416                |
| 2     | Mrs. Aree Sumethchotimetha       | 206,756,858  | 22.232                |
| 3     | Miss Intira Sumethchotimatha     | 930,661      | 0.100                 |
| 4     | Mr. Thanapon Sumetchotimaytha    | 930,661      | 0.100                 |
| 5     | Mr. Rapepat Sumethchotimatha     | 930,661      | 0.100                 |
| 6     | Mr. Jakkraphong Sumethchotimetha | 1,729,661    | 0.186                 |
| 7     | Mrs. Thanaporn Nuntree           | 57,733,320   | 6.208                 |
| 8     | Mr. Thanakorn Nuntree            | 42,401,320   | 4.559                 |
| 9     | Miss Kantanika Nuntree           | 38,488,880   | 4.139                 |
| 10    | Mr. Thanapat Nuntree             | 38,488,880   | 4.139                 |
| รวม   |                                  | 680,556,405  | 73.178                |

#### Shareholders of subsidiary companies

SK 15 Company Limited As of 31 December 2019 can be summarized as follows:

| No.   | Name of shareholder                 | Number of shares | Shareholding (%) |
|-------|-------------------------------------|------------------|------------------|
| 1     | Sakol Energy Public Company Limited | 1,399,997        | 99.9997          |
| 2     | Mr. Chutchai Sumethchotimetha       | 1                | 0.0001           |
| 3     | Mr. Monthon Nuntree                 | 1                | 0.0001           |
| 4     | Mr. Thanapon Sumetchotimaytha       | 1                | 0.0001           |
| Total |                                     | 1,400,000        | 100              |

Sakol Energy Biomass Power 15 Company Limited As of 31 December 2019 can be summarized as follows:

| No.   | Name of shareholder                 | Number of shares | Shareholding (%) |
|-------|-------------------------------------|------------------|------------------|
| 1     | Sakol Energy Public Company Limited | 619,997          | 99.9995          |
| 2     | Mr. Chutchai Sumethchotimetha       | 1                | 0.0001           |
| 3     | Mr. Monthon Nuntree                 | 1                | 0.0001           |
| 4     | Mr. Jakkraphong Sumethchotimetha    | 1                | 0.0001           |
| Total |                                     | 620,000          | 100              |

RE Biofuels Company Limited As of 31 December 2019 can be summarized as follows:

| No.          | Name of shareholder                 | Number of shares | Shareholding (%) |
|--------------|-------------------------------------|------------------|------------------|
| 1            | Sakol Energy Public Company Limited | 112,500          | 75.0000          |
| 2            | RE Power Group Company Limited      | 22,497           | 14.9980          |
| 3            | Fahsang Woodchip Company Limited    | 15,001           | 10.0006          |
| 4            | Mr.Lars Gustaf Leonard Godenhielm   | 1                | 0.0006           |
| 5            | Mr. Ratchar Pathamapongsar          | 1                | 0.0006           |
| <b>Total</b> |                                     | <b>210,000</b>   | <b>100</b>       |

Mae Krating Power Company Limited As of 31 December 2019 can be summarized as follows

| No.          | Name of shareholder                 | Number of shares  | Shareholding (%) |
|--------------|-------------------------------------|-------------------|------------------|
| 1            | Sakol Energy Public Company Limited | 22,584,000        | 80.0000          |
| 2            | Mr.Pongsawat Suppasiri              | 5,629,062         | 19.9400          |
| 3            | Miss Phak Siri t Suppasiri          | 16,938            | 0.0600           |
| <b>Total</b> |                                     | <b>28,230,000</b> | <b>100</b>       |

#### Agreements made and signed between the major shareholders and the Company on matters that affect the offering and sales of securities or the Company's management

The major shareholders of the Company are Sumethchotimetha family and Nunttee family signed an agreement on 12 September 2017 not to engage in business or activities having conflicts of interest that may compete against the Company's business in the future. Their agreements and representations made to the Company can be summarized as follows:

- (1) They shall not engage in business or activities having conflicts of interest that may compete against the Company's and its subsidiaries' business, including: (1) private mother stations (PMS); (2) alternative energy power plants; and (3) NGV Conventional station with Ex-Pipeline model (the "Company's Business") or any other businesses identical or similar to the Company's Business and/or subsidiaries' business unless existing business or activities that currently have conflicts of interest.
- (2) In the event that the directors, the major shareholders, or persons relating to the Company receive an opportunity or business offer that may compete against the Company's Business and/or subsidiaries'

business, the directors, the major shareholders, or persons relating to the Company agree to first propose the opportunity or business offer to the Company to consider by the Board of Directors' meeting.

The majority vote of the members of the Board of Directors attending the meeting and entitled to vote shall exclude votes of those directors who have conflicts of interest. In the event that the Board of Directors resolved to refuse or is not interested in the opportunity or business offer, the directors, the major shareholders, or persons relating to the Company who received the opportunity or business offer shall have the right to obtain the opportunity of business offer.

The agreement not to engage in business or activities having conflicts of interest that may compete against the Company's Business shall not be withdrawn or revoked, unless the person who made this representation is no longer the director, executive, and major shareholder of the Company, or become a disqualified person resulting in the elimination of conflicts of interest under the laws concerning securities and exchange or under the rules prescribed by the Securities and Exchange Commission.

## Offering of other securities

Sakol Energy Public Company Limited to offer and issue the Bill of Exchange: BE in the amount of Baht 250,000,000 (Two hundred and fifty million baht) to specific investors not more than 10 people for used as investment in the biomass power plant project of Mae Krating Power Company Limited, The details are as follows.

|  |   |
|--|---|
| Name of the issuer of Bill of Exchange | Sakol Energy Public Company Limited   |
| Type of Bond                           | Bill of Exchange : BE   |
| Type of Issue                          | Offering to specific investors not more than 10 people  |
| Amount of Offered Bill of Exchange     | Not more than Baht 250,000,000 (Two hundred and fifty million baht)   |
| Period of Bill of Exchange             | Not more than 9 months (270 days)   |
| Repayment                              | One time repayment  |
| Objective                              | Used as investment in the biomass power plant project of Mae Krating Power Company Limited as a company's subsidiary  |
| Guarantee                              | <ul style="list-style-type: none"> <li>■ Guaranteed full value by individuals and / or shares of Mr. Chutchai Sumethchotimetha, Directors and major shareholder and/or Mrs. Aree Sumethchotimetha, Directors and major shareholder and/or Mr. Thanakorn Nunttee, Major shareholder (No compensation)</li> <li>However, such guarantees are not considered a connected transaction because there is no compensation.</li> <li>■ Advance order check</li> </ul> |
| Interest rate                          | During 6.00-7.50% per year  |
| Date of Issue                          | Depends on each underwriter It is expected that the date of sale of Bill of Exchange will be during May 2019 - March 2020.  |
| Due Date                               | During February 2020 - December 2020  |

### Governing law

Law enforcement thailand

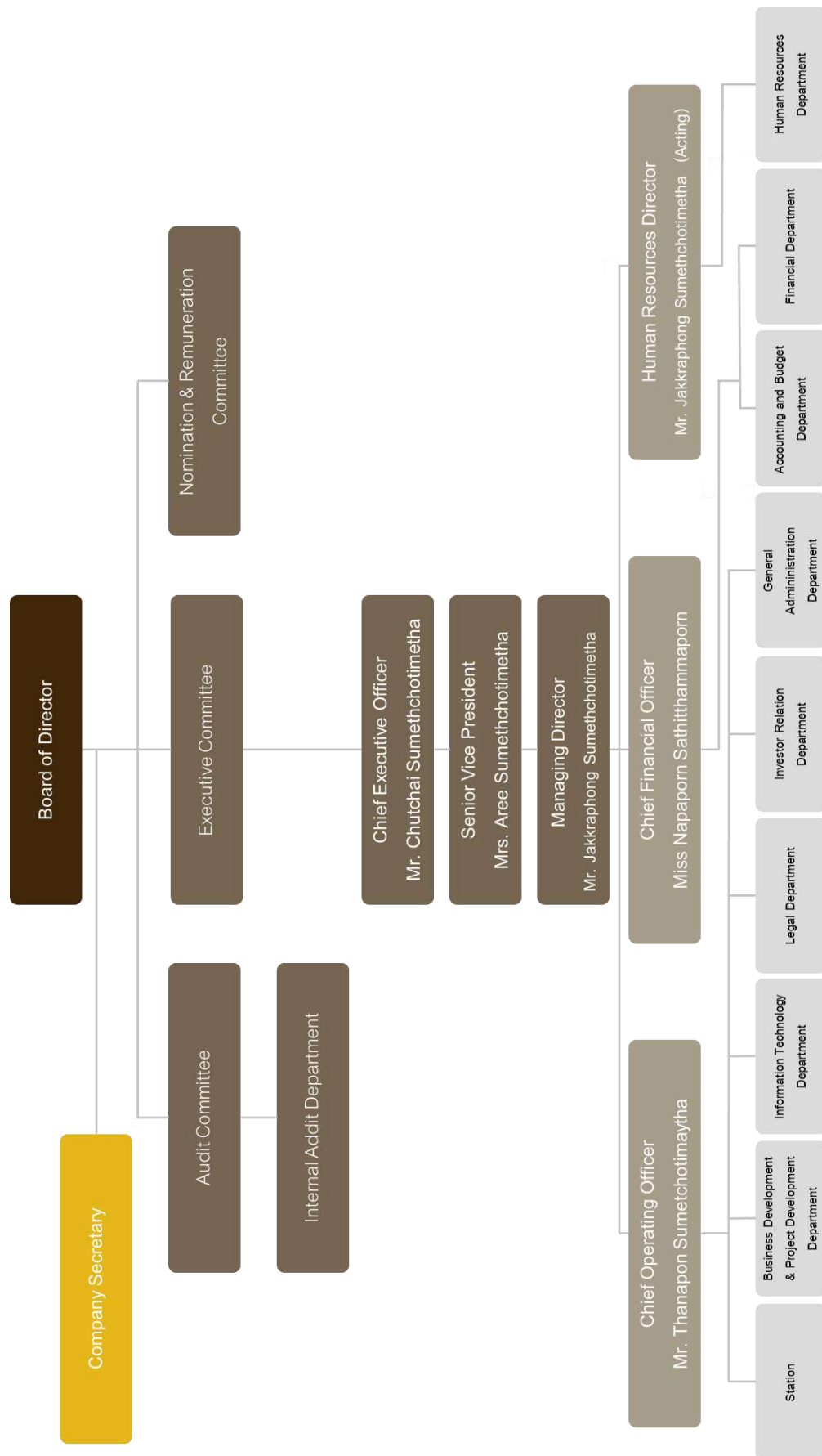
### Policies on dividend payment

The dividend policy of the Company and its subsidiaries is to distribute annual dividends to its shareholders at a rate of not less than 40.00% of the net profit as recorded in the Company's separate financial statements after deductions for income tax and all legal reserves as required by law and articles of association of the Company and its subsidiaries. In considering the dividend payment, the Company's board of directors shall consider the benefits to shareholders as main consideration and the dividend payment shall not have significant impact on normal business operation of the Company. Notwithstanding the foregoing, such dividend payments are subject to changes based on the Company's results of operations, financial positions, cash flow, investment plans, other necessity in the future, and other factors relating to management of the Company's business as the Company's board of directors and/or shareholders deem appropriate.

The company's board of directors may consider the annual dividend payment, but the annual dividend payment must be approved by the annual general meeting of shareholders, except for interim dividend payment

## Organization Chart

As of 31 December 2019, Sakol Energy Public Company Limited's organization chart is as follows :



## Organization Chart

The Company's organization chart consists of the Board of Directors, and three sub-committees comprising of the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee. The details of which are shown below.

### Board of Directors

As of 31 December 2019, the Company's Board of Directors consists of 10 directors as follows

| Name-Surname                        | Position  |
|-------------------------------------|---|
| 1. Mr. Direk Lavansiri              | Chairman of the Board of Directors/Independent Director |
| 2. Mr. Chutchai Sumethchotimetha    | Director  |
| 3. Mrs. Aree Sumethchotimetha       | Director  |
| 4. Mr. Thanapon Sumethchotimetha    | Director  |
| 5. Mr. Jakkraphong Sumethchotimetha | Director  |
| 6. Mrs. Tanipa Puangjumpa           | Director  |
| 7. Pol.Gen. Worapong Chewprecha     | Chairman of the Audit Committee/Independent Director    |
| 8. Mr. Witoon Simachokedee          | Member of the Audit Committee/Independent Director      |
| 9. Mrs. Rawittha Pongnuchit         | Member of the Audit Committee/Independent Director      |
| 10. Mr. Attawoot Papangkorn         | Member of the Audit Committee/Independent Director      |

Miss Pattaraporn Kiewrungpet was appointed as the Company's Secretary on 9 November 2018 pursuant to the resolution of the Company's Board of Directors' Meeting No. 7/2018

### The Company's authorized signatories

(1) Mr. Chutchai Sumethchotimetha or Mr. Thanapon Sumethchotimetha and one of the three directors: Mrs. Aree Sumethchotimetha, Mrs. Tanipa Puangjumpa, or Mr. Jakkraphong Sumethchotimetha, totaling two directors, jointly sign and affix a Company's seal; or

(2) Mr. Chutchai Sumethchotimetha and Mr. Thanapon Sumethchotimetha jointly sign and affix a Company's seal.

### The Board of Directors' Meeting

The details of the Board of Directors' meetings are as follows:

| รายชื่อคณะกรรมการบริษัท                           | จำนวนครั้งที่เข้าร่วม / จำนวนครั้งที่เข้าประชุมทั้งหมด |         |         |
|---|--|---------|---------|
|   | ปี 2560  | ปี 2561 | ปี 2562 |
| 1. Mr. Chutchai Sumethchotimetha                  | 6/7  | 7/7     | 4/4     |
| 2. Mrs. Aree Sumethchotimetha                     | 6/7  | 6/7     | 4/4     |
| 3. Mr. Thanapon Sumetchotimaytha                  | 6/7  | 6/7     | 4/4     |
| 4. Miss Natthaphatsorn Jiamwijitkul <sup>1/</sup> | 7/7  | 6/7     | -/-     |
| 5. Mr. Jakkraphong Sumethchotimetha               | 7/7  | 7/7     | 4/4     |
| 6. Mrs. Tanipa Puangjumpa                         | 7/7  | 7/7     | 3/4     |
| 7. Pol.Gen. Worapong Chewprecha                   | 7/7  | 5/7     | 4/4     |
| 8. Mr. Surachai Danaitangtrakul <sup>2/</sup>     | -/7  | -/-     | 4/4     |
| 9. Mr. Witoon Simachokedee                        | 4/7  | 6/7     | 4/4     |
| 10. Mrs. Rawittha Pongnuchit                      | 7/7  | 7/7     | 4/4     |
| 11. Mr. Attawoot Papangkorn <sup>3/</sup>         | 7/7  | 7/7     | 4/4     |
| 12. Mr. Direk Lavansiri <sup>4/</sup>             | 5/7  | 7/7     | 4/4     |



**Remark:** <sup>1/</sup> Miss Natthaphatsorn Jiamwijitkul has resigned from her director position of the Company and all sub-committees with the effective from 1 November 2018

<sup>2/</sup> Mr. Surachai Danaitangtrakul resigned and was no longer the Company's director since 23 March 2017.

<sup>3/</sup> Mr. Attawoot Papangkorn was appointed as the Company's director pursuant to the Extraordinary Shareholders' Meeting No. 1/2016 held on 1 September 2017.

<sup>4/</sup> Mr. Direk Lavansiri was appointed as the Company's director in replacement of the resigned director pursuant to the Board of Directors' Meeting No. 2/2017 held on 5 April 2017.

## **Audit Committee**

As of 31 December 2019, the Company's Audit Committee consist of four members as follows:

| List of Audit Committee Members | Position                        |
|---------------------------------|---------------------------------|
| 1. Pol.Gen. Worapong Chewprecha | Chairman of the Audit Committee |
| 2. Mr. Witoon Simachokedee      | Member of the Audit Committee   |
| 3. Mrs. Rawitha Pongnuchit      | Member of the Audit Committee   |
| 4. Mr. Attawoot Papangkorn      | Member of the Audit Committee   |

Miss Pimol Chonchanachai was appointed as the Secretary of the Audit Committee on 5 April 2017 pursuant to the resolution of the Audit Committee's Meeting No. 2/2017.

Mr. Mr. Attawoot Papangkorn, Member of the Audit Committee and Independent Director, possesses accounting and finance knowledge and experience to review the accuracy of the Company's financial statements. Mr. Attawoot Papangkorn graduated with a bachelor degree in business administration with a major in accounting and a master degree in accounting.

### **Audit Committee's Meeting**

The details of the members who attended meetings are as follows:

| List of Audit Committee Members              | Number of attendance/Total number of meetings |      |      |
|--|---|------|------|
|  | 2017  | 2018 | 2019 |
| 1. Pol.Gen. Worapong Chewprecha              | 4/4   | 6/7  | 4/4  |
| 2. Mr. Surachai Danaitangtrakul <sup>1</sup> | -/4   | -/-  | -/-  |
| 3. Mr. Witoon Simachokedee                   | 3/4   | 5/7  | 4/4  |
| 4. Mrs. Rawitha Pongnuchit                   | 4/4   | 7/7  | 4/4  |
| 5. Mr. Attawoot Papangkorn <sup>2</sup>      | 4/4   | 7/7  | 4/4  |

**Remark :** <sup>1/</sup> Mr. Surachai Danaitangtrakul resigned and was no longer the member of the Audit Committee since 23 March 2017.

<sup>2/</sup> Mr. Attawoot Papangkorn as appointed as the member of the Audit Committee pursuant to the Extraordinary Shareholders' Meeting No. 1/2016 held on 1 September 2016.

## Executive Committee

As of 31 December 2019, the Company's Executive Committee consists of four members as follows:

| List of members of the Executive Committee      | Position                            |
|---|-------------------------------------|
| 1. Mr. Chutchai Sumethchotimetha                | Chairman of the Executive Committee |
| 2. Mrs. Aree Sumethchotimetha                   | Member of the Executive Committee   |
| 3. Mr.Jakkraphong Sumethchotimetha              | Member of the Executive Committee   |
| 4. Mr.Thanapon Sumetchotimaytha                 | Member of the Executive Committee   |
| 5. Miss Napaporn Sathitthammaporn <sup>1/</sup> | Member of the Executive Committee   |

Remark :

<sup>1/</sup> Miss Napaporn Sathitthammaporn as appointed as the member of the Executive Committee pursuant to the Board of Directors' Meeting No. 2/2019 held on 10 May 2019.

Miss Pattaraporn Kiewrungpet was appointed as the Executive Committee's Secretary on 9 November 2018 pursuant to the resolution of the Executive Committee's Meeting No. 9/2018

### Executive Committee's Meeting

The details of the members who attended meetings are as follows:

| List of members of the Executive Committee      | Number of attendance/Total number of meetings |
|---|---|
|   | 2019  |
| 1. Mr. Chutchai Sumethchotimetha                | 9/9   |
| 2. Mrs. Aree Sumethchotimetha                   | 8/9   |
| 3. Mr.Jakkraphong Sumethchotimetha              | 8/9   |
| 4. Mr.Thanapon Sumetchotimaytha                 | 7/9   |
| 5. Miss Napaporn Sathitthammaporn <sup>1/</sup> | 5/9   |

Remark :

<sup>1/</sup> Miss Napaporn Sathitthammaporn as appointed as the member of the Executive Committee pursuant to the Board of Directors' Meeting No. 2/2019 held on 10 May 2019.

## Nomination and Remuneration Committee

As of 31 December 2019, the Company's Nomination and Remuneration Committee consists of three members as follows:

| List of members of the Nomination and Remuneration Committee | Position  |
|--|---|
| 1. Mrs. Rawittha Pongnuchit                                  | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Attawoot Papangkorn                                   | Member of the Nomination and Remuneration Committee   |
| 4. Mr. Piya Vittayavarotkit <sup>1/</sup>                    | Member of the Nomination and Remuneration Committee   |

หมายเหตุ :

<sup>1/</sup> Mr. Piya Vittayavarotkit as appointed as the member of the Nomination and Remuneration Committee pursuant to the Board of Directors' Meeting No. 4/2019 held on 8 November 2019.

Miss Pattaraporn Kiewrungpet was appointed as the Nomination and Remuneration Committee's Secretary on 8 November 2018 pursuant to the resolution of the Nomination and Remuneration Committee's Meeting No. 2/2018

#### Nomination and Remuneration Committee's Meeting

The details of the members who attended meetings are as follows:

| List of members of the Nomination and Remuneration Committee | Number of attendance/Total number of meetings |
|--|---|
|  | 2019  |
| 1. Mrs. Rawitha Pongnuchit                                   | 3/3   |
| 2. Mr. Attawoot Papangkorn                                   | 3/3   |
| 3. Miss Nuttacha Promraksa <sup>1/</sup>                     | 2/3   |
| 4. Mr. Piya Vittayavarotkit <sup>2/</sup>                    | -/3   |

#### Remark :

<sup>1/</sup> Miss Nuttacha Promraksa Ended his position as a member of the Nomination and Remuneration Committee on 10 August 2018

<sup>2/</sup> Mr. Piya Vittayavarotkit as appointed as the member of the Nomination and Remuneration Committee pursuant to the Board of Directors' Meeting No. 4/2019 held on 8 November 2019.

#### Executive

(pursuant to the definition of executive\* under the Notification of the Securities and Exchange Commission No. KorJor. 17/2551 Re: Determination of Definitions in Notifications concerning Issuance and Offering for Sales of Securities (as amended))

As of 31 December 2019, the Company's executive consists of 5 members as follows:

| List of executives                              | Position  |
|---|---|
| 1. Mr. Chutchai Sumethchotimetha                | Chief Executive Officer   |
| 2. Mrs. Aree Sumethchotimetha                   | Senior Executive Vice President   |
| 3. Mr. Jakkraphong Sumethchotimetha             | Managing Director / Act of Chief Finance Officer /<br>Act of Human Resources Director |
| 4. Mr. Thanapon Sumetchotimaytha                | Chief Operating Officer   |
| 5. Miss Napaporn Sathitthammaporn <sup>1/</sup> | Chief Financial Officer   |

#### Remark :

\*Executive means a manager or the next four executives succeeding the manager and every person holding an equivalent position to the fourth executive, including persons holding the position of departmental manager or equivalent or higher in accounting or finance.

<sup>1/</sup> Miss Napaporn Sathitthammaporn as appointed as the member of the Executive Committee pursuant to the Board of Directors' Meeting No. 2/2019 held on 10 May 2019.

## Chief Executive Officer

### Scope of authority, duties and responsibilities of the Chief Executive Office

- (1) To supervise, administrate, operate, and perform usual business activities for the Company's benefits according to the policies, visions, goals, business plans, and budgets as specified by the meeting of the Company's Board of Directors and/or as instructed by the Executive Committee;
- (2) To manage the Company's business in accordance with the main missions prescribed by the Executive Committee in order to be consistent with the Company's business plans, budgets, relevant business strategies as specified by the Company's Board of Directors and/or the Executive Committee;
- (3) To supervise the overall work in relation to finance, marketing, human resource, and other types of work to comply with the Company's policies and business plans as specified by the Company's Board of Directors and/or the Executive Committee;
- (4) To have the power to engage, appoint, relocate, remove, and terminate the Company's employees who are in the position lower than the Chief Executive Officer;
- (5) To have the power to determine the amount of wages, compensation, rewards, bonuses and adjustments of salaries for employees who are in the position lower than the Chief Executive Officer under the scope and policies prescribed by the Executive Committee and/or prescribed in the authority limits;
- (6) To have the power to determine the amount of wages, compensation, rewards, bonuses and adjustments of salaries for employees who are in the position lower than the Chief Executive Officer under the scope and policies prescribed by the Executive Committee and/or prescribed in the authority limits;
- (7) To approve and appoint consultants from various sectors that are necessary for the Company's business within the financial amount prescribed in the authority limits;
- (8) To approve entering into a loan and credit facility agreement from a financial institution, lending, pledge, mortgage, or being a guarantor by the Company and its subsidiaries, and the Company's investments within the financial amount prescribed in the authority limits;
- (9) To approve expenses for public relations, seminars, recreation activities, and meetings within the financial amount prescribed in the authority limits;
- (10) To formulate orders, rules, announcements, and records within the Company so that the Company's operation is in accordance with the policies and for its benefits, and to maintain discipline within the organization;
- (11) To perform any other actions instructed by the Board of Directors and/or the Executive Committee, and to have powers to perform any necessary action to do so; and
- (12) To authorize a person or persons to perform any action on behalf of the Chief Executive Officer.

An authorization of duties and responsibilities by the Chief Executive Officer shall in no way enable the Chief Executive Officer or the person who is authorized by the Chief Executive Officer to approve the transaction that involves the Chief Executive Officer himself or the person who may have a conflict of interests (as defined by the Notifications of the Securities and Exchange Commission or the Capital Markets Supervisory Board) or obtain benefits in any means or have any other conflicts of interest against the Company and its subsidiaries, except that the transaction is approved pursuant to the policies and rules approved by the Board of Directors.

#### **Company's Secretary**

The resolution of the Board of Directors' Meeting No. 2/2016 held on 9 March 2016 resolved to appoint Mr. Jakkraphong Sumethchotimetha to act as the Company's Secretary having the duties and responsibilities as stipulated in the Securities and Exchange Act. The qualifications of the Company's Secretary are shown in Annex 1.

#### **Scope of authority, duties and responsibilities of the Company's Secretary**

- (1) To prepare and maintain records of director register, meeting notices to convene the Board of Directors' meetings, the Company's annual reports, meeting notices for shareholders' meetings, minutes of shareholders' meetings on behalf of the Company and/or the Board of Directors;
- (2) To maintain records of reports of conflicts of interest reported by a director(s) or executive(s) on behalf of the Company and/or the Board of Directors;
- (3) To perform any other actions to be prescribed by the Notifications of the Capital Markets Supervisory Board, and to deliver copies of the reports of conflicts of interest pursuant to section 89/14 prepared by a director(s) to the Chairman of the Board of Directors and the Chairman of the Audit Committee for their review within seven business days from the date that the Company receives the reports of conflicts of interest, on behalf of the Company and/or the Board of Directors;
- (4) To provide preliminary advice on laws and the Company's regulations as the Board of Directors requires to know and requires for continuous compliance purposes, and report any significant changes to the regulations and/or laws to the Board of Directors;
- (5) To hold shareholders' and the Board of Directors' meetings in accordance with the law and the Company's articles of association, and other relevant code of conduct;
- (6) To record minutes of shareholders' and the Board of Directors' meetings, and to keep track of the implementation under the resolution(s) made by the shareholders and the Board of Directors' meeting;
- (7) To manage to disclose information and report information for which the Secretary is responsible to relevant authorities in accordance with their rules and regulations; and



- (8) To supervise the Board of Directors' activities and to perform any other actions in accordance with the law and/or as prescribed by the Capital Markets Supervisory Board and/or instructed by the Board of Directors

## Remuneration for directors and executives

### Remuneration for directors

#### Monetary remuneration

The Annual General Meeting of Shareholders of 2019 held on 24 April 2019 approved the remunerations for directors and sub-committees in the forms of monthly remunerations and meeting allowances as follows:

- Board of Directors

| Position                           | Monthly remuneration | Meeting allowance |
|------------------------------------|----------------------|-------------------|
| Chairman of the Board of Directors | Baht 20,000          | Baht 25,000       |
| Director <sup>1/</sup>             | Baht 10,000          | Baht 15,000       |

Remark : 1/The Annual General Meeting of Shareholders of 2019 held on 24 April 2019 approved the remunerations for directors and sub-committees in the forms of monthly remunerations and meeting allowances up to Baht 3,000,000 per annum. however, the directors who hold executive director position waived their right to receive monthly compensation for the director position, totalling 5 persons include Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha, Mr. Thanapon Sumetchotimaytha, Miss Natthaphatsorn Jiamwijitkul, Mr. Jakkraphong Sumethchotimetha effective from April 2016 onwards.

- Audit Committee

| Position                        | Monthly remuneration | Meeting allowance |
|---------------------------------|----------------------|-------------------|
| Chairman of the Audit Committee | -                    | Baht 20,000       |
| Member of the Audit Committee   | -                    | Baht 12,000       |

- Executive Committee

The Company's Board of Directors' Meeting No. 3/2016 resolved to acknowledge: the determination of the Executive Committee's remuneration; the waiver to receive remuneration, both monthly remuneration and meeting allowances, by members of the Executive Committee; and their continuation of work performance with best efforts for the Company's highest benefits, effective from April 2016.

- Nomination and Remuneration Committee

| Position  | Monthly remuneration | Meeting allowance |
|---|----------------------|-------------------|
| Chairman of the Nomination and Remuneration Committee             | -                    | Baht 12,000       |
| Member of the Nomination and Remuneration Committee <sup>1/</sup> | -                    | Baht 10,000       |

Remark : <sup>1/</sup>The meeting allowances in the amount of Baht 12,000 for the Nomination and Remuneration Committee are only for the member who is acting as an executive. The members of the Nomination and Remuneration Committee who are not acting as an executive is not entitled to the remuneration.

| List of directors                               | Remuneration for directors<br>(as of 31 December 2019) |                      |                   |                      |                                       |                      |           |
|---|--|----------------------|-------------------|----------------------|---------------------------------------|----------------------|-----------|
|   | Board of Directors                                     |                      | Audit Committee   |                      | Nomination and Remuneration Committee |                      | Total     |
|   | Meeting allowance                                      | Monthly remuneration | Meeting allowance | Monthly remuneration | Meeting allowance                     | Monthly remuneration |           |
| 1. Mr. Chutchai Sumethchotimetha                | 100,000  | 240,000              | -                 | -                    | -                                     | -                    | 340,000   |
| 2. Mrs. Aree Sumethchotimetha                   | 60,000   | -                    | -                 | -                    | -                                     | -                    | 60,000    |
| 3. Mr. Thanapon Sumethchotimetha                | 60,000   | -                    | -                 | -                    | -                                     | -                    | 60,000    |
| 4. Miss Natthaphatsorn Jiamwijitkul             | 60,000   | -                    | -                 | -                    | -                                     | -                    | 60,000    |
| 5. Mr. Jakkraphong Sumethchotimetha             | 60,000   | -                    | -                 | -                    | -                                     | -                    | 60,000    |
| 6. Mrs. Tanipa Puangjumba                       | 45,000   | 120,000              | -                 | -                    | -                                     | -                    | 165,000   |
| 7. Pol.Gen. Worapong Chewprecha                 | 60,000   | 120,000              | 80,000            | -                    | -                                     | -                    | 260,000   |
| 8. Mr. Witoon Simachokedee                      | 60,000   | 120,000              | 48,000            | -                    | -                                     | -                    | 228,000   |
| 9. Mrs. Rawitha Pongnuchit                      | 60,000   | 120,000              | 48,000            | -                    | 36,000                                | -                    | 264,000   |
| 10. Mr. Attawoot Papangkorn                     | 60,000   | 120,000              | 48,000            | -                    | 30,000                                | -                    | 258,000   |
| 11. Miss Napaporn Sathithammaporn <sup>iv</sup> | -  | -                    | -                 | -                    | -                                     | -                    | -         |
| Total   | 625,000  | 840,000              | 224,000           | -                    | 66,000                                | -                    | 1,755,000 |

Remark : <sup>1/</sup> Miss Napaporn Sathitthammaporn as appointed as the member of the Executive Committee pursuant to the Board of Directors' Meeting No. 2/2019 held on 10 May 2019.

#### (b) Non-monetary remuneration

- None -

## Remuneration for the executives of the Company and its subsidiaries

### (1) Monetary remuneration

In 2017, 2018 and 2019, the Company paid remunerations to executives in the total amount of Baht 13,054,675.74, Baht 12,410,449.46 and Baht 15,187,168.83, respectively. The remunerations were paid in the forms of salaries, bonuses, and others such as provident funds, as summarized below.

| Remuneration for executives | 2017                 |               | 2018                 |               | 2019                 |               |
|-----------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
|                             | Number of executives | Amount (Baht) | Number of executives | Amount (Baht) | Number of executives | Amount (Baht) |
| Salary and bonus            | 5                    | 12,517,484    | 5                    | 11,862,326    | 6                    | 14,529,447.33 |
| Others                      | -                    | 537,191.74    | -                    | 548,123.46    | -                    | 657,721.50    |
| Total                       |                      | 13,054,675.74 | -                    | 12,410,449.46 | -                    | 15,187,168.83 |

*Remark :* <sup>1/</sup>The remunerations for executives above were paid to the executive as defined by the SEC Office which is different from the significant executive according to the notes stated in the financial statement ending 31 December 2019 and the notes stated in the interim financial statement for a three-month period ending 31 March 2020.

The Company's executives as per the above table are: Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha, Mr. Thanapon Sumethchotimetha, Mr. Jakkraphong Sumethchotimetha, and Miss Napaporn Sathitthammaporn.

### (2) Non-monetary remuneration

– None –



## Employees

### Number of Employees

As of 31 December 2019, the Company and its subsidiaries have the total number of 78 employees in the following departments.

| Department                           | As of 31<br>December 2016 | As of 31<br>December 2017 | As of 31<br>December 2018 | As of 31<br>December 2019 |
|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                      | Number of<br>employees    | Number of<br>employees    | Number of<br>employees    | Number of<br>employees    |
| Executive                            | 6                         | 6                         | 4                         | 6                         |
| Executive Office - Employees         | 3                         | 2                         | 1                         | 1                         |
| Engineering Department               | 28                        | 29                        | 26                        | 29                        |
| Human Resources Department           | 15                        | 15                        | 13                        | 8                         |
| General administration Department    | 7                         | 7                         | 6                         | 3                         |
| Operation Department                 | 3                         | 3                         | 3                         | 3                         |
| Accounting and Budget<br>Department  | 4                         | 6                         | 6                         | 6                         |
| Business Development<br>Department   | 3                         | 3                         | 3                         | 4                         |
| Information Technology<br>Department | 1                         | 1                         | 2                         | 2                         |
| Finance department                   | 1                         | 2                         | 3                         | 3                         |
| Legal department                     | 2                         | 2                         | 2                         | 2                         |
| Internal Audit Department            | 0                         | 2                         | 2                         | 2                         |
| Investor Relations Department        | 0                         | 1                         | 1                         | 2                         |
| office                               | -                         | -                         | -                         | 8                         |
| Mae Krating Power Company Limited    | -                         | -                         | -                         | 11                        |
| RE BioFuels Company Limited          | -                         | -                         | -                         | 13                        |
| รวม                                  | 73                        | 79                        | 72                        | 103                       |

*Remark :* (1) Information of the Company and its subsidiaries includes Sakol Energy Public Company Limited, SK 15 Company Limited, Sakol Energy Biomass Power 15 Company Limited, RE BioFuels Company Limited and Mae Krating Power Company Limited.

### Remuneration for employees of the Company and its subsidiaries

In 2017, the Company paid remunerations to 73 employees (excluding executives) approximately in the total amount of Baht 25,45,600, In 2018 the Company paid remunerations to 68 employees (excluding executives) approximately in the total amount of Baht 26,415,220, In 2019 the Company paid remunerations to 103 employees (excluding executives) approximately in the total amount of Baht 30,988,939.88. The remunerations were paid in the forms of salary, bonus, and other types of remuneration as follows:

| Remuneration for employees        | 2017              | 2018              | 2019                 |
|-----------------------------------|-------------------|-------------------|----------------------|
| Salary and bonus                  | 21,777,455        | 24,121,669        | 28,465,247.10        |
| Over-time payment                 | 1,100,368         | 1,187,457         | 1,312,133.60         |
| Allowance and diligence allowance | 624,393           | 264,800           | 346,486.67           |
| Others                            | 1,983,384         | 841,294           | 865,072.51           |
| <b>Total</b>                      | <b>25,485,600</b> | <b>26,415,220</b> | <b>30,988,939.88</b> |

The Company and its subsidiaries set up their provident funds on 25 August 2016. Those funds have been registered with the SEC office and effective since 1 October 2016.

#### Employee Development Policy

The Company aims to develop its employees to have a professional level of quality and to provide them opportunities to fully and continuously show their potentials at all levels in order to support them to grow their careers together with the Company's success and performance. The Company's practices are as follows:

1. To provide trainings internally and outside the organization by considering the appropriateness of each of the employee's position;
2. To promote the employees who participate in the trainings to share their knowledge and experience obtained from the trainings to other employees so that there will be a transfer of knowledge and experience within the organization in the form of knowledge management.
3. The Company has developed training system 70 : 20 : 10 to create employees with skills and learning process: 70 from oneself, 20 from training by supervisor and colleagues; and 10 from training and learning in classroom provided by the Company.
4. The Company has developed Leadership Skills Program in order to create successors (Successor Plan).
5. The Company has developed Individual Development Plan (IDP) as framework or guidelines in helping its employees to achieve objectives in their profession within 1 – 5 years to experience career growth as employees of the Company.

#### Labor dispute

During the past three years, the Company did not have any employment dispute that the Company is a party to or against that may have significant effects to the Company's business.

#### Operation power

The Company has prepared an operation manual to set out scope of powers and duties as criteria to perform work for managers, executives, members of a relevant committee within the organization. In the year 2019, the company reviewed and revised the operational authority manual to be flexible and suitable for the current situation of the company.

The company aims to spread responsibility. Decision power And the execution of duties as assigned To allow the operator to know the scope of responsibility for his own power And to be used as a work manual With evidence



“Policies on good  
corporate governance ”



## Corporate Governance Policy

The Company conducts its business in accordance with the good corporate governance principle to create substantial development in accordance with the good corporate governance principle and business ethics which cover matters of financial, investment, competition and doing business with governance and responsibility. The Company disclose its good corporate governance principle and business ethics to managements, employees and stakeholders through the Company's website: [www.sakolenergy.com](http://www.sakolenergy.com) and the Company also prepare its policy and guideline of anti-corruption and bribery which is one part of the good corporate governance principle. At present, the Company is under the process of consideration to adhere the program of the policy on anti-corruption with government agencies and relevant regulatory bodies.

After complying with the good corporate governance principle, the result of evaluation according to the good corporate governance principle of the listed companies for the year 2019 of the Company is at the level of "excellent" which organized by the Thai Institute of Directors (IOD) under the sponsorship of the Stock Exchange of Thailand.

Moreover The Board of Directors must conform to the law, objectives, regulations, and resolutions of the shareholders' meetings of the Company as well as adhering to and conforming to the principles of good corporate governance following the guidelines as stipulated by the Stock Exchange of Thailand. This is the guideline for the Company's operation to ensure the efficiency of the operations and also to ensure the transparency to the investors which will ensure the confidence in the Company's business operations to third parties. The good corporate governance of the Company covers the principles in 5 categories as follows:

### 1st category: the Rights of Shareholders

The Company recognizes and prioritizes various shareholders' rights as the securities investor and the Company's owners such as the rights to purchase, sell, transfer the securities held by them, the rights to receive the shares of profits from the Company, the rights to receive sufficient information, the rights of shareholders meetings, the rights to comment, the rights to make major corporate decisions, such as the allotment of dividends, the appointment or removal of directors, the appointment of auditors, the approval of significant transactions, and the direction of the Company's business operation including the amendments to the Memorandum of Association and the Company's regulations, etc.

The Company has the missions in promoting and facilitating the exercise of such shareholder's rights as follows:

- (1) The Company will send the invitation letter to the meeting along with the information in each agenda to the shareholders in advance and will publish in the local newspaper at least 7 days prior to the meeting date or any other period as required by applicable laws or regulations.
- (2) In the case that the shareholders cannot attend the meeting on their own, the Company gives the opportunity for the shareholders to appoint the independent directors or any other persons to attend the meeting on behalf.

(3) In the meeting of shareholders, the Company will use the place convenient to travel including selecting the appropriate date and time. The time for the meeting will be allocated sufficiently to meet the Company's policy in facilitating the Company's shareholders.

(4) At the shareholders' meeting, the Company will give all shareholders equal opportunity to express their opinions, suggestions, or ask questions on relevant issues independently before voting on any agenda. Moreover, there will be the directors and executives of related companies attending the shareholders' meeting to answer the questions in the meeting.

(5) After the shareholders' meeting has been completed, the Company will prepare the minutes accurately and completely in the important contents for the shareholders to check.

#### **2nd category: the Equitable Treatment of Shareholders**

The Company is committed to treat all shareholders equally, whether they are major shareholders or minor shareholders, non-executive shareholders or executive shareholders, Thai or foreign shareholders. The details are as follows:

(1) In convening each shareholder meeting, the Company gives equal opportunity to all shareholders. Before the commencement of the meeting, the chairman of the meeting will explain how to vote and how to count the votes of the shareholders who need to vote on each agenda and also give the opportunity for all shareholders and proxies attending the meeting to express their opinions, suggestions, and questions in each agenda by taking the right and sufficient time. The chairman of the meeting will proceed with the meeting according to the defined agenda.

(2) In the agenda of election, the Board of Directors will encourage the selection of individual nominees.

(3) The Company has required the directors to report any interest in any agenda at least prior to the consideration of the relevant agenda in the Board of Directors' meeting and recorded such interest in the minutes of the Board of Directors' meeting as well as prohibiting the directors who have significant interests in freely expressing their opinions on the agenda from participating in such agenda.

(4) The Company has set the guidelines for keeping and preventing the use of internal information of the Company. It is forbidden by any person or entity who knows the information to disclose it to unrelated entities or persons. In case any person disclosing such information or using such information whether for their own benefit or others or doing the transactions that may cause conflict of interest, it will be considered as serious offense and will be under the punishment on disciplinary act.

#### **3rd category Consideration on the Role of Interested Persons**

The Company gives the importance to the rights of all stakeholders whether the internal stakeholders who are shareholders and employees of the Company or external stakeholders such as trading partners, customers, etc. The company is well aware that the support and comments from all stakeholder groups are beneficial for the Company's operation and business development. The Company will comply with relevant laws

and regulations so that the rights of such stakeholders will be well taken care of. Moreover, in the Company's business operation, the Company takes into account the rights of all stakeholders in the following ways:

- Shareholder:** The Company will operate the business with transparency and efficiency with the commitment to generate good operating results and stable growth for the maximum benefits of shareholders in the long-term as well as disclosing the information in a transparent and reliable manner to the shareholders.
- Employees :** The Company will treat all employees equally, fairly with reasonable returns. In addition, the Company also pays attention to the frequent development on skills, knowledge, capabilities, and potential of the employees such as arranging the trainings and seminars by giving the chance to every employee thoroughly and trying to motivate the employees with much knowledge and competence to stay with the Company for further development of the organization. The anti-corruption approaches are also stipulated including raising the awareness of all employees to conform to relevant laws and regulations, such as strictly prohibiting the use of internal information, etc.
- Trading partner:** The Company has the processes for selecting trading partners by providing partners with equal information and selecting the partners fairly under the criteria for evaluation and selection of partners of the Company. In addition, the Company also makes the appropriate and fair contract model appropriately and fairly to every contract parties to have the tracking system to ensure that the terms of the contract are fully complied with. The fraud and misbehavior are prevented in every steps of the procurement process. The Company buys the products from trading partners based on trading conditions as well as strictly following the contract to trading partners.
- Customer :** The Company is responsible for the customers by maintaining the quality and standards of the goods and services including responding to customer needs as completely and comprehensively as possible in order to focus on long-term customer satisfaction. In addition, the company also provides accurate information about the products and services of the Company as well as providing the channels for the clients to report problems or inappropriate services for the Company to prevent and quickly solve the problems of the products and services.
- Creditors :** The Company will comply with the terms and conditions of the contracts with the creditors mainly including the repayment of principal, interests, supervision on the collaterals under relevant contracts.

**Competitors :** The Company behaves in a good competitive environment, is ethical and within the framework of law including promoting and encouraging the policies of free and fair competition.

**Society and public :** The Company cares and pays attention to the safety on the society, environment, and quality of life of people involved in the business operation of the Company as well as encouraging the employees to have the sense of responsibility on the society and environment including the strict conformity to relevant laws and regulations. In addition, the Company tries to engage in the activities that create and maintain the environmental and social wellbeing as well as promoting local culture in the location where the Company is operating the business.

In addition, the stakeholders can ask for details, notify the complaints, or clues to legal offense, inaccuracy of financial report, defective internal control system, or the unethical business of the Company through independent directors or Audit Committee of the Company. The data of complaints and clues notified to the Company will be kept confidential. The independent director or the Audit Committee will command on auditing the information and find solutions (if any) and will continue to report to the Board of Directors.

**4th category: Disclosure and Transparency**

- (1) The Company pays attention to the Company's financial statements and the financial information appearing in the annual report. The Audit Committee will review the quality of financial reports and internal control system including adequately disclosing the important information in the notes to the financial statements and report to the Board of Directors. Moreover, the Committee also supports the Management Discussion and Analysis preparation supplementary for the quarterly disclosure of financial statements.
- (2) The Company will disclose the information about each director, roles and duties of the Board of Directors and the Company's subcommittees, number of meetings, and attendance in the previous year at the Company's Head Office.
- (3) The Company will disclose the auditors' fees and other service fees provided by the auditor.
- (4) The Company will prepare the report on corporate governance policy, business ethics, risk management policy, and social responsibility policy and the environment having been approved in summary as well as the results of conformity to such policies including the case of failure to comply with such policy together with reasons.

**5th category: responsibilities of the Board of Directors**

**1. Structure of directors and subcommittees**

The Board of Directors consists of persons with knowledge, skills and experiences that can benefit the Company. They will play an important role in policy and corporate overview making as well as playing an important role in supervising, monitoring and evaluating the Company's performance in accordance with the plan.



Currently, the Board of Directors consists of 10 directors; 4 executive directors and 6 non-executive directors. There are 5 independent directors, representing more than one third of the total number of directors resulting in the proper balance in the consideration and vote in each issue. The Board of Directors has a term of office of not more than 3 years in accordance with relevant laws. An independent director shall hold a term of office of not more than 9 years, unless the board of directors deems that the person should be appointed as the Company's independent director further for the maximum benefits of the Company. Moreover, the directors and the executives of the Company can be directors or executives of affiliated companies or other companies. However, it must comply with relevant laws or regulations and must report to the Company's Board of Directors meeting.

The Board of Directors also nominated the subcommittees to assist in the corporate governance of the Company as follows:

(1) Audit Committee consists of at least 3 members to assist the Board of Directors in overseeing and monitoring the administration, internal control, and compliance with relevant laws, including the preparation of financial reports to make the operation and the Company's information disclosure transparent and reliable.

*Remark: Mr. Attawoot Papangkorn, Director who possesses accounting and finance knowledge and experience to review the accuracy of the Company's financial statements.*

(2) Executive Committee consists of at least 3 members to assist the Board of Directors in managing the Company's business in accordance with the Company's policies, plans, regulations and rules, including those set within the framework assigned by the Board of Directors.

(3) Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Remuneration Committee who are responsible for recruiting qualified persons for the positions of Director and Chief Executive Officer, considering the form and criteria for the remuneration payment to directors and the Chief Executive Officer to submit to the Board of Directors for approval and / or proposed to the shareholders' meeting for further approval ( as the case may be) including the Chief Executive Officer development.

In addition, the Company has appointed the Company's secretary to perform duties related to the Board of Directors' meetings and the shareholders' meeting as well as supporting the work of the Board of Directors by providing advice on the legal and regulatory requirements related to the performance of duties of the Board of Directors including coordinating for the compliance with resolutions of the Company's Board of Directors.

## 2. Roles and responsibilities of the Board of Directors

The Company's Board of Directors is responsible to the shareholders regarding the business operations and has the duty to set policies and directions for the Company's operations to ensure that the management is in line with the objectives and guidelines for the long-term benefits of shareholders within the framework of the requirements, laws and code of business conduct while taking into account the interests of all stakeholders. The details are as defined in the Charter of the Board of Directors.

(1) Corporate Governance Policy

The Company has established the corporate governance policy in writing to propose to the Board of Directors' meeting for approval. The Corporate Governance Manual is prepared with the intention to guide the directors, executives and employees to conform to such policy. The Company will review this policy annually.

(2) Code of Business Conduct

The Company intends to operate the business in a transparent, ethical, responsible manner to all stakeholders, society, and environment. The Company has set the code of conduct for the Board of Directors, executives and employees to strictly adhere to as follows:

- (A) Code of Ethics on Responsibility to Shareholders
- (B) Code of Ethics on Customer Relations
- (C) Code of Ethics on Relations with Partners, Competitors and Creditors
- (D) Code of Ethics for Responsibility to Employees
- (E) Code of Ethics for Social and Environmental Responsibility

The Company will announce and notify all employees to acknowledge and strictly conform to

(3) Conflict of interest

The Company has the policy to eliminate conflicts of interest carefully with honesty, rationality and independence under the good ethical framework mainly for the Company's benefits. The persons involving or relevant to the items considered are required to disclose the information about their interests and related persons to the Company and do not participate in the consideration including having no authorization in approving such items.

The Company has the policy to make the connected transaction and transactions with conflict of interest in accordance with relevant laws or regulations.

(4) Internal control

The Company has set up the internal control system for the supervision and internal control both at the management and operational levels efficiently. The Company has also set up the internal audit department to assess the adequacy of the internal control system and report the results to the Audit Committee in accordance with the audit plan.

(5) Risk management;

The Company has set up the risk management policy that covers the whole organization including systematic oversight or risk management process to minimize impact on the Company's business properly.

(6) Report of the Board of Directors

The Audit Committee is responsible for reviewing the financial reports with the accountant and the auditor attending the meeting together and presenting the financial report to the Board of Directors quarterly.

The Board of Directors will be responsible for the consolidated financial statements of the Company and the subsidiaries including financial information.

### 3. Board of Directors' meetings and self-assessment

The Company arranges meetings of the Board of Directors at least quarterly and extra meetings are added as needed. The agenda is clearly defined in advance with the agenda to follow up the results of the operation regularly. The Company will send the invitation letter together with the agenda and supplementary documents to all directors at least 7 days in advance prior to the meeting in order for the directors to have sufficient time to study the information before attending the meeting except in urgent cases. The minutes of the meeting will be recorded and the collection of certified documents will be provided for reference and verification. In every meeting, the executives and related persons should attend the meeting in order to provide accurate and timely information and details to the decision-making.

In the resolution of the Board of Directors' meeting, the majority vote shall be passed. One director has one vote. Directors who have conflict of interest in any agenda will not attend the meeting and will not have the right to vote in this agenda. In case of equal votes, the Chairman of the meeting shall give an additional vote as the votes shall be countersigned by the chairman of the meeting.

Moreover, the Board of Directors supports the performance evaluation at least once a year to improve and correct the operations. The topic of the meeting will be clearly defined before the evaluation is made to gather the comments and present them to the meeting.

### 4. Remunerations

Directors' remunerations are monthly remunerations and meeting allowances which must be on average compared to the same industry. It will consider the adequacy of the duties and responsibilities of the Board of Directors. The executives receive monthly salary and bonus mainly based on the performance of the Company. However, the annual remunerations of the Board of Directors and the executives together must not be in the unusually high amount compared to the average returns of the directors and the executives of the Company listed on the Stock Exchange of Thailand by considering the maximum benefits of the shareholders.

The Company has established the Nomination and Remuneration Committee to consider the form and the criteria for the remuneration payment to the directors to propose to the shareholders' meeting for approval.

### 6. Development of the Board of Directors and the executives

The Board of Directors has the policies to promote and facilitate in having the training and coaching to the persons relevant to the Company's corporate governance such as Company's Board of Directors, Audit Committee, executives, and secretary, etc. in order to continually improve the operation. The training and coaching may be done internally or use the service provided by other institutes.

In the case that there is the change in the directors or new directors are nominated, the management department will prepare the documents and information as beneficial for the duty performance of

the new directors as well as providing the advices on business natures and approaches in business operation of the Company to the new directors.

The Company's Board of Directors will rotate the assigned works following the proficiency of the executives and the employees by mainly considering the appropriateness of work and time. The CEO will determine the period and consider such work performance as the plan for the development and preservation of the Company's works for developing the executives and the employees to have more competence in working and can work in replacement to one another.

### **Organization Structure**

The organization structure of Sakol Energy Public Company Limited consists of 4 sub-committees, including the Board of Directors, the Audit Committee, the Executive Committee, and the Nomination and Remuneration Committee, the details of which are as follows:

#### **Board of Directors**

##### **Powers, Duties and Responsibilities**

- (1) Performance with responsibility, caution, faithfulness, protection of Company benefits and to conduct the Company's business according to the law, Company objectives, Articles of Association, and resolutions of the shareholders meeting.
- (2) Establishment of vision, strategy, policy, goal, business plan, budgeting, management structure and approval authority of the Company and subsidiary companies as proposed by the management and oversee the administration and operating results of the management, sub-committees of the Company or any person who has been assigned to perform such tasks in accordance with the specified policy in an effective and efficient manner to maximize value for the Company and its shareholders.
- (3) Follow-up and assessment of operating results of the management and/or sub-committees of the Company on a continuous and regular basis to achieve the strategy and meet the plan and the budget.
- (4) Ensuring that the Company and subsidiary companies have an appropriate and effective accounting system, and arrange for the availability of reliable financial reporting and accounting audit including the establishment of appropriate and adequate internal control system and internal audit systems.
- (5) Setting the scope and policy on salary, salary adjustment, remuneration bonus and financial reward of the executives, including supervision of mechanics and appropriate payment of remuneration to the executives.
- (6) Consideration of approval for the interim dividend payment.
- (7) Consideration and identification of risks faced by the Company or which will occur and directly affect the Company, and determination of risk appetite for the Company.

- (8) Determination and review of internal and external risk management policy to ensure its coverage and that it aligns with the strategy and direction of the business. The risk coverage will include at least the following four risks:
- (a) Financial Risk.
  - (b) Operational Risk.
  - (c) Strategic Risk.
  - (d) Compliance Risk.
- (9) Determination and review of the procedures on risk management to align with risk management policy in order to be able to assess, follow-up the result, and oversee the risks as within the Company's risk appetite.
- (10) Review the set-up of budget and method of response to the risks that have occurred and may occur with the Company for use as rules in operation under various types of risk situations including setting up the structure and appointment of a risk management working committee to perform the role of risk assessment and risk management follow-up.
- (11) Review the policy on corporate governance and social responsibility including anti-corruption of the Company, and approval of the assessment of the annual result of the corporate governance and social responsibility and anti-corruption prepared by the assigned sub-committee.
- (12) Prevention of dispute on benefits between interest parties of the Company and subsidiary companies. In the event that any company director has an interest in a transaction made with the Company, or whose shareholding in the Company and/or subsidiary companies has increased or decreased, the company director shall report such interest and change in shareholding to the Company without delay.
- (13) Appointment of a sub-committee to help and support the performance of the Board of Directors as appropriate.
- (14) Appointment of a Company Secretary and/or Secretary of the Board of Directors to assist the Board of Directors in performing various jobs in order to ensure that the operation of the Company is in accordance with the relevant laws and regulations.
- (15) Hiring of an adviser or person who is independent to provide opinions and recommendations as appropriate.
- (16) Preparation of the Annual Report and responsibility for preparation and disclosure of financial information regarding the financial status and operational results of the Company during the past one year for proposal to the Shareholders Meeting.
- (17) Holding an Annual Meeting of Shareholders within four months since the end of the Company's accounting year.



- (18) Approval of various matters by impartially considering the benefits of shareholders and every stakeholder in the Company.
- (19) Arrangement of a succession plan for high level executives of the Company.
- (20) Review and revision of the Board of Directors Charter to align with the situation.
- (21) Assignment of one company director or several company directors to perform any assignment on behalf of the Board of Directors.

However, the assignment of powers, duties and responsibilities of the Board of Directors does not have a nature of granting of authority or sub-granting of authority allowing the Board of Directors or person who is granted the authority by the Board of Directors to be able to approve transactions in which he/she or other persons may have a conflict (as defined in the relevant regulations), an interest or benefit in any nature or may have other benefit disputes with the Company and/or subsidiary companies, except for the approval of transactions which are in accordance with the policies and rules already approved by the Shareholders Meeting or Board of Directors.

The roles and responsibilities of the Board of Directors of the Company under the authorization matrix are as set out in Organization Structure Item Authorization.

#### **Audit Committee**

##### **Powers, Duties and Responsibilities**

1. Financial reporting and Information disclosure
  - (1) Review of the Company's financial reporting system and information disclosure in the financial statements with correctness and adequacy.
  - (2) Review with the auditor about important issues that may affect the reliability of financial reports. And the operating results of the company. Such as
    - The difficulties or significant conflicts that the External Auditor has during the work.
    - Issues, facts and opinions that differ between External Auditor and management.
    - The level of efficiency of the internal control system.
    - Defects or losses that appear in this accounting period and may occur in the next accounting period.
    - Violations of relevant laws and apply to the company and / or the business of the company.

And The Audit Committee shall report to the Board of Directors. In order to proceed with rectification within the time that the Audit Committee deems appropriate

  - (3) Review of the Company's compliance with relevant laws which are applicable to the Company and/or Company business.
2. Internal Control

- (1) Review of the Company's Internal Control system and Internal Audit System has appropriate and effective According to the standards of COSO (The Committee of Sponsoring Organization of Tread way Commission)
  - (2) Review the effectiveness and efficiency of governance, risk management and control processes. Including risk and control about Information technology of company.
  - (3) There are suggestions for management about improving the good corporate governance process. Risk management complies with relevant laws, rules, regulations and internal controls for efficiency and effectiveness.
  - (4) Review and comment on adequacy and appropriateness The effectiveness of internal control for the preparation of financial reports.
3. External Auditor
  - (1) Support the work of the External auditor to be independent. And must hold private meeting with the external auditor at least one time annually.
  - (2) Consider selection Propose to appoint an independent person to acting as an External auditor of the company And offer compensation for such person.
4. Internal Audit Department
  - (1) Supervision Internal audit department to be ethical with acceptable audit standards
  - (2) Consider approving Organization structure, manpower, annual audit plan, as well as budget to focus on the efficiency and effectiveness of various activities.
  - (3) Review about internal audit reports and the independence of the internal audit department.
  - (4) Opinion on the appointment, transfer, dismissal, performance, budget, manpower of the internal audit Department. Including determining remuneration and evaluating the performance of the Chief Executive of Internal Audit Department
  - (5) Ddevelop the potential and professional progress of internal auditors,for ensure that the internal audit is accurate and effective, consistent with the development of the company.
  - (6) Regularly and review the internal audit charter.
5. Observance with laws, regulations
  - (1) Review the operation of the company to be in accordance with laws, rules, regulations and other related requirements. Both within and from regulatory agencies.
  - (2) Review about policies and assess the effectiveness of risk management in compliance with relevant rules and regulations. Both within and from regulatory agencies.
  - (3) Review about the corporate governance and social responsibility process Including anti-corruption of the company.
6. Review of the Audit Committee Charter

Prepare the Audit Committee Charter and review as appropriate. For determine whether there is a need to adjust the responsibilities of the designated audit committee.

7. Report of the Audit Committee

Preparation of the Audit Committee's report which shall be signed by the Chairman of the Audit committee and contain at least the following:

- (1) Opinions on the correctness, completeness, and reliability of the Company's financial report.
- (2) Opinions on the adequacy of the Company's internal control system.
- (3) Opinions on the Company's compliance with laws which are applicable to the Company and/or Company's business.
- (4) Opinions on the suitability of the external auditor.
- (5) Opinions on transactions that may have a conflict of interest.
- (6) Overall opinions or observations of the Audit Committee obtained from the performance of their duties under the charter.
- (7) Other matters that should be of interest to the shareholders and investors within the scope of duty and responsibility assigned by the Board of Directors.

8. Other responsibilities

- (1) Able to investigate those involved Under the authority of the Audit Committee And has the power to hire or bring specialized experts to assist in the investigation or investigation.
- (2) Have the authority to hire consultants or independent individuals To provide comments or suggestions as needed.

## **Executive Committee**

### **Powers, Duties and Responsibilities**

- (1) Preparation and setting up of the policy, direction, business plan, budgeting, management structure and management authority by proposal to the Board of Directors for approval, and implementation of proposals as approved by the Board of Directors including verification and follow-up of such operating results that are being performed in an effective and efficient manner.
- (2) Management and overseeing of related operations and general administration of the Company.
- (3) Approval of any contract making and/or transactions related to the normal course of business of the Company ( such as purchase, sales, investment or joint investment with other persons) for the benefit of the operation in accordance with the objective of the Company within authority limits or limits defined by the Board of Directors.
- (4) Approval of financial transactions with financial institutions for borrowing or seeking credit facilities, mortgages, loan guarantees and being a guarantor of the Company and subsidiary companies, within authority limits or limits defined by the Board of Directors.

- (5) Approval of the appointment of an advisor in various areas which are essential for the Company's operation within the annual budget approved by the Board of Directors.
- (6) Setting up the scope and policy on salary, adjustment of salary, determination of bonus remuneration and financial rewards of the employees and executives (except the Chief Executive Officer).
- (7) Carrying out any other tasks assigned by the Board of Directors or which is in accordance with the policy defined by the Board of Directors.
- (8) Review and proposal on revision of the Executive Committee Charter to align with the situation.
- (9) Granting the power to any person or several persons to carry out acts on behalf of the Executive Committee.

However, the assignment of powers, duties and responsibilities of the Executive Committee does not have the nature of granting of authority or sub-granting of authority allowing the Executive Committee or person who is granted the authority by the Executive Committee to be able to approve transactions in which he/she or other persons may have a conflict (as defined in the notifications of Securities and Exchange Commission or Capital Market Supervisory Board), an interest or benefit in any nature or may have other benefit disputes with the Company and/or subsidiary companies except for approval of transactions which are in accordance with the policy and rules already approved by a Meeting of the Board of Directors.

The roles and responsibilities of the Executive Committee under the authorization matrix are as set out in Section: Organization Structure Item Authorization.

### **Nomination and Remuneration Committee**

#### **Powers, Duties and Responsibilities**

- (1) Establishment of qualifications and guidelines in nominating Company Directors (including members of subcommittees of the Company) and high level executives by making a selective consideration of the person who has suitable qualification in terms of knowledge, experience and expertise for proposal to the Board of Directors for consideration and appointment and/or for proposal to the Shareholders' Meeting for further consideration and approval (as the case may be).
- (2) Review the independence of each nominated director to assure that the director of the company is fully qualified.
- (3) Review the format and process of developing the Chief Executive Officer to align with the company's business and situation.
- (4) Review the form and rule on payment of remuneration (whether in the form of cash, security, or any other) of the directors of the company, sub-committees of the company and Chief Executive Officer to ensure that it is appropriate, fair and in accordance with the relevant law.
- (5) Review the performance criteria of the Chief Executive Officer and make a proposal to the Board of Directors for consideration and approval.

- (6) Review and propose the scope of power, duty and responsibility of the Nomination Committee to align with the situation.
- (7) Carrying out any act as assigned by the Board of Directors or in accordance with the policy established by the Board of Directors.

### **Nomination and appointment of directors and high-level executives**

The Nomination and Remuneration Committee will consider and nominate persons as directors (including members of sub-committees of the Company) and high-level executives of the Company. The committee selects appropriate persons with knowledge, experience and expertise and nominates to the Board of Directors and/or shareholders' meeting for appointment.

### **Board of Directors**

The composition of the Board of Directors is as follows:

- (1) Members of the Board of Directors do not need to be shareholders of the Company.
- (2) The number of directors on the Board of Directors is in accordance with the specification of the Shareholders Meeting but the Board of Directors shall be composed of at least three directors, not less than half of whom shall reside within the Kingdom of Thailand.
- (3) The Board of Directors shall be composed of independent directors as at least one out of three of the total number of directors but the number shall not be less than three directors.

The Board of Directors shall elect one of the directors to serve as the Chairman of the Board of Directors. If the Board of Directors deem it appropriate, they may also elect among themselves one of several directors to serve as Vice Chairmen of the Board of Directors.

### **Appointment and Office Term**

- (1) The Board of Directors will perform the role of selection and nomination of a person who has appropriate qualifications to hold the office of company director by proposing the name of the person to the Shareholders Meeting for approval of the appointment.
- (2) The Shareholders Meeting will choose a company director in the event that the position of company director has become vacant due to reasons other than expiry of the office term. The Board of Directors shall appoint a person who has competent qualifications to be a substitute company director. However, the substitute company director shall retain office only for the remaining office term of the company director whom he/she replaces.
- (3) At every annual general meeting of shareholders, one third of the total number of directors shall retire from office. If the number of directors is not a multiple of three, then, the number of directors nearest to one third shall retire from office. The directors who shall retire from office in the first and second years after registration of the Company shall be selected by drawing lots. In subsequent years, directors who have held office the longest shall retire.



A director who vacates the position on expiry of the office term may be re-elected to hold the position for another office term. However, the total period of an independent director's term of office shall not exceed nine years unless the Board of Directors is of the opinion that the person should continue to hold the position of independent director of the Company for the maximum benefit of the Company.

#### **Qualification of Board of Directors**

- (1) Being a person who has knowledge, ability, integrity, business ethics, and adequate time to perform duties for the Company.
- (2) Having the qualifications and possessing no prohibited characteristics under relevant laws, including possessing no characteristics which indicate inappropriateness for trust in the administration of a business with the public being shareholders, as stipulated in the notifications of the Office of Securities and Exchange Commission, Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand ("relevant regulations").
- (3) Not being a person who undertakes a business of the same nature and in significant competition with that of the Company or is a significant partner of a partnership or a director of another company undertaking a business of the same nature and in significant competition with those of the Company, whether such undertaking has been carried out for his/her own or others' benefits or not, unless that there is a notice given to the Shareholders Meeting before passing a resolution for appointment.
- (4) An independent director shall have qualifications related to independence as defined by the Company and is in accordance with the guidelines and rules related to the specification of an independent director, and shall be able to supervise the benefits of every shareholder on an equal basis and prevent the dispute of benefits. In addition, the independent director shall attend the meetings of the Board of Directors giving an independent opinion.

In addition, the Company has determined that a director who is not performing the role of an executive director to be independent of the management and the shareholders who have a controlling interest and who does not have any business relationship with the Company that may influence the expression of independent view. An independent director shall have the following additional qualifications:

- (a) Holding not more than one per cent of the total voting shares of the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, with the number of shares held by the director's related persons being counted.
- (b) Being a director who is not or has never been an executive director, employee, staff member, salaried advisor, or controlling person of the Company, subsidiary companies, associated companies, same-level subsidiaries, major shareholders or controlling person unless such characteristics have lapsed for at least two years before being appointed. These prohibited

characteristic include the case whereby the independent director used to be a civil servant or advisor of the government who is a major shareholder or a person who controls the Company.

- (c) Being a director who has no relationship by blood or by legal registration under the status of father, mother, spouse, sibling, and child, including the child's spouse or other directors, executives, major shareholders, controlling persons, or persons who are being nominated for appointment as directors, executives, or controlling persons of the Company or subsidiary companies.
- (d) Being a director who does not have or has never had a business relationship with the Company, subsidiaries, associated companies, juristic persons with potential of conflict of interest, major shareholders, or controlling persons in a manner that may hinder the exercise of his/her independent judgment, and not being a person who is or has been a significant shareholder or controlling person of a person with a business relationship with the Company, its subsidiaries, associated companies, juristic persons with potential of conflict of interest, major shareholders, or controlling persons, unless such characteristics have lapsed for at least two years before being appointed.

The business relationship as mentioned includes normal trading transactions for the purpose of business operations, rental or lease of immovable property, transactions related to assets or services or granting or receiving financial assistance by receiving or giving loans, guarantees using assets as debt collateral, including other similar acts that result in the Company or the party thereof being liable to pay the other at the amount of three per cent or more of Baht 20 million or more, whichever is smaller. The calculation of such liabilities shall be in accordance with the method of connected transaction calculation specified in the criteria on undertaking connected transactions, mutatis mutandis, with the liabilities occurring during the one-year period prior to the date of business relationship with the same person being included.

- (e) Being a director who is not, or has never been, an external auditor of the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not a significant shareholder, controlling person, or partner of an audit firm which is an external auditor of the Company, its subsidiaries, associated companies, major shareholder, or controlling person, except in case such characteristics have lapsed for at least two years before being appointed.
- (f) Being a director who is not, or has never been, a provider of any a professional service including legal advisory service or financial advisory service with the service fee thereof exceeding two million Baht per year from the Company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not a significant shareholder,

controlling person, or partner of the provider of such professional service, except in case such characteristics have lapsed for at least two years before being appointed.

- (g) Being a director who is not appointed as a representative of a director, major shareholder or shareholder with a relationship to a major shareholder of the Company.
- (h) Not undertaking a business of the same nature and in significant competition with those of the Company or subsidiary companies, nor being a significant partner of a partnership or an executive director, employee, staff member, salaried advisor, or shareholder with over 1 % of the total voting shares of another company undertaking a business of the same nature and in significant competition with those of the Company or subsidiary companies.
- (i) Not having any other characteristics that may hinder the exercise of his/her independent judgment regarding the Company's business operations.

### **Audit Committee**

#### **Composition**

The Audit Committee is composed of at least three independent directors. At least one of the audit directors shall be a person with knowledge and experience in accounting and finance to perform the duty of reviewing the reliability of the financial statement.

The Audit Committee shall select one Audit Director to hold the position of Chairman of the Audit Committee and appoint a Secretary to assist in performing its duty by making appointments for meetings, preparing meeting agendas, submission of meeting related documents and recording the minutes of the meetings.

#### **Appointment and Office Term**

The Board of Directors or Shareholders Meeting shall appoint an independent director of the Company to be an Audit Director whose office term shall be in accordance with the office term of the Company Directors whereby the Audit Director whose office term has expired can be re-appointed as Audit Director.

In the event that the Audit Director's office has expired or the Audit Director is not able to hold the position until expiry resulting in the number of Audit Directors to be less than three, the Board of Directors or Shareholders Meeting should appoint a new Audit Director to fill the vacancy not later than three months from the date when the number of Audit Directors was incomplete to ensure the continuity of the Audit Committee in performing its duty.

#### **Qualification of Audit Director**

- (1) A person who has a competent qualification to perform the role of independent director in accordance with the rules and conditions as specified by the Office of Securities and Exchange Commission, Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand Notifications.
- (2) Not being a person who has been assigned by the Board of Directors to make decisions regarding the running of the business of the company, parent companies, subsidiary

companies, associated companies, same level subsidiary companies, major shareholders or a person who has control of the company.

- (3) Not being a director of the parent company, subsidiary companies or same level companies of the public listed company.
- (4) Having adequate knowledge and experience in performing the duty as an Audit Director and at least one Audit Director shall have adequate knowledge and experience in accounting and finance to be able to review the reliability of the financial statement.

## **Nomination of directors and high-level executives**

### **Nomination of directors**

For the nomination of directors, the Nomination and Remuneration Committee, consisting of 1 independent director from the 3 members of the committee, shall be responsible for screening and selection of qualified persons according to the Company's Articles of Association. The Nomination and Remuneration Committee shall nominate persons with suitable qualifications as the Company's directors. The directors should be professional and with diversity. The committee shall nominate suitable person to the Board of Directors of the Company for their approval. The nominated person shall be proposed to shareholders' meeting for further consideration and appointment as the Company's director according to the prescribed rules.

The Nomination and Remuneration Committee shall consider the appropriate size and composition of the Board of Directors of the Company. The Board of Directors shall be changed or adjusted in line with the ever-changing environment. The directors shall have suitable knowledge, capabilities and qualities. The Nomination and Remuneration Committee has given the opportunity to directors and shareholders to nominate suitable person as the Company's director.

The appointment of directors by the shareholders' meeting shall follow rules and procedures as set out below.

- (1) In voting for election of director, every shareholder shall have one vote for each share of which he is the holder.
- (2) Each shareholder may exercise all votes he has to elect one or several persons as directors but the number of directors elected shall not exceed the number of directors required at that time.
- (3) In the event of selecting several directors, each shareholder may exercise all his votes to each nominated person. He may not allot his votes to each nominated person unequally.
- (4) The persons receiving the highest votes in their respective order of the votes shall be elected as directors until all of director positions that the Company may have or that are to be elected at such meeting are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.

If the director position becomes vacant for any reason other than retirement by rotation, the Nomination and Remuneration Committee shall select qualified person without prohibited characteristics as prescribed under the laws as replacement director attending the next Board of Directors' Meeting, except where the term of the resigning director is less than 2 months. The replacement director may hold the position of director only for the period equivalent to the remaining term of the resigning director.

#### **Selection of high-level executives**

For the nomination of Chief Executive Officer / Chairman of the Executive Committee / Managing Director of the Company, the Nomination and Remuneration Committee shall preliminary screen and find person with suitable knowledge, experience and expertise, which is suitable the Company's business operations. Such person shall have thorough knowledge of the Company's business and be able to manage the work to achieve the Company's targets and objectives. The person nominated by the Nomination and Remuneration Committee shall be further proposed to the Board of Directors of the Company for appointment

#### **Use of Inside Information Policy**

Sakol Energy Public Company Limited gives importance to protection of the use of inside information, whereby the Company has a policy prohibiting the directors, executives, staff and employees of the Company from using information which may affect the price of Company shares, if such a disclosure causes damage to the Company or puts the Company in a disadvantage. This includes using confidential and inside information which is not yet disclosed to the public for his/her own or others gain both directly or indirectly with and without remuneration. The Company has established protection measures on the use of inside information by educating directors and executives on the duty to report their shareholdings, including those shares held by their spouse and their minor children,

to the Office of Securities and Exchange Commission pursuant to procedures prescribed in Section 59 and penalty provision of Section 275 of the Thai Securities and Exchange Act B.E.2535 (1992) (including the amendments), including the duty to report on acquisition and disposal of shares held by directors and executives and their spouse and minor children to the Office of Securities and Exchange Commission pursuant to Section 246 and penalty provision of Section 298 of the Thai Securities and Exchange Act B.E.2535 (1992) (including the amendments). The mandatory report is a preparation for the Company, including directors and executives of the Company, to be ready for initial public offering and registration of ordinary shares on the Stock Exchange of Thailand.

#### **Auditor remuneration**

The company paid compensation to the auditor of the company. KPMG Phoomchai Audit Ltd. For auditing and reviewing the financial statements of the Company and its subsidiaries as follows

| For the fiscal year                              | Auditor remuneration | Other non-audit fees |
|--|----------------------|----------------------|
| For the fiscal year 2016 ended 31 December 2017  | 2,723,300 Baht       | None                 |
| For the fiscal year 2017 ending 31 December 2018 | 3,267,100 Baht       | None                 |
| For the fiscal year 2018 ended December 31, 2019 | 2,937,500 Baht       | None                 |



## Adoption of the Good Corporate Governance Principle for the Listing Companies for the year 2019

The Board of Directors has process to review the adoption of the good corporate governance principle for the listing companies for the year 2018 to in line with the business at least 1 time per annum.

## Compliance with good corporate governance principles in other matters

With reference to the good corporate governance regarding the equitable treatment of shareholders, At the 2018 Annual General Meeting of Shareholders, The company therefore allowed shareholders to proceed as follows:

- (1) The company allowed shareholders to propose the agenda for 2019 Annual General Meeting of shareholders in advance, starting from 1 November 2018 until 31 December 2018
- (2) The company allowed shareholders to nominate candidate(s) for the Company's director(s) in advance, starting from 1 November 2018 until 31 December 2018

Which appears that during that time There was no shareholder proposing the matter for consideration to be included in the meeting agenda in advance and no shareholder nominated any person to be elected as a director in advance.

## Director Development

To develop knowledge and ability to perform duties of director continually and to create vision which is beneficial for using with the Company's business, the Company encourages its directors to attend the training program organized by Thai Institute of Directors (IOD), the Stock Exchange of Thailand and other institutes including attending seminars to exchange knowledges with specialist on business development substantially by using the good corporate governance principle as significant basis to create the confidence of shareholders and other stakeholders which will lead to the growth of business and the increase of business value in the long-term, the details of trainings and seminars of the year 2019 are as follows:

| List of directors                | Training / seminar date | Training / seminar course  |
|----------------------------------|-------------------------|--|
| Mr. Jakkraphong Sumethchotimetha | 14 August 2019          | Attending the opening ceremony of the capital market enhancement project in honor of Chalerms Phrakiat. On the auspicious occasion of the coronation |
| Miss Napaporn Sathitthammaporn   | 4 June 2019             | Financial Reporting Standard No. 9 (TFRS 9)  |
|                                  | 14 August 2019          | Attending the opening ceremony of the capital market enhancement project in honor of Chalerms Phrakiat. On the auspicious occasion of the coronation |
|                                  | August - September 2019 | Strategic CFO in Capital Markets No. 9 / The Stock Exchange of Thailand  |
|                                  | 24 September 2019       | One-Stop Service / The Stock Exchange of Thailand  |
|                                  | 26 September 2019       | SET Link / The Stock Exchange of Thailand  |
|                                  | 20 December 2019        | Smart Disclosure Program (SDP) / The Stock Exchange of Thailand  |

## List of shares held by directors

| No. | List of directors                            | Number of shares (shares) |
|-----|--|---------------------------|
| 1   | Prof. Emeritus Dr.Direk Lavansiri            | -                         |
|     | Spouse and underage children                 | -                         |
| 2   | Pol.Gen. Worapong Chewprecha                 | -                         |
|     | Spouse and underage children                 | -                         |
| 3   | Dr.Witoon Simachokedee                       | -                         |
|     | Spouse and underage children                 | -                         |
| 4   | Mrs. Rawittha Pongnuchit                     | -                         |
|     | Spouse and underage children                 | -                         |
| 5   | Assistant professor Dr. Attawoot Papangkorn  | -                         |
|     | Spouse and underage children                 | -                         |
| 6   | Mrs. Tanipa Puangjumba                       | -                         |
|     | Spouse and underage children                 | -                         |
| 7   | Mr. Chutchai Sumethchotimetha                | 292,165,503               |
|     | Spouse and underage children                 | 206,756,858               |
| 8   | Mrs. Aree Sumethchotimetha                   | 206,756,858               |
|     | Spouse and underage children                 | 292,165,503               |
| 9   | Mr. Jakkraphong Sumethchotimetha             | 1,729,661                 |
|     | Spouse and underage children                 | -                         |
| 10  | Mr. Thanapon Sumethchotimetha                | 930,661                   |
|     | Spouse and underage children                 | -                         |
| 11  | Miss Napaporn Sathitthammaporn <sup>1/</sup> | -                         |
|     | Spouse and underage children                 | -                         |

*Remark :* It is the information from the share register book closing date as of 30 December 2019

<sup>1/</sup> Miss Napaporn Sathitthammaporn has assumed the position of Chief Financial Officer. With effect on May 1, 2019.

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# Corporate Social Responsibilities

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## Overview of corporate social responsibility policy

Sakol Energy Public Company Limited realizes the importance of sustainable business growth under corporate social responsibilities which morally focus on the interested persons, economic, and environment. The company expects that the company's corporate social responsibilities will bring about common interests, along with the growth of business.

## Implementation and preparation of report

The Company discloses its corporate social responsibility to its employees by meeting and orientation of employees to create corporate culture and working environment to create understanding and awareness of his or her duty on responsibility of delivery of goods and services with good quality to the consumers and society. The Company discloses its policy on responsibility to society, community and environment through the Company's website: [www.sakolenergy.com](http://www.sakolenergy.com)

As the Company realizes the importance of corporate social responsibilities, the Board of Directors' Meeting of the Company held on 19 October 2016 approved the following corporate social responsibility policies:

### **1. Fair business operation**

The company determines for honest, fair, ethical operation, and trade competition following commercial ethical principal, law, and equal commercial competition, as well as any acts which are against fair competition; such as the search of competitor's confidential data, the demand or the receiving or the reject of any dishonest commercial benefits in purchasing machines etc. Moreover, the company pays respect to the rights of intelligence properties of the others. The company determines that the staff follows the law or the regulations of intelligence properties rights; such as the use of legal computer program etc. The company has project in supporting and creating awareness of staff of all levels to be responsible to the society.

### **2. Anti-corruption**

The company's operation is based on the transparency and ethics. We insist on the governance and the implementation on the relevant anti-corruption and prevention law. The details are included in the company's anti-corruption and bribery policy.

### **3. The respect on human rights.**

The company supports and respects human's right protection by treating all relevant; staff, community, and surrounded societies with respect in the values of humanity, taking equality and freedom into account, respecting basic rights, and not discriminating on race, nationality, religions, languages, skin colors, genders, age, education, physical or social status. The company has ensured not to take part in any human rights violations; such as child's labors and sexual harassment etc. In addition, the company has supported the watch to ensure the compliance on human right's requirements by accepting opinions and providing channels for complaints, from the victims, caused from the company's operation and to provide appropriate compensations.

To ensure the effectiveness, the company has organized knowledge management about human rights and created awareness among the company's staff in following human right's principles.

#### **4. Fair labor treatment**

The company is aware of the importance of human resource development and fair labor treatment, which is the factor in promoting business value, competitiveness and sustainable growth of the company. The company has determined the policy and guidance as the followings;

1. Respect the rights of staff according to human right's principles, and follow labor law.
2. Ensure fair employment procedure and condition, as well as compensation and the consideration of achievement under fair assessment procedure.
3. Encourage professional development by providing or enrolling staff for relevant trainings and seminars in order to develop knowledge and potentials of staff, as well as good attitude, moral, ethics, and teamwork.
4. Provide welfares for staff as regulated by law; such as social security etc. or non-regulated welfare; such as health and accident insurances etc. It also includes the providing of financial support for staff; such as scholarship for the children of staff, and cremation fund aid etc.
5. Organize annual health check for the staff of all levels by considering risk factors by the range of age, sex, and individual work surroundings.
6. Ensure work safety and hygienic workplace by providing preventive measure, training and promoting safety awareness and good health among staff, always ensure hygiene and safe workplace.
7. Provide chances for staff to share their opinions or file complaints on bias and wrong treatments in the company, as well as the protection for the informers who report the complaints.

#### **5. Customer responsibilities**

The company aims to develop products and services of the company and the associates for the utmost customer's satisfaction and benefits, as well as adhering to treat customers with responsibility, honest, and attention like they are family members.

1. The company considers the quality and the effectiveness in providing service. Apart from the quality service management system, the company is also attentive to the management of occupational health and safety to ensure the most quality and effective service provided to customers.



2. The company is attached to the fair marketing by providing the measure to ensure that the customers receive correct, unbiased, clear, or non-exaggerated company's information so they have true and enough information for decision-making.
3. The company takes customer's safety into account and aims to provide quality and safe service according to international safety standard and regulations, and law. There's also the constant service development and improvement to make sure that the customers will be confident in the quality, standard, and the safety of the company's service.
4. The company has provided customer relation system used in contacting with customers, as well as effectively receiving complaints about service quality via telephone in order to instantly answer to the customer's requirements.
5. The company will keep customer's data confidential and will not use it in the inappropriate purposes.
6. The company has organized activities in order to reinforce sustainable customer's relationship with the company

#### **6. Environmental care**

The company pays attention to social responsibility in nurturing environment. The company has executed and controlled the production and service of the company and the associates to strictly comply with the relevant law about environmental care as the followings;

1. The company has designed and developed the production procedure of machine, and devices to be able to control and/or reducing pollutions; including waste water, dust, gas, and other wastes.
2. The company has assigned a person in charge of the production procedure, machines and devices control. It has to be ensured that the effects to the environment must not be exceed the standard and utmost benefits from the use of natural resources.
3. The company has determined the policy in reducing the production of garbage and wastes and being cooperative in the appropriate waste disposal methods.
4. The company has organized risk assessment and effects related to environment, health, and safety prior to any joint venture or investment. The company has conducts the business under environmental care concept.
5. The company has policy in using natural resources, materials or equipment effectively and efficiently.
6. The company has measure on reserving natural resources; such as 3 Rs ( Reduce, Reuse/Recycles, Replenish)

#### 7. Community or society development

The company is aware of responsibility on society and community. Therefore, there's the policy in helping and developing society as the followings;

1. The company provides supportive policy and appropriate help to society and community, especially the neighboring community around the company.
2. The company provides opportunity for community and all concerned, takes part in sharing opinions for projects which might affect community, as well as sharing opinions or complaints which are resulted from the company's operations.
3. The company is cooperative in standard operation or international agreements formed to protect or reduce effects toward environment.
4. The company has policy in providing educational support to the youths by providing financial supports for extra learning tools for schools, integrated activities, repair and paint school buildings.
5. The company pays attention to the fast and effective responses toward the circumstances which affect the community, society, and environment caused by the company's operations.
6. The company reinforces the consciousness and responsibilities of the staff toward environment and society.

#### Business operations that affect social responsibility (if any)

-None-

## Supporting of Development of Community and Society and Activity for Benefit of Society and Environment

### (1) "Lunch program for students of Watsoontarikawad School in Saraburi Province"

The Company organized an activity "Lunch program for students of Watsoontarikawad School in Saraburi Province" on 7 June 2019. The Company traveled to Saraburi Province to donate rice to students at Watsoontarikawad School in Saraburi Province to support lunch program for students every 2 months



### (2) "Your School at Our House Project"

The Company organized "Your School at Our House Project" on 30 August 2019. SKE held the project at Watsatharuengsri School in Saraburi Province. The school is close to the Company's PMS Saraburi Station. The Company renovated classroom by painting classrooms, tables and chairs, changing new lightbulbs and defected fans, and installing mosquito wire screen. This has resulted in better environment in classrooms and more effective learnings by students.







(3) “30 Years of Charity Donation”

The Company organized an activity “30 Years of Charity Donation” on 8 September 2019. Mr. Chutchai Sumethchotimetha, the management and employees made charity donation in Nakhon Sawan Province. This has been done for over 30 years. 3,000 sets of donations were made. In addition, the Company was aware of environmental problem from using plastic bags. Therefore, cloth bags were handed out to guests who joined the activity and locals to be used for making donations in stead of using plastic bags. This helped reducing waste and global warming.



(4) “Beaver Friendship: Reducing Plastic”

The Company organized an activity called “Beaver Friendship: Reducing Plastic”. The Company understood the importance of promoting reduction in using plastic in daily life and organized online activities to promote a stop in using single-use plastic. The activity on Facebook page of the Company was promoted during the whole 2019 and participants were invited to join the activity to promote using plastic alternatives.



(5) "Return Trees to Phrae Province"

The Company organized an activity "Return Trees to Phrae Province" by donating seedling and money to support growing of leadtrees in the area of 125 Rai. The Company understood the importance of reforestation to reduce global warming and increase green area in Phrae Province. The Company's idea was to sustainably reduce environmental impacts and manage and create positive impacts on environment in which it conducted the business. The Company supported environmental conservation projects, biodiversity, career building, and generation of sustainable income to the community.



### **Additional guidelines on prevention of involvement in corruption**

The company's ideology is the administration based on transparency and ethics by adhering to the governance and abiding by the relevant law of preventive and anti-corruption and bribery to the officers of government or private sectors. The company has prepared the policy and the guideline on anti-corruption and bribery. This "anti-corruption policy" has formed in order to clearly specify organizational structure; responsibility, work procedure, and chain of command in each sector. This is to counterbalance the authority, to have prudence in appropriate verification, and to be the clear approach for organizational administration and development to sustainability. Which is effective from 9 March 2016 onwards and disclosed on the company website.

In the year 2019, the company has trained policies and practices regarding anti-corruption and bribery (Anti-Corruption and Bribery) for employees from all departments, covering all departments completely And the company is currently studying to consider participating in the Private Sector Collective Action Coalition Against Corruption Project. (Collective Anti-Corruption : CAC)

#### **Notification channel**

The company's executives and officers or any other interested persons are allowed to contact the company's board in order to inform the clues or complaints of wrong acts or corruption via these following channels;

- Post: Define the clues and complaints of corruption on the letter head and send to "Sakol Energy Public Company Limited 15 Moo.1 Tumbon Chiangrak noi Amphoe Samkok, Pathumthani 12160"
- E-mail: Define e-mail subject of the corruption clues and complaints and send it to [thanapon\\_s@sakolenergy.com](mailto:thanapon_s@sakolenergy.com)
- Phone: Contact Human Resource Department 02-593-7217 ext. 203
- Suggestion box: Placed at the entrance of the office

#### **Informer protection mechanism**

To ensure the safety of the informers, the company pays attention to store clues and complaints confidentially. The complaint procedure and investigation have been explicitly determined. Those complaints will be acknowledged among persons in charge and all concerned only. If that information has been disclosed, the company will inquire and punish the person who unveils it.



## Internal Control and Risk Management

### The Board of Directors' opinions on the Company's internal control system

The Board of Directors of Sakol Energy Public Company Limited recognizes the importance of sufficient and appropriate internal control system. Therefore, the Board of Directors assigned the Company's internal auditor to assess if the Company's internal control system is sufficient and appropriate, and instructed the Audit Committee to: review the Company's internal control evaluation to ensure that the Company's business operation is efficient and effective in terms of exploitation of resources, maintenance of assets, and prevention from and reduction of potential errors; to manage to have accurate and reliable financial reports; and to comply with laws, rules, and regulations relating to the Company's business.

In the Board of Directors' meeting no. 1/2019 held on 22 February 2019, as six members of the Independent Committee attended the meeting, the Board of Directors considered whether the Company's internal control system was sufficient and appropriate, and approved the five elements of a Company's internal control system as proposed by the Audit Committee according to the Securities and Exchange Commission's evaluation: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; (5) monitoring activities. The Company's internal control system must meet these five elements to prove that its internal control system is sufficient and appropriate to reduce significant risks associated with business operation. The Board of Directors also approved that there shall be personnel to effectively implement, monitor, control, supervise the internal control system to ensure that the implementation is made in accordance with a good internal audit system standard and with the relevant laws and regulations.

In compliance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO)'s guidance, having considered the evaluation of the Company's internal control systems, the Board of Directors' opinions can be summarized and categorized into five matters as follows:

1. **Control Environment** - The Company set out clear policies, work performance rules, and an organization chart as it gives importance to transparent management, i.e., having good governance.
2. **Risk Assessment** – The Company has formulated a risk management manual as guidance to manage all risks to be at an acceptable level and gives importance to the prevention of fraudulent activities. The Company set out various preventive policies such as anti-corruption and bribery policies and related-party transaction policies; And the review of risk management as part of the internal audit process by reporting the results to the audit committee And report to the Board of Directors in order to instruct the management to continue to improve / preventive.
3. **Control Activities** – The Company has formulated rules and practices on financial, procurement, information and technology, general administration transactions, including the clear scope of powers, duties, and hierarchy approval process so that all employees shall

dully comply therewith. Including guidelines for operations of subsidiaries to be in line with the company.

4. **Information & Communication** – The Company gives high importance to its information and communication systems. Currently, the Company is in the process of creating ERP system to supervise all systems and to ensure that all departments have their clear and systematic work performance under the same standard. Employees also continuously communicate through emails, meetings, and Line application. All employees will be aware of the Company's messages. And in early 2020, the company will start using ERP in Operation To make the operations of every department more efficient
5. **Monitoring Activities** – The Company set up monitoring measures to monitor work performance under the supervision hierarchy and work performance by Internal Audit Department and to directly report to the Audit Committee and follow up the results of the improvement according to the issues detected every quarter

#### Head of Internal Audit

The Audit Committee meeting held on 5 April 2017 has resolved to appoint Ms. Pimol Chonchanachai to act as the manager of Internal Control Unit of the Company. And The Audit Committee reviewed and considered the qualifications of Ms. Pimol Chonchanachai Internal Audit Department Manager, that it is sufficiently qualified to act as the internal audit because its experience in internal audit works. The internal audit's more than 15 years and passed the training program regarding the internal control from many institutions and regulatory bodies includes Association of Internal Auditors of Thailand, The Stock Exchange of Thailand, Federation of Accounting Professions under the Royal Patronage.

In addition, the removal and transfer of the manager of the internal audit office must be approved by the audit committee.



## Related Party Transaction

### Summary of related party transactions between the Company and persons who may have conflicts of interest in 2018 and 2019

The Company and its subsidiaries entered into related-party transactions with individuals and juristic entities that may have conflicts of interest as summarized below.

| Name of related party                | Nature of business   | Relationship  |
|--------------------------------------|--|---|
| 1. Tarnsuwan Company Limited         | <ul style="list-style-type: none"> <li>Transportation of agricultural products and containers, coal, cement, and NGV</li> </ul>                                    | <ul style="list-style-type: none"> <li>Two directors of Tarnsuwan Company Limited are directors of the Company, namely Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha.</li> <li>Mrs. Aree Sumethchotimetha is a spouse of Mr. Chutchai Sumethchotimetha. Mrs. Aree Sumethchotimetha is a director and executive of the Company, holding the position of Senior Executive Vice President.</li> <li>Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha are major shareholders of Tarnsuwan Company Limited with shareholding of 57.85% and 41.32%, respectively, as of 25 December 2019.</li> </ul> |
| 2. Mae Krating Power Company Limited | <ul style="list-style-type: none"> <li>produce and sell the electricity by using biomass the installed capacity of 9.90 MW</li> </ul>                              | <ul style="list-style-type: none"> <li>Sakol Energy Public Company Limited holds 80% shares</li> <li>There have joint directors of 3 persons includes Mr. Chutchai Sumethchotimetha Mr. Thanapon Sumethchotimetha Mr. Jakkraphong Sumethchotimetha</li> </ul>   |
| 3. RE Biofuels Company Limited       | <ul style="list-style-type: none"> <li>Production and distribution of compressed biomethane gas with the production capacity of 9,000 kilograms per day</li> </ul> | <ul style="list-style-type: none"> <li>Sakol Energy Public Company Limited holds 75.95% shares</li> <li>There are joint directors of 1 person include Mr. Thanapon Sumethchotimetha</li> <li>There are joint Executive of 1 person include Ms.Napaporn Sathithammaporn</li> </ul>   |

| Name of related party           | Nature of business  | Relationship  |
|---------------------------------|---|---|
| 4. Trans Energy Company Limited | <ul style="list-style-type: none"> <li>Factory building construction business Sell machinery and equipment</li> </ul> | <ul style="list-style-type: none"> <li>Mr. Raphiphat Sumethchotimetha is an authorized director of the company And is a shareholder of Trans Energy Company Limited. And He is the Son of Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha. They hold positions Chief Executive Officer and Senior Executive Vice President of Sakol Energy Public Company Limited</li> </ul>   |
| 5. B.P 15 Company Limited       | <ul style="list-style-type: none"> <li>Wholesale solid fuel</li> </ul>  | <ul style="list-style-type: none"> <li>There have joint directors of 2 persons includes Mrs. Aree Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha</li> <li>Mr. Raphiphat Sumethchotimetha is an authorized director of the company And is a shareholder of B.P 15 Company Limited. And He is the Son of Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha. They hold positions Chief Executive Officer and Senior Executive Vice President of Sakol Energy Public Company Limited</li> </ul> |

| Name of related party              | Nature of business   | Relationship   |
|------------------------------------|--|--|
| 6. PTC Holding Company Limited     | <ul style="list-style-type: none"> <li>■ Distribution of biomass and office space leasing service</li> </ul> | <ul style="list-style-type: none"> <li>■ Three directors of PTC Holding Company Limited are directors of the Company, namely Mrs. Aree Sumethchotimetha Mr. Jakkraphong Sumethchotimetha. And Mr. Thanapon Sumethchotimetha</li> <li>■ There are Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha. They hold positions Chief Executive Officer and Senior Executive Vice President and Managing Director of Sakol Energy Public Company Limited</li> </ul> |
| 7. N 15 Technology Company Limited | <ul style="list-style-type: none"> <li>■ Management of waste and non- hazardous materials.</li> </ul>        | <ul style="list-style-type: none"> <li>■ There have joint directors of 3 persons includes Mrs. Aree Sumethchotimetha Mr. Jakkraphong Sumethchotimetha and Mr. Thanapon Sumethchotimetha</li> <li>■ There are Mr. Chutchai Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha. They hold positions Chief Executive Officer and Managing Director of Sakol Energy Public Company Limited</li> </ul>   |



| Name of related party            | Nature of business  | Relationship   |
|----------------------------------|---|--|
| 8. Thanthanakom Company Limited  | <ul style="list-style-type: none"> <li>Transportation business</li> </ul>     | <ul style="list-style-type: none"> <li>There have joint directors of 3 persons includes Mr. Chutchai Sumethchotimetha and Mrs. Aree Sumethchotimetha</li> <li>Mrs. Aree Sumethchotimetha is a spouse of Mr. Chutchai Sumethchotimetha. Mrs. Aree Sumethchotimetha is a director and executive of the Company, holding the position of Senior Executive Vice President.</li> <li>There are Mr. Chutchai Sumethchotimetha, Mrs. Aree Sumethchotimetha Mr. Jakkraphong Sumethchotimetha and Mr. Thanapon Sumethchotimetha are major shareholders of Thanthakom Company Limited</li> </ul> |
| 9. Mr. Chutchai Sumethchotimetha | -   | <ul style="list-style-type: none"> <li>holds the positions of director and Chief Executive Officer of the Company.</li> <li>holds 31.416% of shares in the Company as of 30 December 2019.</li> </ul>  |
| 10. S.K 15 Company Limited       | <ul style="list-style-type: none"> <li>Real estate rental business</li> </ul> | <ul style="list-style-type: none"> <li>There have joint directors of 4 persons includes Mr. Chutchai Sumethchotimetha Mrs. Aree Sumethchotimetha Mrs Tanipa Puangjampa and Mr. Thanapon Sumethchotimetha</li> </ul>  |

Details of transactions among the Company, its subsidiaries, and the person who may have conflicts of interest

| Name of related party       | Type of transaction   | Transaction value (Baht)           |                                    | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|-----------------------------|---|------------------------------------|------------------------------------|---|
|                             |   | 2018                               | 2019                               |   |
| 1. Tamsuwan Company Limited | <p><u>Utility fee income</u></p> <p>Pursuant to the contract made with PTT PCL, the Company operates a private mother station for distribution of natural gas. As a service provider, the Company must provide available space for transportation service providers with concession granted by PTT for utilization as office. Therefore, the Company must provide such service and charge them for utility fees for the service. Utility fees charged to Tamsuwan Company Limited are at the same rate of utility fees charged to other transportation service providers with concession granted by PTT.</p> <ul style="list-style-type: none"> <li>- Utility fee income</li> <li>- Accrued income</li> </ul> | <p>165,198.00</p> <p>25,293.73</p> | <p>169,368.00</p> <p>27,135.16</p> | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>The entry into this transaction is in accordance with terms and conditions of the contract between the Company and PTT and the Company charges the service fees at the same rate as being charged to other companies. This type of fees is also collected by the other private mother stations.</p> <p><u>Opinion of Audit Committee</u></p> <p>Therefore, the Audit Committee is of the view that the transaction is appropriate and is an arm's length transaction.</p> |

| Name of related party               | Type of transaction  | Transaction value (Baht) |   | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|-------------------------------------|--|--------------------------|---|---|
|                                     |  | 2018                     | 2019  |   |
| 1. Tarnsuwan Company Limited (Next) | <p><u>Short term Loan</u></p> <p>On December 2, 2019, SKE entered into a short-term loan agreement for Baht 20 million for Tarnsuwan company Limited ,Which charge interest equal to 5.5 percent per year, totaling interest of 268,219.18 baht. And the borrower will return all the money to the company within February 28. 2020</p> <ul style="list-style-type: none"> <li>■ Short term Loan</li> <li>■ Interest receivable</li> <li>■ Accrued interest</li> </ul> | -<br><br>-<br><br>-      | 20,000,000.00<br><br>90,410.96<br><br>90,410.96 | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>Thansuwan Company Limited loan for working capital in the business. And SKE Which charge interest equal to 5.5 percent per year, Which is the average interest rate of PN, OD and loan from Banks</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the loan to the subsidiary can be made and it was reasonable and beneficial to the overall businesses of the Company and its subsidiaries.</p> |

| Name of related party                | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|--------------------------------------|---|--------------------------|------|---|
|                                      |   | 2018                     | 2019 |   |
| 2. Mae Krating Power Company Limited | <p><u>Office Rental and Service Fees</u></p> <p>On 13 June 2018, Mae Krating Power Company Limited has entered into the lease agreement for some office space and office supplies. The office is located at 252/108 (B) Muang Thai - Phatra Complex Building, Ratchadaphisek Road, Huai Khwang Sub-district. The space area is approximately 5,8265 sq.m<sup>2</sup> which is the office space of Sakol Energy Public Company Limited for the business operation of Mae Krating Power Company Limited. The lease term starts from 17 May 2018 to December 2018 with the rental rate of Baht 230 per sq.m<sup>2</sup>, totalling Baht 1,340 (exclusive of VAT). The lessee agreed to pay the rental fees of July in advance and also to pay the rental fees of May to June at the signing of agreement, the total rental fees were Baht 3,328.39</p> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>Mae Krating Power Company Limited rent office space for some office space and office supplies of Company for comfortable about business operation and reduce the cost of procuring office equipment</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee is of the opinion that the office lease between the Company and Mae Krating Power Company Limited in respect of leasing of some office space and office supplies has been made in writing and the Company has received the compensation from such office lease at the appropriate rate. Therefore, this transaction can be considered as the normal business operation which is appropriate and beneficial to the overall businesses.</p> |

| Name of related party                       | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|---|--------------------------|------|---|
|   |   | 2018                     | 2019 |   |
| 2. Mae Krating Power Company Limited (Next) | <ul style="list-style-type: none"> <li>The Company has entered into the service agreement with Mae Krating Power Company Limited on the same day. The scope of services shall be as follows: (1) general office services, (2) decoration, air-conditioner system, electricity system and security system and (3) other services of which the monthly service fee is Baht 11,600 (exclusive of VAT) which will be paid together with the rental fees. The lessee agreed to pay the service fees of July in advance and also pay the service fees of May to June on the signing of agreement, totalling Baht 27,720.</li> </ul> |                          |      |   |

| Name of related party                       | Type of transaction  | Transaction value (Baht) |            | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|--|--------------------------|------------|---|
|   |  | 2018                     | 2019       |   |
| 2. Mae Krating Power Company Limited (Next) | <ul style="list-style-type: none"> <li>On 28 December 2018, Mae Krating Power Company Limited has entered into the lease agreement for office space which is the office space of Sakol Energy Public Company Limited. The lease term starts from 1 January 2019 to 31 December 2019 with the rental rate of Baht 230 per sq.m<sup>2</sup>, totalling Baht 1,340 (exclusive of VAT). And paid 10,000 baht per month by paid every 5th day of the month.</li> <li>- Revenue from office rental and service fees</li> </ul> | 98,902.39                | 142,546.90 |   |



| Name of related party                       | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|---|--|--------------------------|------|--|
|   |  | 2018                     | 2019 |  |
| 2. Mae Krating Power Company Limited (Next) | <p><u>The transaction regarding the engagement of advisor for management</u></p> <ul style="list-style-type: none"> <li>■ Mae Krating Power Company Limited has entered into the management agreement with the Company dated 13 June 2018 of which the Company shall act as the advisor for management of construction including accounting, finance, legal, reorganization and general administrative with the service term commencing from 15 May 2018 to December 2018. The monthly service fees is Baht 40,445.46, totalling Baht 305,297.99 (exclusive of VAT). The monthly fees shall be paid on quarterly basis of which the settlement date is every 28th of each quarter. The first payment is 28 June 2018 in the amount of Baht 62,625.23.</li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>In order to the management of Mae Krating Power Company Limited to be efficient and effective, it is necessary for the company to help and support various management tasks.</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that The Company has acted as the advisor of management for its subsidiaries by entered into the written agreement. Therefore, this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party                       | Type of transaction   | Transaction value (Baht) |            | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|---|--------------------------|------------|---|
|   |   | 2018                     | 2019       |   |
| 2. Mae Krating Power Company Limited (Next) | <p>■ On 28 December 2018, Mae Krating Power Company Limited has entered into the management agreement with Energy Public Company Limited. The lease term starts from 1 January 2019 to 31 December 2019. By paying 98,754 baht per quarter and paid every 28th day of the quarter.</p> <p>- Revenue from Management fee</p> | 305,297.99               | 395,016.00 |   |

| Name of related party                       | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|---|--|--------------------------|------|---|
|   |  | 2018                     | 2019 |   |
| 2. Mae Krating Power Company Limited (Next) | <p><u>Short-term loans and interest on loans</u></p> <p>In September 2018 Company lend short-term loans not more than 100 Million Baht to Mae Krating Power Company Limited interest rate MOR+0.75%+2% with the repayment period of principle and interest within 23 June 2019 the borrow agrees to pay the check dated in advance to pay the principle with interest at the date of receiving the loan in each period</p> <ul style="list-style-type: none"> <li>■ 1<sup>st</sup> installment on 24 September 2018, not more than 45 million baht</li> <li>■ 2<sup>nd</sup> installment on 24 October 2018, not more than 30 million baht</li> <li>■ 3<sup>rd</sup> installment on 24 November 2018, not more than 25 million baht</li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>In order to the management of Mae Krating Power Company Limited to be efficient and effective, it is necessary for the company to providing financial support Mae Krating Power Company Limited</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the loan to the subsidiary can be made and it was reasonable and beneficial to the overall businesses of the Company and its subsidiaries.</p> |

| Name of related party                       | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|---|--------------------------|------|---|
|   |   | 2018                     | 2019 |   |
| 2. Mae Krating Power Company Limited (Next) | <ul style="list-style-type: none"> <li>On May 2019 Company lend Shot -term loans not more than 60.0 Million Baht to Mae Krating Power Company Limited interest rate 10.50% with deducting interest from the principal received in installment Which the first installment is due on 8 February 2020 and the second installment is on 15 February 2020, And the loan in installments as follows <ul style="list-style-type: none"> <li>1<sup>st</sup> Drawdown loan on 24 May 2019, not more than 10 million baht</li> <li>2<sup>nd</sup> Drawdown loan on 31 May 2019, not more than 50 million baht</li> </ul> </li> </ul> <p>And in part, the company has collected interest in advance from the contract</p> |                          |      |   |

| Name of related party                       | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|--|--------------------------|------|---|
|   |  | 2018                     | 2019 |   |
| 2. Mae Krating Power Company Limited (Next) | <ul style="list-style-type: none"> <li>On June 2019 Company lend Shot -term loans not more than 120.0 Million Baht to Mae Krating Power Company Limited interest rate 10.25% Loan withdrawal is divided into 7 installments, with the first drawdown on June 27, 2019 and the final draw on July 5, 2019, with repayment of principal and interest scheduled for September 30, 2019 and 16 December 2019 Anyway Mae Krating Power Company Limited has repaid the loan in the amount of 120.0 million baht.</li> <li>On December 2019, there are outstanding short-term loans amounting to 14.0 million baht, which are classified as long-term loans.</li> </ul> |                          |      |   |

| Name of related party                       | Type of transaction  | Transaction value (Baht)  |  | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|--|---|--|---|
|   |  | 2018  | 2019   |   |
| 2. Mae Krating Power Company Limited (Next) | <p>The loan details are as follows: -</p> <ul style="list-style-type: none"> <li>- short-term loan</li> <li>- interest receivable</li> <li>- accrued interest</li> <li>- Deferred Incomes</li> <li>- Defaulted interest</li> <li>- Other Income</li> </ul> | <p>16,000,000.00</p> <p>-</p> <p>1,443,724.10</p> <p>125,470.68</p> <p>-</p> <p>-</p> | <p>14,000,000.00</p> <p>11,942,472.35</p> <p>3,448,301.66</p> <p>756,575.36</p> <p>194,900.00</p> <p>23,550.58</p> |   |



| Name of related party                       | Type of transaction   | Transaction value (Baht)   |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|---|--|------|---|
|   |   | 2018   | 2019 |   |
| 2. Mae Krating Power Company Limited (Next) | <p><u>Long-term loans and interest on loans</u></p> <p>On 21 December 2018 Company lend Long-term loans not more than 280 Million Baht to Mae Krating Power Company Limited interest rate MLR-2.50%+2.75% with the repayment period of principle and interest within 84 term since drawdown date and receiving date, Repayment of principal by 3 months, The interest is paid monthly.</p> <ul style="list-style-type: none"><li>■ 1<sup>st</sup> installment on 25 December 2018, not more than 35 million baht</li><li>■ 2<sup>nd</sup> installment on 28 December 2018, not more than 110 million baht</li><li>■ 3<sup>rd</sup> installment on 30 April 2019, not more than 135 million baht</li></ul> <p>- short-term loan</p> <p>- interest receivable</p> <p>- accrued interest</p> | 145,000,000<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><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| Name of related party                       | Type of transaction   | Transaction value (Baht) |            | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|---|---|--------------------------|------------|---|
|   |   | 2018                     | 2019       |   |
| 2. Mae Krating Power Company Limited (Next) | <p><u>Loan guarantee fee</u></p> <p>In October 2019, the company entered into a guarantee loan agreement between Mae Krating Power Company Limited and the Government Savings Bank in the amount 172.59 million baht, with the company charging a 2% guarantee fee for the period from 7 October 2019 to 6 Oct 2026 in the total amount of 3,451,800 baht. The income will be recognized as according to the time period.</p> <p>- Loan guarantee fee</p> | -                        | 114,789.00 |   |

| Name of related party         | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|-------------------------------|--|--------------------------|------|---|
|                               |  | 2018                     | 2019 |   |
| 3. RE Biofuel Company Limited | <p><u>The transaction regarding the engagement of advisor for management</u></p> <ul style="list-style-type: none"> <li>RE Biofuel Company Limited has entered into the management agreement with the Company dated 13 June 2018 of which the Company shall act as the advisor for management of construction including accounting, finance, legal, reorganization and general administrative with the service term commencing from 8 February 2018 to December 2018. The monthly service fees is Baht 20,542.23 totalling Baht 220,828.98 (exclusive of VAT). The monthly fees shall be paid on quarterly basis of which the settlement date is every 28th of each quarter. The first payment is 28 June 2018 in the amount of Baht 97,575.60.</li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>In order to the management of RE Biofuel Company Limited to be efficient and effective, it is necessary for the company to help and support various management tasks. And company received service fees advisor of management</p> |

| Name of related party                | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|--------------------------------------|---|--------------------------|------|---|
|                                      |   | 2017                     | 2018 |   |
| 3. RE Biofuel Company Limited (Next) | <ul style="list-style-type: none"> <li>RE Biofuel Company Limited has entered into the management agreement with the Company from 1 January 2019 to 31 December 2019. The monthly payment , totalling Baht 135,972.40 (exclusive of VAT) . Shall be paid on quarterly basis of which the settlement date is every 28th of each quarter.<br/><br/>However, there is a memorandum of understanding attached to the contract of the management agreement (No. 1) to increase wages from 49,490.40 baht to 65,214.40 baht.</li> </ul> |                          |      | <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that The Company has acted as the advisor of management for its subsidiaries by entered into the written agreement. Therefore, this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party                | Type of transaction   | Transaction value (Baht) |            | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|--------------------------------------|---|--------------------------|------------|---|
|                                      |   | 2018                     | 2019       |   |
| 3. RE Biofuel Company Limited (Next) | <p>■ On 17 June 2019, there is a memorandum of understanding attached to the contract of the management agreement ( No. 3) by hiring the company's personnel. Which has a period of from 1 May 2019 – 31 December 2019, wages will be calculated monthly Totalling Baht 846,986. (exclusive of VAT), Shall be paid on quarterly basis of which the settlement date is every 28th of each quarter.</p> <p>However, the management agreement was terminated on 30 September 2019 due to the personnel specified in that contract. He resigned from being an employee of the company.</p> <p>- Revenue from Management fee</p> | 470,599.38               | 665,340.54 |   |

| Name of related party                | Type of transaction   | Transaction value (Baht) |            | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|--------------------------------------|---|--------------------------|------------|--|
|                                      |   | 2018                     | 2019       |  |
| 3. RE Biofuel Company Limited (Next) | <p><b>Other Revenue</b></p> <p>On 21 November 2018, the company entered into a guarantee loan agreement RE Biofuel Company Limited and Sakol Energy Public Company Limited in the amount 3 contact, with the company charging a 2% guarantee fee totaling 1,050,000. - baht. Paid quarterly, Which can be divided into 4 installments, each Baht 262,500.-</p> <p>-      Loan guarantee fee</p> | -                        | 430,402.30 | <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the credit guarantee from subsidiary, can be made, it is a financial aid to a subsidiary and it was reasonable and beneficial to the overall businesses of the Company and its subsidiaries</p> |



| Name of related party                | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|--------------------------------------|---|--------------------------|------|--|
|                                      |   | 2018                     | 2019 |  |
| 3. RE Biofuel Company Limited (Next) | <p><u>Loans and interest on loans</u></p> <ul style="list-style-type: none"> <li>On April 2018 Company lend short-term loans 12 Million Baht to RE Biofuel Company Limited the repayment period of principle and interest within 7 day since received financial support from the Department of Alternative Energy Development and Efficiency or within 1 year since 18 April 2018 which case happen before with interest charged at the rate of 11 percent per year</li> <li>On 20 November 2018 Company The company has prepared the memorandum attached to the loan agreement dated 18 April 2018.               <ol style="list-style-type: none"> <li>The borrower repayment the principal with interest according to the agreement to the lender within 18 April 2019 Baht 1,171,068.51</li> </ol> </li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>In order to the management of RE Biofuel Company Limited to be efficient and effective, it is necessary for the company to providing financial support RE Biofuel Company Limited</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that the loan to the subsidiary this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party                | Type of transaction   | Transaction value (Baht)                                 |   | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|--------------------------------------|---|--|---|---|
|                                      |   | 2018   | 2018  |   |
| 3. RE Biofuel Company Limited (Next) | <p>2) The parties agreed to extend the term of principal and interest from repayment the principal and interest to the lender within 7 days. <u>From</u> receiving financial support from the Department of Alternative Energy Development or within 1 year since 18 April 2018 which case happen before <u>to</u> Installment of principal and interest on a monthly basis 72 months and Reduce the interest rate of principal according to agreement to 8% per year (Effective rate)</p> <p>- Loan</p> <p>- Interest receivable</p> <p>- Accrued interest</p> | <p>12,000,000.00</p> <p>889,643.84</p> <p>889,643.84</p> | <p>10,921,109.85</p> <p>932,045.88</p> <p>33,511.36</p> |   |

| Name of related party                | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|--------------------------------------|--|--------------------------|------|--|
|                                      |  | 2018                     | 2019 |  |
| 3. RE Biofuel Company Limited (Next) | <p><u>Transporting cost of compressed bio-methane gas (CBG)</u></p> <ul style="list-style-type: none"> <li>On 28 October 2562, RE Biofuel Company Limited Entered a contract to hire Than Suwan Company Limited Contract No. 01/2562 for the transport of compressed bio-methane gas (CBG) Which agreed on the pricing of 4 baht / kilogram, pricing from the meter to dispense compressed bio-methane gas for sale to customers. And the summary of monthly transport charges.</li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>RE Biofuel Company Limited Entered into a Gas Sale Agreement (CBG) with a company in Buriram Province. But in Buriram province there is no transport contractor Methane Biogas (CBG). Therefore, it is necessary to hire Than Suwan Company Limited, because of it has expertise and are ready However, transportation charges are calculated based on the market price.</p> |

| Name of related party                | Type of transaction   | Transaction value (Baht)   |   | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|--------------------------------------|---|--|---|---|
|                                      |   | 2018   | 2019  |   |
| 3. RE Biofuel Company Limited (Next) | <ul style="list-style-type: none"> <li>However, Than suwan Company Limited uses the methane biogas filling (CBG) service at the station of RE Biofuel company limited. <ul style="list-style-type: none"> <li>- Transporting cost</li> <li>- Accounts Payable – Transporting cost</li> <li>- Income - Gas</li> <li>- Accounts Receivable</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>-</li> </ul> | <ul style="list-style-type: none"> <li>996,060.00</li> <li>996,060.00</li> <li>128,048.78</li> <li>57,356.63</li> </ul> | <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that to the subsidiary this transaction can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party           | Type of transaction  | Transaction value (Baht)    |                                    | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|---------------------------------|--|-----------------------------|------------------------------------|--|
|                                 |  | 2018                        | 2019                               |  |
| 4. Trans Energy Company Limited | <p><u>Car rental fees for Mae Krating Power Company Limited</u></p> <p>Mae Krating power Company Limited has entered into a contract to rent a Toyota brand car, Fortuner. With Trans Energy Company Limited. The Contract no. RC18-0001, 3 August 2018, the rental period From 3 August 2018 to 2 August 2023, including a 60 month rental period.</p> <ul style="list-style-type: none"> <li>- Travel and transportation expenses</li> <li>- Accrued expenses</li> </ul> <p>* It's the rent of a car from August - December 2018</p> | <p>*150,450.00</p> <p>-</p> | <p>354,000.00</p> <p>31,565.00</p> | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>As for car rentals, Mae Krating Power Company Limited has considered compare car rental prices of the same model with the 3 companies, which are :-</p> <ol style="list-style-type: none"> <li>1. Trans Energy Company Limited offers car rental prices. baht 29,500 per month (exclusive of VAT)</li> <li>2. Krung thai Car Rent and Lease Company Limited offers car rental prices. baht 31,500 per month (exclusive of VAT)</li> <li>3. King City Company Limited offers car rental prices. baht 29,500 per month (exclusive of VAT)</li> </ol> |

| Name of related party           | Type of transaction | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|---------------------------------|---------------------|--------------------------|------|--|
|                                 |                     | 2018                     | 2019 |  |
| 4. Trans Energy Company Limited |                     |                          |      | <p>Therefore consider to rent a car with Trans Energy Company Limited because of better offers. And the rental price is the market price</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that car rental of a subsidiary can be considered as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |



| Name of related party  | Type of transaction  | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|------------------------|--|--------------------------|------|--|
|                        |  | 2018                     | 2019 |  |
| 5. B.P Company Limited | <p><u>Fuel cost of biomass fuel of Mae Krating Power Company Limited</u></p> <ul style="list-style-type: none"> <li>Mae Krating power Company Limited has entered into a contract to Buy biofuels with BP 15 Company Limited, contract number MKP002 / 2019, period from 1 March 2019 - 30 June 2019. Biofuels are wood chips, the amount of wood chips is 3,000 tons and the purchase price is 1,050 baht per ton ( exclusive of VAT). The total price is 3,150,000 baht (exclusive of VAT) , paid in advance on the contract date of 1,575,000 baht and the remaining payment of 1,575,000 baht on the date of the first round of delivery of the object.</li> </ul> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>Wood chips are an important biomass fuel in the electricity generation process of Mae Krating Power Plant. Therefore, the company Therefore buy wood chips from B.P. 15 Company Limited which is a manufacturer and distributor of quality wood chips.</p> |



| Name of related party          | Type of transaction  | Transaction value (Baht) |                       | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|--------------------------------|--|--------------------------|-----------------------|--|
|                                |  | 2018                     | 2019                  |  |
| 6. PTC Holding Company Limited | <p><u>Document delivery fee of Mae Krating Power Company Limited</u></p> <p>Mae Krating Power Company Limited uses the document delivery service of PTC Holding Company Limited. Start the service from March 2019 Up to now, and pricing depends on the distance and time.</p> <ul style="list-style-type: none"> <li>- Other Service</li> <li>- Others-Accounts Payable</li> </ul> | -                        | 37,326.50<br>4,717.63 | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>For convenience to send important documents of Mae Krating Company. Therefore considered using the document delivery service of PTC Holding Company Limited . Which the service rate Based on distance With reference to the market price The price is compared from 4 service providers on market.</p> <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party             | Type of transaction  | Transaction value (Baht) |           | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|-----------------------------------|--|--------------------------|-----------|--|
|                                   |  | 2018                     | 2019      |  |
| 7. N15 technology Company Limited | <p><u>Loader rental fee of Mae Krating Power Company Limited</u></p> <p>Mae Krating Power Company Limited requested to rent a loader from N15 Technology Company Limited. For Transporting as fuel into the production process. Service period on 4 - 21 June 2019, including the rental period of 18 days. The rental total is 78,200.- baht (excluding VAT).</p> <p>- Rental</p> | -                        | 78,200.00 | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>Mae Krating Power Company Limited hired a third party to assemble the loader. But he not complete the process Therefore, it is necessary to rent a loader from another location. And the company has compared the rental of loader from N15 Technology Co., Ltd. and Akko (Thailand) Co., Ltd. And decided to rent a loader for use in power plants from N15 Technology Co., Ltd Due to offering a lower price</p> |

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| Name of related party                    | Type of transaction | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|--|---------------------|--------------------------|------|---|
|  |                     | 2018                     | 2019 |   |
| 7. N15 technology Company Limited (Next) |                     |                          |      | <p><u>Opinion of Audit Committee</u></p> <p>The Audit Committee is of the opinion that is support business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses.</p> |

| Name of related party           | Type of transaction   | Transaction value (Baht) |      | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee  |
|---------------------------------|---|--------------------------|------|--|
|                                 |   | 2018                     | 2019 |  |
| 8. Thanthanakom Company Limited | <p><u>Service fees and transportation costs</u></p> <p>Mae Krating Power Company Limited entered into a contract number MKP050/2562 Hiring Than Than Tanakom Company Limited to transport bagasse and ash remove from the power plant. Which has the condition that the transportation must not be less than 2 round per day with the employment period of 3 years from 1 October 2019 to 30 September 2022. The details of the transportation rate are as follows:</p> <p>1) The Wage to remove ash from power plant And come back the power plant, at wage rate equal to 3,000 baht pre time.</p> |                          |      | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>Mae Krating Power Company Limited has procured contractors in Phrae area To remove the ashes and bagasse from the power plant Which only Than Thanakom Company Limited proposed. Therefore hired Than Thanakom Company Limited. And the wage rates is the same rate as the wages of BP15 Company Limited that hired Than Thanakom Company Limited to transport chopped wood.</p> |



| Name of related party                  | Type of transaction  | Transaction value (Baht) |  | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|--|--|--------------------------|--|---|
|  |  | 2018                     | 2019                                   |   |
| 8. Thanthanakom Company Limited (Next) | 2) The Wage to remove ash from power plant and going to B.P.15 company Limited, at wage rate equal to 2,000 baht pre time. |                          |  | <u>Opinion of Audit Committee</u><br>The Audit Committee is of the opinion that as the normal business operation which will be beneficial to the management of group companies and it is reasonable and beneficial to the overall businesses. |
|  | 3) The wage of bagasse transportation is 500 baht per time.  |                          |  |   |
|  | The details of monthly payment as follows;   |                          |  |   |
|  | - Transportation cost<br>- Other service<br>- Accounts Payable   | -<br>-<br>-              | 294,500.00<br>494,500.00<br>322,500.00 |   |

| Name of related party                  | Type of transaction  | Transaction value (Baht) |                          | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee |
|--|--|--------------------------|--------------------------|---|
|  |  | 2018                     | 2019                     |   |
| 8. Thanthanakom Company Limited (Next) | <u>Other revenue - Fuel</u><br>As the Than Thanakom Company Limited has hired to remove ash and bagasse from Mae Krating's power plant. According to the employment contract no MKP050/2562, and there is a fuel refueling service. And Mae Krating Power Company Limited, Determine the selling price at the cost of oil purchase and add an additional 10% <ul style="list-style-type: none"> <li>- Other revenue (Selling car fuel)</li> <li>- Other receivables</li> </ul> | -                        | 108,557.00<br>116,155.99 |   |

| Name of related party            | Type of transaction   | Transaction value (Baht) |                 | Necessity and Appropriateness of Related Party Transaction / Opinion of Audit Committee   |
|----------------------------------|---|--------------------------|-----------------|---|
|                                  |   | 2017                     | 2018            |   |
| 9. Mr. Chutchai Sumethchotimetha | <p><u>Registered Address of Subsidiary's Head Office</u></p> <p>The head office of the Company's subsidiary, SK15, is located at No. 15, Prasertmanukit Road, Sena Nikhom Sub-district, Chatuchak District, Bangkok. Mr. Chutchai Sumethchotimetha, Chief Executive Officer of the Company, has an ownership in such address. However, Mr. Chutchai has given a consent for the subsidiary to use the address as its head office without any contract and without charging any compensation.</p> <p>Head office expense</p> | No compensation          | No compensation | <p><u>Necessity and Appropriateness of Related Party Transaction</u></p> <p>This transaction is only for the use of address as head office of the Company's subsidiary (SK15) and the Company does not have to pay for any compensation. At present, such subsidiary is in the process of studying feasibility in developing projects in the future. However, once the subsidiary (SK15) has a clear direction on developing projects or can procure new area as office location, SK15 will consider relocating to a new and appropriate address.</p> <p><u>Opinion of Audit Committee</u></p> <p>Audit Committee is of the view that this transaction will not affect the Company and was reasonably made.</p> |

### **Related party transactions**

The Company and subsidiaries have related transactions with persons who may have conflicts in 2019 under the principle of considering the transaction as follows

#### **Necessity and reasonableness of related transactions**

The Audit Committee Meeting No 1/2020 held on 27 February 2020 considered the information of company's related transactions in the fiscal year ending 31 December 2019 with asking for information from company's executive moreover review the information as specified in the notes to the consolidated financial statements that have been audited by The auditor of the company found that company's related transactions in the fiscal year ending 31 December 2019 Company is considered as the normal transaction according to general trading conditions in the same way that an ordinary person should act with a general contractor in the same situation.

#### **Measures and approval process for related party transactions**

The Company will comply with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets Supervisory Board and the Stock Exchange of Thailand. However, the executives or persons who have conflicts of interest shall not be able to attend a meeting to approve a related-party transaction.

In the event that the above laws stipulate that a related-party transaction must be approved by a resolution of the Board of Directors, the Company shall instruct the Audit Committee to attend the meeting to consider and provide opinions on the necessity to enter into a transaction and reasonableness of the transaction. A transaction with general commercial terms and with non-general commercial terms shall be made according to the followings:

(1) Transactions having general trading conditions

In respect of an entry into a transaction having general trading conditions among the Company and its subsidiaries and executives or a person relating to the Company, the Company shall make a request for approval in principle to the Board of Directors. The Board of Directors may approve that transaction if it is a commercial agreement that are generally done in a similar situation by parties having the same bargaining powers without having influence as a director or executive relating to the Company. The Company shall prepare a summary report on the related transaction to report in the Audit Committee's meeting and the Board of Directors' meeting every quarter.

(2) Transactions having non-general trading conditions

An entry into a transaction having non-general trading conditions must be considered and reviewed by the Audit Committee prior to the consideration and approval by the Board of Directors and/or a shareholders' meeting in accordance with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets

Supervisory Board and the Stock Exchange of Thailand, and regulations concerning disclosure of information related to related-party transactions.

**Policy on future related party transactions**

For a related-party transaction that may occur in the future, the Board of Directors shall comply with the laws concerning securities and exchange, regulations, notifications, orders, and conditions of the Capital Markets Supervisory Board and the Stock Exchange of Thailand, and regulations concerning disclosure of information related to related-party transactions of a company or subsidiary under the account standards prescribed by the Federation of Accounting Professions of Thailand

## Key Financial Information

The consolidated and separate financial statements have been prepared in accordance with generally accepted accounting principles under the accounting Act BE 2534, which means financial reporting standards issued under the accounting profession Act BE 2547 and regulations of the Securities and Exchange Commission On the method of preparing and presenting financial reports under the Securities and Exchange Act, consolidated and separate financial statements was prepared using the original cost basis in measuring the value of elements of financial statements except 4 types of investments 1. Trading investments 2. Investments held to maturity 3. Available-for-sale investments 4. General investments Depending on the investment objective, the management will determine the appropriate classification. And review the classification periodically

## **Auditor's Report**

### Summary on auditor's report

- The consolidated financial statements for the year ended 31 December 2017 was audited by Miss Napaporn Sathitthammaporn, Certified Public Accountant Registration Number 7494, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2017, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.
- The consolidated financial statements for the year ended 31 December 2018 was audited by Mr. Sakda Kaothanthong, Certified Public Accountant Registration Number 4628, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2018, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.
- The consolidated financial statements for the year ended 31 December 2019 was audited by Miss. Sophit Prompol, Certified Public Accountant Registration Number 10042, KPMG Phoomchai Audit Company Limited. The auditor viewed that the statement of financial position as of 31 December 2019, statement of income and statement of cash flows for the same financial year is correct in all material respects in accordance with financial reporting standards.



## Summary on Financial Statements

Sakol Energy Public Company Limited

Statement of Financial Position

(Unit : Baht million)

|   | 31-Dec-17       |              | 31-Dec-18       |              | 31-Dec-19       |              |
|---|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|   | Amount          | %            | Amount          | %            | Amount          | %            |
| <b>Assets</b>   |                 |              |                 |              |                 |              |
| <b>Current assets</b>   |                 |              |                 |              |                 |              |
| Cash and cash equivalents   | 21.78           | 2.09         | 123.25          | 8.26         | 82.21           | 4.58         |
| Current investments   | 425.40          | 40.87        | 65.52           | 4.39         | 67.93           | 3.78         |
| Current portion of deposits at financial institutions with restrictions on withdrawal | -               | -            | -               | -            | 1.25            | 0.07         |
| Trade account receivable  | 57.27           | 5.50         | 42.14           | 2.82         | 93.53           | 5.21         |
| Current portion of financial lease receivable   | 16.70           | 1.60         | 17.60           | 1.18         | 18.57           | 1.03         |
| Other receivables   | 1.65            | 0.16         | 47.18           | 3.16         | 55.22           | 3.07         |
| Short-term loans to related parties   | -               | -            | -               | -            | 20.00           | 1.11         |
| Short-term loan to other party  | -               | -            | 2.30            | 0.16         | 10.00           | 0.56         |
| Inventories   | -               | -            | -               | -            | 11.28           | 0.63         |
| Current spare parts and supplies  | 1.26            | 0.12         | 2.32            | 0.16         | 3.06            | 0.17         |
| <b>Total current assets</b>   | <b>524.06</b>   | <b>50.34</b> | <b>300.31</b>   | <b>20.13</b> | <b>363.05</b>   | <b>20.21</b> |
| <b>Non-current assets</b>   |                 |              |                 |              |                 |              |
| Deposits at financial institutions with restrictions on withdrawal                    | -               | -            | 17.40           | 1.17         | 4.25            | 0.24         |
| Financial lease receivable  | 210.61          | 20.23        | 198.66          | 13.32        | 185.74          | 10.34        |
| Non-current spare parts and supplies  | 1.48            | 0.14         | 2.49            | 0.17         | 3.26            | 0.18         |
| Investment properties   | 171.62          | 16.49        | 171.62          | 11.50        | 171.62          | 9.55         |
| Property, plant and equipment   | 128.31          | 12.33        | 676.29          | 45.33        | 930.70          | 51.82        |
| Intangible assets   | 3.89            | 0.37         | 116.06          | 7.78         | 115.20          | 6.41         |
| Good will   | -               | -            | 8.08            | 0.54         | 8.08            | 0.45         |
| Other non-current assets  | 0.98            | 0.09         | 0.98            | 0.06         | 14.36           | 0.80         |
| <b>Total non-current assets</b>   | <b>516.89</b>   | <b>49.66</b> | <b>1,191.58</b> | <b>79.87</b> | <b>1,433.21</b> | <b>79.79</b> |
| <b>Total assets</b>   | <b>1,040.95</b> | <b>100</b>   | <b>1,491.89</b> | <b>100</b>   | <b>1,796.26</b> | <b>100</b>   |

(Unit : Baht million)

|  | 31-Dec-17     |              | 31-Dec-18     |              | 31-Dec-19     |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
|  | Amount        | %            | Amount        | %            | Amount        | %            |
| <b>Liabilities and shareholders' equity</b>                        |               |              |               |              |               |              |
| <b>Current liabilities</b>   |               |              |               |              |               |              |
| Bank overdrafts and short-term borrowings                          | 40.00         | 3.84         | 61.26         | 4.11         | 101.11        | 5.63         |
| Trade accounts payable   | 28.80         | 2.77         | 16.99         | 1.14         | 27.92         | 1.55         |
| Other payables   | 15.85         | 1.52         | 168.60        | 11.30        | 92.24         | 5.14         |
| Current portion of long-term borrowings from financial institution | 14.68         | 1.41         | 53.24         | 3.57         | 71.93         | 4.00         |
| Current portion of finance lease and hire purchase liabilities     | 1.08          | 0.10         | 0.96          | 0.06         | 9.43          | 0.53         |
| <b>Total current liabilities</b>                                   | <b>100.41</b> | <b>9.64</b>  | <b>301.05</b> | <b>20.18</b> | <b>302.63</b> | <b>16.85</b> |
| <b>Non-current liabilities</b>                                     |               |              |               |              |               |              |
| Long-term borrowings from financial institution                    | 41.57         | 3.99         | 138.32        | 9.27         | 443.91        | 24.71        |
| Finance lease and hire purchase liabilities                        | 1.51          | 0.15         | 0.55          | 0.04         | 27.31         | 1.52         |
| Deferred tax liabilities   | 9.85          | 0.95         | 30.57         | 2.05         | 31.20         | 1.74         |
| Provisions for employee benefits                                   | 0.60          | 0.06         | 0.79          | 0.05         | 0.93          | 0.05         |
| Long-term provisions   | 1.09          | 0.10         | 1.09          | 0.07         | 1.09          | 0.06         |
| <b>Total non-current liabilities</b>                               | <b>54.62</b>  | <b>5.25</b>  | <b>171.32</b> | <b>11.48</b> | <b>504.44</b> | <b>28.08</b> |
| <b>Total liabilities</b>   | <b>155.03</b> | <b>14.89</b> | <b>472.37</b> | <b>31.66</b> | <b>807.07</b> | <b>44.93</b> |

(Unit :Baht million)

|   | 31-Dec-17       |              | 31-Dec-18       |              | 31-Dec-19       |              |
|---|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|   | Amount          | %            | Amount          | %            | Amount          | %            |
| <u>Shareholders' equity</u>                       |                 |              |                 |              |                 |              |
| Share capital:                                    |                 |              |                 |              |                 |              |
| Authorized share capital                          | 465.00          | 44.67        | 465.00          | 31.17        | 465.00          | 25.89        |
| Issued and paid share capital                     | 465.00          | 44.67        | 465.00          | 31.17        | 465.00          | 25.89        |
| Share premium on ordinary shares                  | 297.62          | 28.59        | 297.62          | 19.95        | 297.62          | 16.57        |
| Retained earnings                                 |                 |              |                 |              |                 |              |
| Appropriated – legal reserve                      | 26.00           | 2.50         | 29.30           | 1.96         | 31.82           | 1.77         |
| Unappropriated                                    | 96.40           | 9.26         | 151.88          | 10.18        | 121.06          | 6.74         |
| Other components of shareholders' equity          | 0.90            | 0.09         | 0.90            | 0.06         | 0.07            | -            |
| <b>Total shareholders' equity</b>                 | <b>885.92</b>   | <b>85.11</b> | <b>944.70</b>   | <b>63.32</b> | <b>915.57</b>   | <b>50.97</b> |
| Non-controlling interests                         | -               | -            | 74.82           | 5.02         | 73.62           | 4.10         |
| <b>Total shareholders' equity</b>                 | <b>885.92</b>   | <b>85.11</b> | <b>1,019.52</b> | <b>68.34</b> | <b>989.19</b>   | <b>55.07</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>1,040.95</b> | <b>100</b>   | <b>1,491.89</b> | <b>100</b>   | <b>1,796.26</b> | <b>100</b>   |

Sakol Energy Public Company Limited  
Statement of Income

(Unit :Baht million)

|   | Financial year ended 31 December |              |               |              |               |              |
|---|----------------------------------|--------------|---------------|--------------|---------------|--------------|
|   | 2017                             |              | 2018          |              | 2019          |              |
|   | Amount                           | %            | Amount        | %            | Amount        | %            |
| <b>Revenue</b>                          |                                  |              |               |              |               |              |
| Revenue from rendering of services      | 310.15                           | 92.94        | 297.07        | 91.31        | 238.57        | 60.53        |
| Revenue from sale of goods              | -                                | -            | -             | -            | 118.79        | 30.14        |
| Revenue from financial lease            | 21.43                            | 6.42         | 20.62         | 6.34         | 19.73         | 5.01         |
| Other income                            | 2.12                             | 0.64         | 7.66          | 2.35         | 17.01         | 4.32         |
| <b>Total revenues</b>                   | <b>333.70</b>                    | <b>100</b>   | <b>325.35</b> | <b>100</b>   | <b>394.10</b> | <b>100</b>   |
| <b>Expenses</b>                         |                                  |              |               |              |               |              |
| Cost of rendering of services           | 190.13                           | 56.98        | 186.94        | 57.46        | 149.03        | 37.81        |
| Cost of sales of goods                  | -                                | -            | -             | -            | 98.17         | 24.91        |
| Administrative expenses                 | 61.25                            | 18.35        | 76.29         | 23.45        | 100.44        | 25.49        |
| Finance costs                           | 8.35                             | 2.50         | 4.70          | 1.44         | 20.58         | 5.22         |
| <b>Total expenses</b>                   | <b>259.73</b>                    | <b>77.83</b> | <b>267.93</b> | <b>82.35</b> | <b>368.22</b> | <b>93.43</b> |
| <b>Profit before income tax expense</b> | <b>73.97</b>                     | <b>22.17</b> | <b>57.42</b>  | <b>17.65</b> | <b>25.88</b>  | <b>6.57</b>  |
| Tax expense                             | (0.05)                           | (0.02)       | (0.13)        | (0.04)       | (0.77)        | (0.20)       |
| <b>Profit for the year</b>              | <b>73.92</b>                     | <b>22.15</b> | <b>57.29</b>  | <b>17.61</b> | <b>25.11</b>  | <b>6.37</b>  |

Sakol Energy Public Company Limited  
Statement of Cash Flows

(Unit :Baht million)

|  | Financial year ended 31 December |              |              |
|--|----------------------------------|--------------|--------------|
|  | 2017                             | 2018         | 2019         |
| <b>Cash flows from operating activities</b>  |                                  |              |              |
| Profit for the year  | 73.92                            | 57.29        | 25.11        |
| <i>Adjustments to reconcile profit to cash receipts (payment)</i>                              |                                  |              |              |
| Tax Expense  | 0.05                             | 0.13         | 0.77         |
| Gain on bargain purchase   | -                                | (3.50)       | -            |
| Finance costs  | 8.35                             | 4.70         | 20.58        |
| Depreciation and amortization  | 5.73                             | 9.26         | 36.33        |
| Gain on disposal of mutual fund  | (0.78)                           | (1.91)       | (1.35)       |
| Unrealized gain on exchange  | -                                | (0.18)       | -            |
| (Gain) losses on disposal of equipment   | 0.22                             | (0.01)       | 0.06         |
| Provision for employee benefit   | 0.60                             | 0.27         | 0.17         |
| Interest income  | (0.10)                           | (0.48)       | (0.70)       |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> | <b>87.99</b>                     | <b>65.58</b> | <b>80.97</b> |
| <b>Changes in operating assets and liabilities</b>   |                                  |              |              |
| Trade account receivable   | 65.49                            | 15.12        | (51.39)      |
| Other receivables  | (0.13)                           | (36.96)      | (4.62)       |
| Financial lease receivable   | 14.47                            | 11.05        | 11.94        |
| Inventories  | -                                | -            | (11.28)      |
| Spare parts and supplies   | (0.54)                           | (2.06)       | (1.51)       |
| Other non-current assets   | (0.98)                           | -            | (6.84)       |
| Trade accounts payable   | (2.69)                           | (11.81)      | 10.93        |
| Other payables   | 1.07                             | (5.77)       | 8.90         |
| Long-term provisions   | 1.09                             | -            | -            |
| Employee benefits paid   | (0.25)                           | (0.22)       | (0.15)       |
| Taxes paid   | (0.42)                           | (6.04)       | (6.53)       |
| <b>Net cash from operating activities</b>  | <b>165.10</b>                    | <b>28.89</b> | <b>30.42</b> |

(Unit :Baht million)

|  | Financial year ended 31 December |                |                 |
|--|----------------------------------|----------------|-----------------|
|  | 2017                             | 2018           | 2019            |
| <b>Cash flows from investing activities</b>                                      |                                  |                |                 |
| Proceeds from sale of current investments  | 527.55                           | 746.38         | 95.37           |
| Acquisition of current investments   | (854.96)                         | (384.60)       | (97.25)         |
| Acquisition of debt securities held to maturity                                  | -                                | (60.00)        | -               |
| Proceeds from debt securities held to maturity                                   | -                                | 60.00          | -               |
| Loans to related parties   | -                                | -              | (20.00)         |
| Loans to other party   | -                                | (2.30)         | (10.00)         |
| Proceeds from loans to other parties   | -                                | -              | 2.30            |
| Decreased (increased) in restricted deposits at financial institutions           | -                                | (17.40)        | 11.89           |
| Acquisition of business, net of cash acquired                                    | -                                | (88.50)        | -               |
| Proceeds from non controlling interest of increase share capital in subsidiaries | -                                | 54.96          | 1.30            |
| Proceeds from sale of equipment  | -                                | 0.02           | 0.01            |
| Acquisition of building and equipment  | (20.22)                          | (386.05)       | (377.04)        |
| Acquisition of intangible assets   | (0.62)                           | (1.17)         | (1.74)          |
| Interest received  | 0.10                             | 0.40           | 0.61            |
| <b>Net cash used in investing activities</b>                                     | <b>(348.15)</b>                  | <b>(78.26)</b> | <b>(394.55)</b> |



(Unit :Baht million)

|  | Financial year ended 31 December |               |                |
|--|----------------------------------|---------------|----------------|
|  | 2017                             | 2018          | 2019           |
| <b>Cash flows from financing activities</b>                    |                                  |               |                |
| Proceeds from issue of shares                                  | 416.22                           | -             | -              |
| Proceeds from short-term borrowings                            | 40.00                            | 21.44         | 373.48         |
| Repayment of short-term borrowings                             | -                                | -             | (335.73)       |
| Proceeds from long-term borrowings from financial institutions | -                                | 197.05        | 391.50         |
| Repayment of long-term borrowings from financial institutions  | (14.04)                          | (61.73)       | (67.65)        |
| Proceeds from finance lease liabilities                        | -                                | -             | 41.29          |
| Repayment of finance lease and hire purchase liabilities       | (1.62)                           | (1.08)        | (6.06)         |
| Dividends paid to owners of the Company                        | (235.97)                         | -             | (55.80)        |
| Interest paid  | (8.33)                           | (4.84)        | (17.94)        |
| <b>Net cash from financing activities</b>                      | <b>196.26</b>                    | <b>150.84</b> | <b>323.09</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>    | <b>13.21</b>                     | <b>101.47</b> | <b>(41.04)</b> |
| Cash and cash equivalents at 1 January                         | 8.57                             | 21.78         | 123.25         |
| <b>Cash and cash equivalents at 31 December</b>                | <b>21.78</b>                     | <b>123.25</b> | <b>82.21</b>   |

## Sakol Energy Public Company Limited

### Key Financial Ratios

| Financial Ratios                        | 2017                 | 2018                | 2019                |
|---|----------------------|---------------------|---------------------|
| Current ratio (times)                   | 5.22                 | 1.00                | 1.20                |
| Quick ratio (times)                     | 5.02                 | 0.77                | 0.81                |
| Cash flow liquidity ratio (times)       | 2.04                 | 0.14                | 0.10                |
| Account receivable turnover (times)     | 3.45                 | 5.98                | 5.27                |
| Average collection period (days)        | 105.79               | 61.03               | 69.29               |
| Inventory turnover (times)              | n/a                  | n/a                 | 17.40               |
| Average inventory turnover (days)       | n/a                  | n/a                 | 20.98               |
| Account payable turnover (times)        | 6.31                 | 8.17                | 11.01               |
| Payment period (days)                   | 57.84                | 44.68               | 33.16               |
| Cash cycle (days) <sup>/1</sup>         | 47.41                | 16.14 <sup>/2</sup> | 57.11 <sup>/2</sup> |
| Gross profit margin (%)                 | 38.70                | 37.07               | 30.83               |
| Operating profit margin (%)             | 26.54                | 20.92               | 13.00               |
| Other profit margin                     | 0.64                 | 2.36                | 4.32                |
| Cash to profit margin (%)               | 200.56 <sup>/3</sup> | 46.50 <sup>/3</sup> | 65.48               |
| Net profit margin (%)                   | 22.15                | 17.61               | 6.37                |
| Return on equity (%)                    | 9.75                 | 6.26                | 2.97                |
| Return on assets (%)                    | 8.20                 | 4.52                | 1.57                |
| Return on fixed assets (%)              | 18.29                | 10.66               | 6.06                |
| Assets turnover (times)                 | 0.37                 | 0.26                | 0.24                |
| Debt to equity ratio (times)            | 0.17                 | 0.46                | 0.82                |
| Interest coverage ratio (times)         | 20.79                | 7.17                | 2.44                |
| Dividend payout ratio (%) <sup>/4</sup> | -                    | 87.74               | 46.18               |

**Remarks:** <sup>/1</sup> Cash cycle of the Group during Year 2017 – 2018 was calculated from average collection period minus payment period. For the year 2019, it was calculated from average collection period plus average inventory turnover minus payment period.

<sup>/2</sup> Cash cycle of the Group in the year 2018 and 2019 were 16.41 days and 57.11 days, respectively. For the year 2019, the Company and its subsidiaries have a longer average collection period, while the average payment period can be paid in accordance with the credit term. Therefore, it resulted cash cycle increased from previous year. However, the Company and subsidiaries were able to full debt collection and no provision was required during the year 2019. The average inventory turnover was calculated in Year 2019 for the first year

<sup>/3</sup> As of December 31, 2018, the Company had a decrease in cash flow from operations of Baht 136.21 million, resulting in a decrease in cash to profit ratio from the previous year. Partly due to lower profitability from the previous year. With the company having the costs and expenses from adding branches at Muang Thai Phatra Building at Ratchadaphisek Road

<sup>/4</sup> Dividend payout ratio is calculated from dividend paid from operating performance of the Company divided by profit attributable to equity holders of the Company under the separate financial statements.

The background is a dark blue composition. On the left, a hand in a white shirt and grey tie points towards the center. A white grid is overlaid across the image. In the bottom right, there is a 3D bar chart with blue bars of varying heights. Faint digital numbers (0-9) are visible in the upper right background.

# *Management Discussion and Analysis (MD&A)*

### Overview of Previous Operating Performance

- Total income of the Group increased of Baht 68.75 million or 21.13% from year 2018 resulted from an increase in revenues of two subsidiaries of the Company, RE Biofuels Company Limited starting the business of production and distribution of compressed bio-methane gas in early Year 2019 and Mae Krating Power Company Limited starting the business of production and sale of electricity to the Provincial Electricity Authority (PEA), which started commercial operation in August 2019.
- Net profit (Consolidated) of Baht 25.11 million, a decrease of 56.17% from year 2018 primarily due to an increase in administrative expenses of two subsidiaries which started operation in the year 2019 and an increase in financial costs from loans from financial institutions and other parties for biomass power plant project of Mae Krating Power and working capital.
- Total assets as at 31 December 2019 of Baht 1,796.26 million increased from 31 December 2018 by Baht 304.37 million or 20.40% due to an increase in buildings, machinery and equipment of biomass power plant and distribution and sale of bio-methane gas station, including trade accounts receivable and inventories of two subsidiaries.
- Debt to equity ratio as at 31 December 2019 were 0.82 which increased from 0.46 as at 31 December 2018. An increase in the ratio resulted from loans from financial institutions and other parties for biomass power plant project of Mae Krating Power and working capital.

### Analysis of Operating Performance

#### **Revenue**

Total revenue of the Group consists of revenue from natural gas compression service to PTT. An increase or decrease in quantity of compressed natural gas in each year is a result of demand for natural gas at that time.

In addition, the group recognized revenue from sales of goods of RE Biofuels Company Limited, a subsidiary of the Company, which started the business of production and distribution of compressed bio-methane gas in early year 2019, and also recognized revenue from Mae Krating Power Company Limited, another subsidiary of the Company which started to produce and sale electricity to the Provincial Electricity Authority (PEA), which started commercial operation in August 2019

Therefore, the main revenue of the Group consists of: 1) revenue from natural gas compression service, 2) revenue from sales of goods and 3) revenue from financial lease since the Company implemented the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4).

The revenue structure of the Group for the year 2018 and 2019 is as follows:

|                                    | 2018               |            | 2019                |            |
|------------------------------------|--------------------|------------|---------------------|------------|
|                                    | (audited)          |            | (audited)           |            |
|                                    | Baht million       | %          | Baht million        | %          |
| <b>Revenue</b>                     |                    |            |                     |            |
| Revenue from rendering of services | 297.07             | 91.31      | 238.57              | 60.53      |
| Revenue from sale of goods         | -                  | -          | 118.79              | 30.14      |
| Revenue from financial lease       | 20.62              | 6.34       | 19.73               | 5.01       |
| Other income <sup>/1</sup>         | 7.66 <sup>/2</sup> | 2.35       | 17.01 <sup>/3</sup> | 4.32       |
| <b>Total revenue</b>               | <b>325.35</b>      | <b>100</b> | <b>394.10</b>       | <b>100</b> |

Remarks: <sup>/1</sup> Other income includes profits from sale of mutual fund, interest received, revenue from rendering utility services to lessees and revenue from electricity sales to contractor.

<sup>/2</sup> An increase of other income in the year 2018 were due to other income increased from the previous year.

Since the financial reporting standards that allow the fair valuation period shall not exceed one year from the date of purchase of investment causing different recognition of the consideration paid to the fair value assessed by an independent appraiser is a gain from the purchase at a price lower than the fair value of Baht 3.5 million from the Mae Krating Project

<sup>/3</sup> The increase of other income were mainly driven by the subsidy of Baht 12 million from the Department of Alternative Energy Development and Efficiency, Ministry of Energy in the second quarter of year 2019 of RE Biofuels Company Limited, a subsidiary of the Company.

1. Revenue from rendering of services

Revenue from rendering of services for the year ended 31 December 2019 amounted to Baht 238.57 million, a decrease of Baht 58.50 million or 19.69% from last year, primarily due to a decrease in volume of natural gas compression which were in line with a decrease in demand from natural gas vehicle users.

2. Revenue from sale of goods

According to RE Biofuels Company Limited, a subsidiary of the Company, started the business of production and distribution of compressed bio-methane gas in early year 2019, resulting in the Group recognized revenue from sales of goods for the year ended 31 December 2019 in the amount of Baht 10.40 million or 2.64% of total income.

Moreover, Mae Krating Power Company Limited, another subsidiary of the Company, started to produce and sale electricity to the Provincial Electricity Authority (PEA), which started commercial operation in August 2019 causing the Group recognized the revenue from electricity sales for year ended 31 December 2019 amounted to Baht 108.39 million or 27.50% of total income.



### 3. Revenue from financial lease

For the year ended 31 December 2019 and 2018, the Company recognized revenue from financial leases in the amount of Baht 19.73 million and Baht 20.62 million, or 5.01% and 6.34% of total income, respectively. The decrease in revenue from financial leases were due to the revenue recognition of revenue from financial lease with discounted present value.

### 4. Other income

Other income were comprised of 1) revenue from rendering utility services to lessees 2) interest income 3) gain on sale of mutual fund, an investment in debt instruments which is low-risk and high liquidity, and 4) other income such as revenue from electricity sales to contractor etc.

For the year ended 31 December 2019, other income were equivalent to Baht 17.01 million which increased by Baht 9.35 million or 122.06% compared to last year. The increase of other income were mainly driven by the subsidy of Baht 12 million from the Department of Alternative Energy Development and Efficiency, Ministry of Energy in the second quarter of year 2019 of RE Biofuels Company Limited, a subsidiary of the Company.

### Cost of rendering of services, gross profit and gross margin

#### 1. Cost of rendering of services

Cost of rendering of services of the Group includes costs required in compressing natural gas. The major cost of rendering of services is electricity fees from natural gas compression service which is charged based on the conditions determined by Provincial Electricity Authority ("PEA"). PEA charges fees based on actual usage and inert gas used in improving quality of natural gas. The major cost of rendering of services can be divided into the followings:

|  | 2018          |            | 2019          |            |
|--|---------------|------------|---------------|------------|
|  | (audited)     |            | (audited)     |            |
|  | Baht million  | %          | Baht million  | %          |
| <u>Cost of rendering of services</u>       |               |            |               |            |
| Cost from natural gas compression service  | 165.13        | 88.33      | 127.90        | 85.82      |
| Salary and employee benefits               | 8.69          | 4.65       | 9.33          | 6.26       |
| Other cost of rendering of services        | 13.12         | 7.02       | 11.80         | 7.92       |
| <b>Total cost of rendering of services</b> | <b>186.94</b> | <b>100</b> | <b>149.03</b> | <b>100</b> |

#### 1.1. Cost from natural gas compression service

Cost from natural gas compression service consists of: 1) electricity fees charged in accordance with the conditions determined by PEA, which is charged for actual usage. Under the Gas Compression Contract with PTT, the Company stands by for production 24 hours a day. Therefore, the electricity fees vary over on-peak and off-peak, depending on the demand for natural gas and the number of natural gas trailer trucks of PTT that uses the Company's natural gas compression service, and 2) cost of inert gas used for

improvement of natural gas quality, which is calculated based on actual quantity of inert gas used and unit price as referenced under the long-term sale and purchase inert gas contract.

1.2. Another cost of rendering of services is salary and employee benefits of the relevant employees. The Company's policy is to adjust such cost based on capabilities and performance of each employee, including considering employee benefits on various aspects and ensure that they are at similar level with benefits provided by companies within the same business. This is in line with the Company's human resource policy.

1.3. Other cost of rendering of services such as depreciation, cost for repair of equipment and tools. The Group have routine maintenance plan, including preventive maintenance for its equipment and tools in order to ensure that they are in good working conditions.

For 2019, cost of rendering of services of the Group were Baht 149.03 million, a decrease of Baht 37.91 million or 20.28% which were consistent with the decrease in revenues for the year. However, the slightly increasing electricity price did not much effect on the cost of electricity. In addition, the company had lower cost of repair and maintenance because it were the annual plan expense without major maintenance.

## 2. Cost of sales of goods

Cost of sales of goods consists of cost of production and sales of electricity which started commercial operation in August 2019 and cost of production and distribution of compressed bio-methane gas starting the business since early Year 2019. The details of which are set out below.

|   | 2019         |              |
|---|--------------|--------------|
|   | (audited)    |              |
|   | Baht million | Baht million |
| <u>Cost of sales of goods</u>                                     |              |              |
| cost of production and sales of electricity                       | 90.56        | 92.25        |
| cost of production and distribution of compressed bio-methane gas | 7.61         | 7.75         |
| <b>Total Cost of sales of goods</b>                               | <b>98.17</b> | <b>100</b>   |

### 2.1 Cost of production and sales of electricity

Cost of production and sales of electricity consists of 1.) Raw materials cost 2.) Employee benefits of the relevant employees 3.) Depreciation and 4.) Other costs i.e. machine operation and maintenance fee of biomass power plant, transportation cost of raw materials and insurance cost of machines etc.

### 2.2 Cost of production and distribution of compressed bio-methane gas

Cost of production and distribution of compressed bio-methane gas consists of 1.) waste water and waste from production 2.) Salary and other benefits of the relevant employees 3.) Depreciation and 4.) Other costs i.e. transportation cost of bio-methane gas and electricity etc.



### 3. Gross profit and gross margin

|                                    | 2018          |              | 2019          |              |
|------------------------------------|---------------|--------------|---------------|--------------|
|                                    | (audited)     |              | (audited)     |              |
|                                    | Baht million  | %            | Baht million  | %            |
| Revenue from rendering of services | 297.07        | 100          | 357.36        | 100          |
| Cost of rendering of services      | 186.94        | 62.93        | 247.20        | 69.17        |
| <b>Gross profit</b>                | <b>110.13</b> | <b>37.07</b> | <b>110.16</b> | <b>30.83</b> |

For the year ended 31 December 2019, gross profit of the Group were Baht 110.16 million, an increase of Baht 0.03 million or 0.03% compared to last year. The gross profit margin for the year ended 31 December 2019 and 2018 were 30.83% and 37.07%, respectively. The major causes of a decrease of gross margin were from high production cost of biomass power plant were caused by various factors; An initial phase of operation were aimed for performance test to reach the highest efficiency operation system. Also, the commercial operation date of the power plant falls in rainy season, biomass contains higher moisture content than other seasons. Therefore, the power plant requires higher quantity of biomass in order to obtain a standard heating value for electricity generation. In addition, during power plant operation there were several failures from PEA's transmission line, which result in disconnection from PEA's transmission line system.

Remark : Gross profit \* = Revenue from rendering of services + Revenue from sale of goods - Cost of rendering of services - Cost of sales of goods

Gross profit margin = Gross profit / (Revenue from rendering of services + Revenue from sale of goods)

#### Administrative expenses

##### Administrative expenses

For the year ended 31 December 2019, The Group incurred administrative expenses amounted to Baht 100.44 million, an increase of Baht 24.15 million or 31.66% compared to last year, primarily due to the administrative expenses of two subsidiaries, namely RE Biofuels Company Limited starting its businesses in early year 2019 and Mae Krating Power Company Limited starting commercial operation in August 2019. The main administrative expenses are comprised of depreciation and amortization, employee expenses, and other administrative expenses.

#### Finance costs, net profit, and net profit margin

##### Finance costs

For the year ended 31 December 2019 and 2018, The Group incurred finance costs of Baht 20.58 million and Baht 4.70 million, respectively. Finance costs increased due to loans from financial institutions and other parties for biomass power plant project and working capital, including interest expense from sale and leaseback of machinery and equipment.

##### Net profit and net profit margin

For the year ended 31 December 2019, net profit of the Group were Baht 25.11 million, a decrease of Baht 32.18 million or 56.17% compared to last year resulted from slightly high cost in the early phase of the

operation of power plant business, administrative expenses of two subsidiaries which started their business in year 2019, and an increase in finance costs.

However, the Group negotiated a contract with a business partner to increase sales volume of bio-methane gas in the fourth quarter of year 2019 resulting in an improvement on performance next year.

### Analysis on Financial Position

#### **Assets**

The total assets of the Group mainly consist of property, plant and equipment, financial lease receivable and intangible assets. As of 31 December 2019 and 2018, the total assets of the Group were Baht 1,796.26 million and Baht 1,491.89 million respectively. The details of which are as follows:

| Item                | 31-Dec-18       |            | 31-Dec-19       |            |
|---------------------|-----------------|------------|-----------------|------------|
|                     | Baht million    | %          | Baht million    | %          |
| Current assets      | 300.31          | 20.13      | 363.05          | 20.21      |
| Non-current assets  | 1,191.58        | 79.87      | 1,433.21        | 79.79      |
| <b>Total assets</b> | <b>1,491.89</b> | <b>100</b> | <b>1,796.26</b> | <b>100</b> |

The main assets of the Group consist of property, plant and equipment, investment properties, financial lease receivable and intangible assets. Total assets of the Group as at 31 December 2019 and 31 December 2018 were Baht 1,796.26 million and Baht 1,491.89 million, respectively. An increase of Baht 304.37 million or 20.40% of Group's total assets due to the increase of buildings, machinery and equipment, trade accounts receivable, and inventories of the biomass power plant and bio-methane gas businesses.

#### **Cash and cash equivalent**

Cash and cash equivalent of the Group as of 31 December 2019 and 2018 were Baht 82.21 million and Baht 123.25 million respectively, or equivalent to 4.58% and 8.26% of the total assets, respectively. Cash and cash equivalent consists of cash and bank deposit.

As at 31 December 2019, cash and cash equivalents of Group were equivalent to Baht 82.21 million, a decrease by Baht 41.04 million or decreased by 33.30%, mainly due to an investment in the construction project of Mae Krating Power Plant and distribution and sale of bio-methane gas station. The source of investment came from loan from finance institutions and third parties.

#### **Current investment**

The Group manage their cash by investing in fixed deposit with financial institutions and short-term investment in fixed-income, which is low risk and generate fixed return, in order to generate additional value to the Group. As of 31 December 2019 and 2018, current investments of the Group were Baht 67.93 million and Baht 65.52 million, respectively or 3.78%, and 4.39% of the total assets, respectively.

As of 31 December 2019, current investments of the Group were equivalent to Baht 67.93 million, an increase by Baht 2.41 million or 3.68% from the previous year. The main reason is from the cash management to generate higher return in a short period of time.

### Trade account receivable

#### Trade account receivable

As of 31 December 2019 and 2018, trade account receivable were equivalent to Baht 95.53 million and Baht 42.14 million, respectively accounting for 5.21%, and 2.82% of the total assets, respectively. The credit term given to customer is during 15 to 30 days from the date on which the Group correctly and completely submits invoice and all other related documents to customer.

As of 31 December 2019, trade account receivable of the Group were equivalent to Baht 93.53 million, an increase by Baht 51.39 million or 121.95% from 31 December 2018. This were mainly due to the increase in revenue from sale of electricity to the Provincial Electricity Authority (PEA) and revenue from gas compression service to a third party company resulting in an increase in the amount of trade account receivables compared to 2018.

### Financial lease receivable

Since the Company entered into the Gas Compression Contract with PTT for natural gas compression service for natural gas trailer trucks of PTT, the Company must comply with the terms and conditions under such contract. Such contract is deemed as financial lease contract pursuant to the interpretation of Thai Financial Reporting Interpretations Committee 4 (TFRIC4), where the Company must record assets under financial lease contract as financial lease receivable, the details of which are as set out below.

| (Unit : Baht million)                                   | As of 31 December |               |
|---|-------------------|---------------|
|   | 2018              | 2019          |
| Financial lease receivable due within one year          | 17.60             | 18.57         |
| Financial lease receivable due within one to five years | 58.57             | 63.63         |
| Financial lease receivable due over five years          | 140.09            | 122.11        |
| <b>Net</b>  | <b>216.26</b>     | <b>204.31</b> |

As of 31 December 2019 and 2018, financial lease receivable of the Group were equivalent to Baht 204.31 million and Baht 216.26 million, respectively. The gradual decrease in financial lease receivable were due to cash received from PTT.

### Property, plant and equipment

Property, plant and equipment of the Group as of 31 December 2019 and 2018 were Baht 930.70 million and Baht 676.29 million, respectively which accounting for 51.82%, and 45.33% of the total assets. The details of property, plant and equipment are as set out below.

| (Unit : Baht Million)       | 31 December   |               |
|-----------------------------|---------------|---------------|
|                             | 2018          | 2019          |
| Land                        | 80.33         | 86.33         |
| Buildings and structures    | 28.78         | 101.21        |
| Machinery and equipment     | 18.61         | 701.58        |
| Electricity system          | 6.80          | 13.30         |
| Equipment and tools         | 0.94          | 1.30          |
| Fixture and office supplies | 9.00          | 9.26          |
| Vehicles                    | 3.23          | 1.11          |
| Construction in progress    | 528.60        | 16.61         |
| <b>Total</b>                | <b>676.29</b> | <b>930.70</b> |

As at 31 December 2019, property, plant and equipment of the Group were equivalent to Baht 930.70 million, an increase by Baht 254.41 million or 37.62% compared to 31 December 2018. The increase in property, plant and equipment were mainly due to an increase in building, machine and equipment of biomass power plant and compressed bio-methane gas business.

#### Intangible assets

Intangible assets consist of copyright in computer software, which is amortized with straight-line amortization method according to the contract term. Intangible asset of the Group as of 31 December 2019 and 2018 were equivalent to Baht 115.20 million and Baht 116.06 million, respectively or accounting for 6.41% and 7.78% of the total assets, respectively.

As of 31 December 2019, intangible asset of the Group increased from 31 December 2018 by Baht 0.86 million or 0.74% decrease due to straight-line amortization according to the contract term.

#### Capital Structure of the Company

##### Liabilities

The total liabilities of the Group as of 31 December 2019 and 2018 were equivalent to Baht 807.07 million and Baht 472.37 million, respectively which account for 44.93% and 31.66% of the total assets, respectively. Majority of the liabilities are trade accounts payable, short-term borrowings and long-term borrowings, the details of which are as set out below.

| Items                    | 31 December 2018 |            | 31 December 2019 |            |
|--------------------------|------------------|------------|------------------|------------|
|                          | Baht million     | %          | Baht million     | %          |
| Current liabilities      | 301.05           | 63.73      | 302.63           | 37.50      |
| Non-current liabilities  | 171.32           | 36.27      | 504.44           | 62.50      |
| <b>Total liabilities</b> | <b>472.37</b>    | <b>100</b> | <b>807.07</b>    | <b>100</b> |

As at 31 December 2019, current liabilities of the Group were equivalent to Baht 302.63 million, accounting for 37.50% of the total liabilities. Current liabilities of the Group increased by Baht 1.58 million or 0.53% compared to 31 December 2018, due to the increase in bank overdraft and short-term loans. Non-current liabilities as of 31 December 2019 were equivalent to Baht 504.44 million, an increased by Baht 333.12 million or 194.44% compared to 31 December 2018, it were because of loan from financial institutions for biomass power plant project including, machinery and equipment of the station of production and distribution of bio-methane gas under financial lease.

Details of significant liabilities of the Group can be summarized as follows:

**Trade accounts payable and other payables**

Trade accounts payable mainly consist of accounts payable for inert gas, account payable for electricity and raw material. Other payables mainly consist of value added taxes, accrued employee bonus and construction payable. As of 31 December 2019 and 2018, trade accounts payable of the Group were equivalent to Baht 27.92 million and Baht 16.99 million, respectively accounting for 3.46% and 3.60% of the total liabilities, respectively. Other current payables of the Group as of 31 December 2019 and 2018 were equivalent to Baht 92.24 million and Baht 168.60 million, respectively accounting for 11.43% and 35.69% of the total liabilities, respectively.

As at 31 December 2019, trade accounts payable of the Group were Baht 27.92 million, an increase of Baht 10.93 million or 64.33% resulted from account payable have not yet been due for payment. For other current liability of the Group as at 31 December 2019 total of Baht 92.24 million, a decreased by Baht 76.36 million or 45.29% compared to the previous year. It were mainly caused by the Group paid the construction payable for biomass Power Plant and production and distribution of compressed bio-methane gas stations.

**Bank overdrafts and short-term borrowings**

Bank overdrafts and short-term borrowings of the Group were for the purpose of investment in new projects or expansion of existing business. All borrowings are in Thai Baht currency.

| Item   | As of 31 December |               |
|--|-------------------|---------------|
|  | 2018              | 2019          |
| Within one year  | 114.50            | 173.04        |
| After one year, but not exceeding 5 years              | 138.32            | 443.91        |
| <b>Total Bank overdrafts and short-term borrowings</b> | <b>252.82</b>     | <b>616.95</b> |

As of 31 December 2019, net borrowings of the Group were Baht 616.95 million, an increase of Baht 364.13 million or 144.03% due to the borrowings from financial institution for using in Biomass power plant project including finance lease for machine and equipment of production and distribution of compressed bio-methane gas station.

#### Finance lease and hire purchase liabilities

Finance lease and hire purchase liabilities of the Group consists of financial lease payable, hire purchase payable for vehicles, machine and equipment for operation. As of 31 December 2019 and 2018, finance lease and hire purchase liabilities were Baht 36.74 million and Baht 1.51 million, respectively.

As of 31 December 2019, finance lease and hire purchase liabilities of the Group were Baht 36.74 million, an increase by Baht 35.23 million from 31 December 2018 or equivalent to 2,332.11% because the Company entered into finance lease agreement for machine and equipment of production and distribution of compressed bio-methane gas station.

#### 1. Deferred tax liabilities

| (Unit : Baht million)  | As of 31 December |              |
|--|-------------------|--------------|
|  | 2018              | 2019         |
| <b>Deferred tax liabilities</b>  |                   |              |
| - Difference in revenue recognition between accounting and tax in respect of revenue from financial lease contract | 9.36              | 9.74         |
| - Property, plant, and equipment   | 0.06              | -            |
| - Intangible assets  | 20.58             | 20.12        |
| - Deferred interest expense  | 0.56              | 1.34         |
| - Financial lease liabilities  | 0.01              | -            |
| <b>Net</b>   | <b>30.57</b>      | <b>31.20</b> |

The Accounting Standards 12 regarding income taxes requires that Group record deferred tax assets and deferred tax liabilities under the financial statements by calculating temporary differences between carrying amount of assets and liabilities and tax base of assets and liabilities in order to calculate tax consequences.

As at 31 December 2019, deferred tax liability the Group were Baht 31.20 million which increased from 31 December 2018 by Baht 0.63 million, representing an increase of 2.06%. The increase came from the difference of revenue recognition between accounting and taxation related to TFRIC4 and deferred interest.

#### **Shareholders' Equity**

Shareholders' equity of the Group consists of: 1) issued and paid-up share capital, 2) share premium on ordinary shares, 3) appropriated and unappropriated retained earnings, and 4) other components of shareholders' equity.

As at 31 December 2019 and 31 December 2018, equity of the Group were Baht 989.19 million and Baht 1,019.52 million, respectively. Total equity decreased by Baht 30.33 million or 2.97% from last year because the Company paid dividends to shareholders in May 2019 amounting to Baht 55.80 million while the Company had net profit for the year ended 31 December 2019 amounting to Baht 25.11 million.

### Analysis on cash flows of the Group

| (Unit : Baht million)                                | 2018    | 2019     |
|--|---------|----------|
| Net cash from operating activities                   | 28.89   | 30.42    |
| Net cash used in investing activities                | (78.26) | (394.55) |
| Net cash from financing activities                   | 150.84  | 323.09   |
| Net increase (decrease) in cash and cash equivalents | 101.47  | (41.04)  |

#### 1. Net cash from operating activities

For the year ended 31 December 2019, net cash from operating activities of the Company and its subsidiaries was equivalent to Baht 30.42 million, an increase by Baht 1.53 million or 5.30% from 31 December 2018. The increase was mainly because account payable and other payable have not yet been due for payment.

#### 2. Net cash used in investing activities

For the year ended 31 December 2019, net cash used in investing activities of the Company and its subsidiaries was equivalent to Baht 394.55 million which increased from 31 December 2018 by Baht 316.29 million. It was because of cash payment for building and equipment of Biomass power plant project and production and distribution of compressed bio-methane gas station.

#### 3. Net cash from financing activities

For the year ended 31 December 2019, net cash received from financing activities of the Group were Baht 323.09 million which increased from 31 December 2018 by Baht 172.25 million as a result of additional cash received from short-term and long-term loans from both of financial institutions and third parties during the year in 2019 for Biomass power plant project including finance lease for machine and equipment of Biomass power plant project and used in working capital of the Group.

### Key Financial Ratio Analysis

#### 1. Liquidity ratio

##### ■ Current ratio, quick ratio and cash flow liquidity ratio

For the year ended 31 December 2019, the Company and its subsidiaries had current ratio of 1.20 times, quick ratio of 0.81 times, and cash flow liquidity ratio of 0.10 times. Current ratio and quick ratio as of 31 December 2019 increased from 31 December 2018 due to an increase in account receivable and current investments. The cash flow liquidity ratio decreased from 31 December 2018 due to an average current liabilities increased 2 times when compared to previous year.

| Item                              | 31 December |       |
|-----------------------------------|-------------|-------|
|                                   | 2018        | 2019  |
| Average collection period (days)  | 61.03       | 69.29 |
| Average inventory turnover (days) | n/a         | 20.98 |
| Average payment period (days)     | 44.68       | 33.16 |
| Cash cycle (days)                 | 16.14       | 57.11 |



The Group have average collection period for the year ended 31 December 2019 and 2018 which was equivalent to 69.29 days and 61.03 days, respectively. The normal credit term of the Provincial Electricity Authority (PEA) was 30 days. However, invoices were scheduled to issue in the second week of next month which led to increase in average collection period.

The average payment period of the Group as of 31 December 2019 and 2018 were equivalent to 33.16 days and 44.68 days, respectively. The average payment period of the Group were between 30 – 45 days. For the year 2019, the Group had a better average payment period.

Cash cycle of the Group in the year 2019 and 2018 were 57.11 days and 16.14 days, respectively. For the year 2019, the Group have a longer average collection period, while the average payment period can be paid in accordance with the credit term. Therefore, it resulted cash cycle increased from previous year. However, the Group were able to full debt collection and no provision was required during the year 2019. The average inventory turnover was calculated in Year 2019 for the first year.

## **2. Efficiency ratio**

For the year ended 31 December 2019 and 2018, return on assets of the Group are equivalent to 1.57% and 4.52%, respectively. Return on fixed assets is equivalent to 6.06% and 10.66%, respectively. Assets turnover is equivalent to 0.24 times and 0.26 times, respectively. These ratios decreased from previous year because the Group invested in assets for biomass power plant project which start commercial operation in August 2019 and for production and distribution of compressed bio-methane gas business since early Year 2019.

## **2. Financial policy ratio**

### Interest coverage ratio

For the year ended 31 December 2019 and 2018, interest coverage ratio of Group is equivalent to 2.44 times and 7.17 times, respectively. As of 31 December 2019, interest coverage ratio of the Company and its subsidiaries was lower than previous year. It was because the Company and subsidiaries invested in building and equipment of biomass power plant project and production and distribution of compressed bio-methane gas station. Moreover, the Company and subsidiaries had lower net profit when compared to year 2018.

### Debt to equity ratio

For the financial year ended 31 December 2019, debt to equity ratio of the Group were 0.82 which increased from 0.46 as at 31 December 2018. An increase in the ratio resulted from loans from financial institutions and other parties for biomass power plant project of Mae Krating Power and working capital.

## **Factors which may affect operating performance and financial position in the future**

### **1) Expiration of the Gas Compression Contracts with PTT**

Since the contract term of the natural gas compression service contracts with PTT in respect of both stations, namely Pathum Thani Private Mother Station and Saraburi Private Mother Station is 20 years and the contracts will expire in 2029 and 2030 respectively. If such contracts expire and not being renewed, the Company's revenue may be affected. However, upon the end of the contract term of 20 years and if PTT does

not negotiate for new contracts, the contract term in respect Pathum Thani Private Mother Station shall be automatically extended for another period of 1 – 5 years and the contract term in respect Saraburi Private Mother Station shall be automatically extended for another period of 2 years.

The Company is of the view that in the future NGV will still be in demand, given fuel is at a low price similar to present, and although there is a gap between price of NGV and fuel. However, NGV continues to be in demand for logistics industry, which will provide the Company with the opportunity to negotiate new contracts with PTT in the future, subject to consideration of PTT.

In respect of development of new business, the Company plan to operate in the business of producing and selling electricity using biomass as fuel with a capacity of 9.90 MW to sell electricity at the maximum amount of 8.00 MW of electricity to the Provincial Electricity Authority. Located in the area of Moo 3, Ban Mae Krating Subdistrict, Phai Ton District, Rong Kwang District, Phrae Province, on behalf of Mae Krating Power Company Limited, a subsidiary of Sakol Energy Public Company Limited. One more business is Business of production and distribution of compressed bio-methane gas with a capacity of 9,000 kg / day on behalf of RE Biofuel Company Limited, a subsidiary of the Company. The bio-methane gas generating station located in Chum Phuang district. Both of these new businesses have commenced its operations and recognized income in 2019, which is aligns with the company goal to expand to new businesses in order to diversify risk of single source of revenue.

## **2) Natural gas for vehicles (NGV) price versus regular gasoline price**

After the government freed-up NGV price from subsidizing started from 21 January 2016 to reflect actual cost, the NGV price gradually increased and reached highest price at 16.44 baht/kg in 16 February 2016 while the gasoline price tended to decrease in last few years. Thus, there is tendency for consumers to turning backs on NGV as the price of regular gasoline becomes lower and the price of NGV becomes higher. If the demand for NGV decreases, future revenue of the Company shall be affected. However, the major consumers of NGV are freight and trucks, which still have more demand for NGV than regular gasoline due to lower costs, even though the price of regular gasoline becomes lower. In addition, the company operates under long-term natural gas compression contracts with minimum compression quantity for two stations of total 520 ton per day.

## **3) Fluctuation in service fees for natural gas compression from PTT**

The service fees for natural gas compression collected from PTT consist of 2 main parts: (1) availability payment (AP), a fixed compensation for the whole period of the contract term, and (2) energy payment (EP), a variable compensation which varies each year based on electricity price, exchange rate, Consumer Price Index, and Road Freight Transport Index. Such variable will cause increase or decrease in the Company's operating results. The results of sensitivity analysis on revenue, costs of services, and net profits assuming circumstances where there are changes to electricity price, Consumer Price Index, and exchange rate are set out below.

| Change to Electricity Price <sup>1/</sup> | Year 2019 | Increase |        |        | Decrease |         |         |
|---|-----------|----------|--------|--------|----------|---------|---------|
|   |           | 5%       | 10%    | 15%    | -5%      | -10%    | -15%    |
| Revenue from rendering of services        | 235.57    | 248.12   | 257.67 | 267.21 | 229.04   | 219.49  | 209.95  |
| Cost of services                          | 149.03    | 152.97   | 156.90 | 160.84 | 145.09   | 141.16  | 137.22  |
| Net profits                               | 50.35     | 55.96    | 61.56  | 67.17  | 44.74    | 39.14   | 33.53   |
| Changes to net profits                    | -         | 11.14%   | 22.27% | 33.41% | -11.14%  | -22.27% | -33.41% |

| Change to Consumer Price Index <sup>2/</sup> | Year 2019 | Increase |        |        | Decrease |        |        |
|--|-----------|----------|--------|--------|----------|--------|--------|
|  |           | 5%       | 10%    | 15%    | -5%      | -10%   | -15%   |
| Revenue from rendering of services           | 235.57    | 240.37   | 242.16 | 243.95 | 236.79   | 235.00 | 233.21 |
| Cost of services                             | 149.03    | 150.09   | 151.14 | 152.20 | 147.97   | 146.92 | 145.86 |
| Net profits                                  | 50.35     | 51.08    | 51.82  | 52.55  | 49.62    | 48.88  | 48.15  |
| Changes to net profits                       | -         | 1.46%    | 2.91%  | 4.37%  | -1.46%   | -2.91% | -4.37% |

| Change to Exchange Rate <sup>3/</sup> | Year 2019 | Increase |        |        | Decrease |        |        |
|---------------------------------------|-----------|----------|--------|--------|----------|--------|--------|
|                                       |           | 5%       | 10%    | 15%    | -5%      | -10%   | -15%   |
| Revenue from rendering of services    | 235.57    | 239.18   | 239.77 | 240.37 | 237.98   | 237.39 | 236.79 |
| Cost of services                      | 149.03    | 149.03   | 149.03 | 149.03 | 149.03   | 149.03 | 149.03 |
| Net profits                           | 50.35     | 50.95    | 51.54  | 52.14  | 49.75    | 49.16  | 48.56  |
| Changes to net profits                | -         | 1.18%    | 2.37%  | 3.55%  | -1.18%   | -2.37% | -3.55% |

**Remarks<sup>1/</sup>** The calculation of energy payment (EP) under the formula uses electricity price of the previous year, i.e. electricity price in the year 2018 will be used for calculation of revenue from rendering of services in the year 2019. The changes in the above table is an increase/decrease of electricity price from the year 2018 according to the specified formula. The changes to electricity price, which affect cost of services under the table above, uses the actual electricity price in 2019 for calculation.

<sup>2/</sup> The calculation of energy payment (EP) under the formula uses Consumer Price Index of the previous year, i.e. Consumer Price Index in the year 2018 will be used for calculation of revenue from rendering of services in the year 2019. The changes in the above table is an increase/decrease of Consumer Price Index from the year 2018 according to the specified formula. The changes to Consumer Price Index, which affect cost of services under the table above, uses only costs of employee salary for calculation.

<sup>3/</sup> The calculation of energy payment (EP) under the formula uses exchange rate of the previous year, i.e. exchange rate in the year 2018 will be used for calculation of revenue from rendering of services in the year 2019. The changes in the above table is an increase/decrease of exchange rate from the year 2018 according to the specified formula. The changes to exchange rate, which affect cost of services under the table above, uses only costs of importing spare parts for calculation.

The above information indicates that electricity costs is a major variable. An increase or decrease in electricity costs will have the most impact to operating performance of the Company, compared to changes in Consumer Price Index or exchange rate. An increase in costs of services in the current year (t) will not be reflected in revenue from rendering of service in the current year (t), but such variable costs will be reflected in revenue from rendering of service in the following year (t+1) in respect of Energy Payment as calculated under the formula for calculating natural gas compression service fees. Therefore, fluctuation in service fees due to variable factor will not have significant impact on the Company's operating results in the long-run.

Road Freight Transport Index, which affects only revenue from improvement of natural gas quality, will not affect cost of service or gross profits because the Company uses the same formula in calculating cost of purchasing inert gas and revenue from PTT.

However, the Company records availability payment, which is part of the revenue from providing natural gas compression service to PTT and a fixed compensation for the whole contract term with no fluctuation based on other variables.

**Sakol Energy Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2019  
and  
Independent Auditor's Report



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## Independent Auditor's Report

### To the Shareholders of Sakol Energy Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Sakol Energy Public Company Limited and its subsidiaries (the "Group") and of Sakol Energy Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

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KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.




| Impairment of goodwill  |   |
|---|---|
| Refer to Notes 3(a) 3(j) 3(k) and 13 to the consolidated financial statements   |   |
| The key audit matter  | How the matter was addressed in the audit   |
| <p>As at 31 December 2019, the Group had goodwill from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated and related assumptions. Any shortfall of the recoverable amounts against the carrying amounts would be recognized as impairment losses.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Inquired of the management to understand the process of estimated recoverable amount, impairment indicators assessment and preparation of discounted cash flow projection;</li> <li>• Considered the key assumptions in the estimated recoverable amount reports and business plan including evaluated the discount rate used in the calculation and tested mathematical accuracy of the impairment of goodwill;</li> <li>• Performed sensitivity analysis around the key assumptions</li> <li>• Considered the adequacy of disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

#### Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made. 





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

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


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

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

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

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

Sophit P.

(Sophit Prompol)  
Certified Public Accountant  
Registration No. 10042

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2020

**Sakol Energy Public Company Limited and its subsidiaries**
**Statement of financial position**

| Assets  | Note | Consolidated<br>financial statements |                      | Separate<br>financial statements |                      |
|---|------|--------------------------------------|----------------------|----------------------------------|----------------------|
|   |      | 31 December                          |                      | 31 December                      |                      |
|   |      | 2019                                 | 2018                 | 2019                             | 2018                 |
|   |      | (Baht)                               |                      |                                  |                      |
| <b>Current assets</b>                                 |      |                                      |                      |                                  |                      |
| Cash and cash equivalents                             | 5    | 82,208,998                           | 123,253,757          | 8,552,125                        | 79,376,882           |
| Current investments                                   | 6    | 67,934,060                           | 65,522,474           | 40,052,668                       | 12,958,954           |
| Current portion of deposits at financial institutions |      |                                      |                      |                                  |                      |
| with restrictions on withdrawal                       | 14   | 1,254,589                            | -                    | -                                | -                    |
| Trade accounts receivable                             | 7    | 93,530,290                           | 42,141,896           | 40,548,214                       | 42,141,896           |
| Current portion of financial                          |      |                                      |                      |                                  |                      |
| lease receivable                                      | 9    | 18,567,364                           | 17,593,351           | 18,567,364                       | 17,593,351           |
| Other receivables                                     | 4    | 55,220,931                           | 47,180,928           | 8,687,126                        | 11,204,978           |
| Current portion of long-term loans to related parties | 4    | -                                    | -                    | 1,733,060                        | 1,217,046            |
| Short-term loans to related parties                   | 4    | 20,000,000                           | -                    | 34,000,000                       | 16,000,000           |
| Short-term loans to other parties                     | 14   | 10,000,000                           | 2,300,000            | 10,000,000                       | -                    |
| Inventories   | 8    | 11,283,210                           | -                    | -                                | -                    |
| Current spare parts and supplies                      |      | 3,057,119                            | 2,317,791            | 2,834,339                        | 2,317,791            |
| <b>Total current assets</b>                           |      | <b>363,056,561</b>                   | <b>300,310,197</b>   | <b>164,974,896</b>               | <b>182,810,898</b>   |
| <b>Non-current assets</b>                             |      |                                      |                      |                                  |                      |
| Deposits at financial institutions with               |      |                                      |                      |                                  |                      |
| restrictions on withdrawal                            | 14   | 4,251,001                            | 17,399,074           | 500,000                          | 15,599,074           |
| Investments in subsidiaries                           | 10   | -                                    | -                    | 512,539,400                      | 507,839,400          |
| Financial lease receivable                            | 9    | 185,743,137                          | 198,662,236          | 185,743,137                      | 198,662,236          |
| Long-term loans to related parties                    | 4    | -                                    | -                    | 289,188,050                      | 155,782,954          |
| Non-current spare parts and supplies                  |      | 3,259,435                            | 2,490,568            | 3,259,435                        | 2,490,568            |
| Investment properties                                 | 11   | 171,617,614                          | 171,617,614          | -                                | -                    |
| Property, plant and equipment                         | 12   | 930,701,856                          | 676,296,057          | 135,779,193                      | 128,941,123          |
| Intangible assets                                     | 13   | 115,196,426                          | 116,056,719          | 6,320,657                        | 4,873,460            |
| Goodwill  | 13   | 8,077,363                            | 8,077,363            | -                                | -                    |
| Other non-current assets                              |      | 14,361,063                           | 982,916              | 13,433,168                       | 982,316              |
| <b>Total non-current assets</b>                       |      | <b>1,433,207,895</b>                 | <b>1,191,582,547</b> | <b>1,146,763,040</b>             | <b>1,015,171,131</b> |
| <b>Total assets</b>                                   |      | <b>1,796,264,456</b>                 | <b>1,491,892,744</b> | <b>1,311,737,936</b>             | <b>1,197,982,029</b> |

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

**Sakol Energy Public Company Limited and its subsidiaries**

**Statement of financial position**

|   |      | Consolidated<br>financial statements |                    | Separate<br>financial statements |                    |
|---|------|--------------------------------------|--------------------|----------------------------------|--------------------|
|   |      | 31 December                          |                    | 31 December                      |                    |
| Liabilities and equity  | Note | 2019                                 | 2018               | 2019                             | 2018               |
|   |      | (Baht)                               |                    |                                  |                    |
| <b>Current liabilities</b>  |      |                                      |                    |                                  |                    |
| Bank overdrafts and short-term borrowings                         | 14   | 101,111,923                          | 61,256,696         | 69,630,383                       | 40,000,000         |
| Trade accounts payable  | 4    | 27,916,621                           | 16,991,012         | 15,596,931                       | 16,991,012         |
| Other payables  | 4    | 92,240,916                           | 168,599,565        | 18,021,725                       | 11,632,928         |
| Current portion of long-term borrowings                           |      |                                      |                    |                                  |                    |
| from financial institutions                                       | 14   | 71,931,851                           | 53,242,022         | 56,525,333                       | 29,742,022         |
| Current portion of finance lease<br>and hire purchase liabilities | 14   | 9,433,331                            | 957,675            | 552,565                          | 957,675            |
| <b>Total current liabilities</b>                                  |      | <b>302,634,642</b>                   | <b>301,046,970</b> | <b>160,326,937</b>               | <b>99,323,637</b>  |
| <b>Non-current liabilities</b>                                    |      |                                      |                    |                                  |                    |
| Long-term borrowings  |      |                                      |                    |                                  |                    |
| from financial institutions                                       | 14   | 443,909,869                          | 138,325,434        | 196,886,130                      | 138,325,434        |
| Finance lease and hire purchase liabilities                       | 14   | 27,307,765                           | 552,565            | -                                | 552,565            |
| Deferred tax liabilities  | 19   | 31,200,933                           | 30,568,754         | 10,216,231                       | 9,992,754          |
| Provisions for employee benefits                                  |      | 928,863                              | 788,600            | 928,863                          | 788,600            |
| Long-term provisions  |      | 1,090,000                            | 1,090,000          | 1,090,000                        | 1,090,000          |
| <b>Total non-current liabilities</b>                              |      | <b>504,437,430</b>                   | <b>171,325,353</b> | <b>209,121,224</b>               | <b>150,749,353</b> |
| <b>Total liabilities</b>  |      | <b>807,072,072</b>                   | <b>472,372,323</b> | <b>369,448,161</b>               | <b>250,072,990</b> |

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

# Sakol Energy Public Company Limited and its subsidiaries

## Statement of financial position

| Liabilities and equity                      | Note | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|---|------|--------------------------------------|---------------|----------------------------------|---------------|
|   |      | 31 December                          |               | 31 December                      |               |
|   |      | 2019                                 | 2018          | 2019                             | 2018          |
|   |      | (Baht)                               |               |                                  |               |
| Equity                                      |      |                                      |               |                                  |               |
| Share capital:                              |      |                                      |               |                                  |               |
| Authorized share capital                    |      |                                      |               |                                  |               |
| (930,000,000 ordinary shares, par value     |      |                                      |               |                                  |               |
| at Baht 0.5 per share)                      |      |                                      |               |                                  |               |
|   |      | 465,000,000                          | 465,000,000   | 465,000,000                      | 465,000,000   |
| Issued and paid share capital               |      |                                      |               |                                  |               |
| (930,000,000 ordinary shares, par value     |      |                                      |               |                                  |               |
| at Baht 0.5 per share)                      |      |                                      |               |                                  |               |
|   |      | 465,000,000                          | 465,000,000   | 465,000,000                      | 465,000,000   |
| Share premium on ordinary shares            | 15   | 297,618,600                          | 297,618,600   | 297,618,600                      | 297,618,600   |
| Retained earnings                           |      |                                      |               |                                  |               |
| Appropriated                                |      |                                      |               |                                  |               |
| Legal reserve                               | 15   | 31,820,000                           | 29,300,000    | 31,820,000                       | 29,300,000    |
| Unappropriated                              |      | 121,055,784                          | 151,881,256   | 147,846,005                      | 155,934,431   |
| Other components of shareholders' equity    | 15   | 79,628                               | 897,918       | 5,170                            | 56,008        |
| Equity attributable to owners of the parent |      | 915,574,012                          | 944,697,774   | 942,289,775                      | 947,909,039   |
| Non-controlling interests                   |      | 73,618,372                           | 74,822,647    | -                                | -             |
| Total equity                                |      | 989,192,384                          | 1,019,520,421 | 942,289,775                      | 947,909,039   |
| Total liabilities and equity                |      |                                      |               |                                  |               |
|   |      | 1,796,264,456                        | 1,491,892,744 | 1,311,737,936                    | 1,197,982,029 |

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



**Sakol Energy Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

|   |       | Consolidated financial<br>statements |                    | Separate financial<br>statements |                    |
|---|-------|--------------------------------------|--------------------|----------------------------------|--------------------|
|   |       | Year ended 31 December               |                    | Year ended 31 December           |                    |
|   | Note  | 2019                                 | 2018               | 2019                             | 2018               |
|   |       | (Baht)                               |                    |                                  |                    |
| <b>Revenue</b>  |       |                                      |                    |                                  |                    |
| Revenue from rendering of services  | 16    | 238,574,548                          | 297,073,887        | 238,574,548                      | 297,073,887        |
| Revenue from sale of goods  | 16    | 118,786,070                          | -                  | -                                | -                  |
| Revenue from financial lease  |       | 19,727,423                           | 20,617,755         | 19,727,423                       | 20,617,755         |
| Other income  | 16    | 17,007,375                           | 7,662,903          | 34,865,409                       | 7,099,281          |
| <b>Total revenues</b>   |       | <b>394,095,416</b>                   | <b>325,354,545</b> | <b>293,167,380</b>               | <b>324,790,923</b> |
| <b>Expenses</b>   |       |                                      |                    |                                  |                    |
| Cost of rendering of services   | 16    | 149,031,936                          | 186,936,043        | 149,031,936                      | 186,202,756        |
| Cost of sales of goods  | 8     | 98,171,635                           | -                  | -                                | -                  |
| Administrative expenses   | 4, 18 | 100,436,744                          | 76,285,466         | 71,723,478                       | 71,167,982         |
| Finance costs   |       | 20,580,127                           | 4,702,292          | 21,842,863                       | 3,684,932          |
| <b>Total expenses</b>   |       | <b>368,220,442</b>                   | <b>267,923,801</b> | <b>242,598,277</b>               | <b>261,055,670</b> |
| <b>Profit before income tax expense</b>   |       | <b>25,874,974</b>                    | <b>57,430,744</b>  | <b>50,569,103</b>                | <b>63,735,253</b>  |
| Tax expense   | 19    | (770,516)                            | (138,268)          | (223,476)                        | (138,268)          |
| <b>Profit for the year</b>  |       | <b>25,104,458</b>                    | <b>57,292,476</b>  | <b>50,345,627</b>                | <b>63,596,985</b>  |
| <b>Other comprehensive income</b>   |       |                                      |                    |                                  |                    |
| <b>Items that will be reclassified subsequently to profit or loss</b>                       |       |                                      |                    |                                  |                    |
| Profit (losses) on remeasurement available-for-sale investments                             |       | 533,327                              | 1,899,471          | 54,454                           | 1,594,298          |
| Net change in fair value of available-for-sale investments<br>transferred to profit or loss |       | (1,351,769)                          | (1,906,133)        | (105,292)                        | (1,893,974)        |
| <b>Total items that will be reclassified subsequently<br/>to profit or loss</b>             | 6     | <b>(818,442)</b>                     | <b>(6,662)</b>     | <b>(50,838)</b>                  | <b>(299,676)</b>   |
| <b>Item that will not be reclassified to profit or loss</b>                                 |       |                                      |                    |                                  |                    |
| Losses from the measurement of new values of<br>defined employee benefits                   |       | (114,095)                            | -                  | (114,095)                        | -                  |
| <b>Total item that will not be reclassified to profit or loss</b>                           |       | <b>(114,095)</b>                     | <b>-</b>           | <b>(114,095)</b>                 | <b>-</b>           |
| <b>Other comprehensive income (expense) for the year, net of tax</b>                        |       | <b>(932,537)</b>                     | <b>(6,662)</b>     | <b>(164,933)</b>                 | <b>(299,676)</b>   |
| <b>Total comprehensive income for the year</b>  |       | <b>24,171,921</b>                    | <b>57,285,814</b>  | <b>50,180,694</b>                | <b>63,297,309</b>  |

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

**Sakol Energy Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

|   | Consolidated financial statements |             | Separate financial statements |            |       |
|---|-----------------------------------|-------------|-------------------------------|------------|-------|
|   | Year ended 31 December            |             | Year ended 31 December        |            |       |
| Note  | 2019                              | 2018        | 2019                          | 2018       |       |
|   | (Baht)                            |             |                               |            |       |
| Profit (loss) attributable to:                        |                                   |             |                               |            |       |
| Owners of the parent                                  | 27,608,581                        | 58,780,073  | 50,345,627                    | 63,596,985 |       |
| Non-controlling interests                             | (2,504,123)                       | (1,487,597) | -                             | -          |       |
| Profit for the year                                   | 25,104,458                        | 57,292,476  | 50,345,627                    | 63,596,985 |       |
| Total comprehensive income (expense) attributable to: |                                   |             |                               |            |       |
| Owners of the parent                                  | 26,676,196                        | 58,773,253  | 50,180,694                    | 63,297,309 |       |
| Non-controlling interests                             | (2,504,275)                       | (1,487,439) | -                             | -          |       |
| Total comprehensive income for the year               | 24,171,921                        | 57,285,814  | 50,180,694                    | 63,297,309 |       |
| Basic earnings per share                              | 20                                | 0.030       | 0.063                         | 0.054      | 0.068 |

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



**Sakol Energy Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

| Consolidated financial statements                                     |                                  |                                  |                   |                |                                |                           |               |
|---|----------------------------------|----------------------------------|-------------------|----------------|--------------------------------|---------------------------|---------------|
|   | Other components of equity       |                                  |                   |                |                                | Non-controlling interests | Total equity  |
|   | Issued and paid-up share capital | Share premium on ordinary shares | Retained earnings |                | Available-for-sale investments |                           |               |
|   |                                  |                                  | Legal reserve     | Unappropriated |                                |                           |               |
|   |                                  |                                  |                   |                |                                |                           |               |
| Note  |                                  |                                  |                   |                |                                |                           |               |
| Year ended 31 December 2018   |                                  |                                  |                   |                |                                |                           |               |
| Balance at 1 January 2018   | 465,000,000                      | 297,618,600                      | 26,000,000        | 96,401,183     | 904,738                        | -                         | 885,924,521   |
| Changes in ownership interests in subsidiaries                        |                                  |                                  |                   |                |                                |                           |               |
| Acquisition of non-controlling interests through business combination | -                                | -                                | -                 | -              | -                              | 21,350,086                | 21,350,086    |
| Acquisition of non-controlling interests without a change in control  | -                                | -                                | -                 | -              | -                              | 54,960,000                | 54,960,000    |
| Total changes in ownership interests in subsidiaries                  | -                                | -                                | -                 | -              | -                              | 76,310,086                | 76,310,086    |
| Comprehensive income for the year                                     |                                  |                                  |                   |                |                                |                           |               |
| Profit (loss)   | -                                | -                                | -                 | 58,780,073     | -                              | (1,487,997)               | 57,292,076    |
| Other comprehensive income (expense)                                  | -                                | -                                | -                 | -              | (6,820)                        | 158                       | (6,662)       |
| Total comprehensive income (expense) for the year                     | -                                | -                                | -                 | 58,780,073     | (6,820)                        | (1,487,439)               | 57,285,814    |
| Transfer to legal reserve   | -                                | -                                | 3,300,000         | (3,300,000)    | -                              | -                         | -             |
| Balance at 31 December 2018   | 465,000,000                      | 297,618,600                      | 29,300,000        | 151,881,256    | 897,918                        | 74,822,647                | 1,019,520,421 |

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

**Sakol Energy Public Company Limited and its subsidiaries**  
Statement of changes in equity

| Consolidated financial statements                                |      |                                  |                                  |                   |                |               |                                |   |
|--|------|----------------------------------|----------------------------------|-------------------|----------------|---------------|--------------------------------|---|
|  | Note | Issued and paid-up share capital | Share premium on ordinary shares | Retained earnings |                | Total equity  |                                |   |
|  |      |                                  |                                  | Legal reserve     | Unappropriated |               | Other components of equity     |   |
|  |      |                                  |                                  |                   |                |               | Available for-sale investments | Equity attributable to owners of the parent |
| (Baht)   |      |                                  |                                  |                   |                |               |                                |   |
| Year ended 31 December 2019                                      |      |                                  |                                  |                   |                |               |                                |   |
| Balance at 1 January 2019  |      | 465,000,000                      | 297,618,600                      | 29,300,000        | 151,881,256    | 897,918       |                                |   |
|  |      |                                  |                                  |                   |                | 944,697,774   |                                |   |
|  |      |                                  |                                  |                   |                | 74,322,647    |                                |   |
|  |      |                                  |                                  |                   |                | 1,019,526,421 |                                |   |
| Transactions with owners, recorded directly in equity            |      |                                  |                                  |                   |                |               |                                |   |
| Contributions by and distributions to owners of the parent       |      |                                  |                                  |                   |                |               |                                |   |
| Investment in subsidiaries                                       |      | -                                | -                                | -                 | -              | -             |                                |   |
| Dividends  | 21   | -                                | -                                | -                 | (55,799,958)   | (55,799,958)  |                                |   |
|  |      |                                  |                                  |                   |                | 1,300,000     |                                |   |
|  |      |                                  |                                  |                   |                | 1,300,000     |                                |   |
| Total contributions by and distributions to owners of the parent |      | -                                | -                                | -                 | (55,799,958)   | (55,799,958)  |                                |   |
|  |      |                                  |                                  |                   |                | 1,300,000     |                                |   |
| Comprehensive income for the year                                |      |                                  |                                  |                   |                |               |                                |   |
| Profit (loss)  |      | -                                | -                                | -                 | 27,608,581     | (2,504,123)   |                                |   |
| Other comprehensive income (expense)                             |      | -                                | -                                | -                 | (114,095)      | (932,537)     |                                |   |
|  |      |                                  |                                  |                   |                | (152)         |                                |   |
| Total comprehensive income (expense) for the year                |      | -                                | -                                | -                 | 27,494,486     | (2,504,275)   |                                |   |
|  |      |                                  |                                  |                   |                | 24,171,921    |                                |   |
| Transfer to legal reserve  |      |                                  |                                  |                   |                |               |                                |   |
| Balance at 31 December 2019                                      | 15   | 465,000,000                      | 297,618,600                      | 2,520,000         | (2,520,000)    | -             |                                |   |
|  |      |                                  |                                  |                   |                | 79,628        |                                |   |
|  |      |                                  |                                  |                   |                | 915,574,012   |                                |   |
|  |      |                                  |                                  |                   |                | 73,618,372    |                                |   |
|  |      |                                  |                                  |                   |                | 989,192,384   |                                |   |

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

**Sakol Energy Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

|   |  | Separate financial statements    |                                  |                   |                |                                 | Other components of equity |             | Total equity |
|---|--|----------------------------------|----------------------------------|-------------------|----------------|---------------------------------|----------------------------|-------------|--------------|
|   |  | Issued and paid-up share capital | Share premium on ordinary shares | Retained earnings |                | Available -for-sale investments |                            |             |              |
|   |  |                                  |                                  | Legal reserve     | Unappropriated |                                 |                            |             |              |
|   |  | (Baht)                           |                                  |                   |                |                                 |                            |             |              |
| Year ended 31 December 2018                       |  |                                  |                                  |                   |                |                                 |                            |             |              |
| Balance at 1 January 2018                         |  | 465,000,000                      | 297,618,600                      | 26,000,000        | 95,637,446     | 355,684                         |                            | 884,611,730 |              |
| Comprehensive income for the year                 |  |                                  |                                  |                   |                |                                 |                            |             |              |
| Profit  |  | -                                | -                                | -                 | 63,596,985     | -                               |                            | 63,596,985  |              |
| Other comprehensive income (expense)              |  | -                                | -                                | -                 | -              | (299,676)                       |                            | (299,676)   |              |
| Total comprehensive income (expense) for the year |  | -                                | -                                | -                 | 63,596,985     | (299,676)                       |                            | 63,297,309  |              |
| Transfer to legal reserve                         |  | -                                | -                                | 3,300,000         | (3,300,000)    | -                               |                            | -           |              |
| Balance at 31 December 2018                       |  | 465,000,000                      | 297,618,600                      | 29,300,000        | 155,934,431    | 56,008                          |                            | 947,909,039 |              |

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

**Sakol Energy Public Company Limited and its subsidiaries**  
Statement of changes in equity

**Separate financial statements**

|   | Issued and<br>paid-up<br>share capital | Share premium<br>on ordinary<br>shares | Retained earnings<br>Legal reserve | Unappropriated<br>( <i>Baht</i> ) | Other components<br>of equity<br>Available<br>-for-sale<br>investments | Total<br>equity |
|---|--|--|------------------------------------|-----------------------------------|--|-----------------|
| <b>Year ended 31 December 2019</b>                                      |  |  |                                    |                                   |  |                 |
| <b>Balance at 1 January 2019</b>  | 465,000,000                            | 297,618,600                            | 29,300,000                         | 155,934,431                       | 56,008   | 947,909,039     |
| <b>Transactions with owners, recorded directly in equity</b>            |  |  |                                    |                                   |  |                 |
| Contributions by and distributions to owners of the parent              | -                                      | -                                      | -                                  | (55,799,958)                      | -  | (55,799,958)    |
| Dividends   | -                                      | -                                      | -                                  | (55,799,958)                      | -  | (55,799,958)    |
| <b>Total contributions by and distributions to owners of the parent</b> | -                                      | -                                      | -                                  | (111,599,916)                     | -  | (111,599,916)   |
| <b>Comprehensive income for the year</b>                                |  |  |                                    |                                   |  |                 |
| Profit  | -                                      | -                                      | -                                  | 50,345,627                        | -  | 50,345,627      |
| Other comprehensive income (expense)                                    | -                                      | -                                      | -                                  | (114,095)                         | (50,838)   | (164,933)       |
| <b>Total comprehensive income (expense) for the year</b>                | -                                      | -                                      | -                                  | 50,231,532                        | (50,838)   | 50,180,694      |
| Transfer to legal reserve   | -                                      | -                                      | 2,520,000                          | (2,520,000)                       | -  | -               |
| <b>Balance at 31 December 2019</b>                                      | 465,000,000                            | 297,618,600                            | 31,820,000                         | 147,846,005                       | 5,170  | 942,289,775     |

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

**Sakol Energy Public Company Limited and its subsidiaries**

**Statement of cash flows**

|   | Consolidated financial<br>statements |                   | Separate financial<br>statements |                   |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
|   | Year ended 31 December               |                   | Year ended 31 December           |                   |
|   | 2019                                 | 2018              | 2019                             | 2018              |
|   | (Baht)                               |                   |                                  |                   |
| <b><i>Cash flows from operating activities</i></b>                |                                      |                   |                                  |                   |
| Profit for the year   | 25,104,458                           | 57,292,476        | 50,345,627                       | 63,596,985        |
| <i>Adjustments to reconcile profit to cash receipts (payment)</i> |                                      |                   |                                  |                   |
| Tax expense   | 770,516                              | 138,268           | 223,476                          | 138,268           |
| Gain on bargain purchase  | -                                    | (3,503,492)       | -                                | -                 |
| Finance costs   | 20,580,127                           | 4,702,292         | 21,842,863                       | 3,684,932         |
| Depreciation and amortization                                     | 36,339,544                           | 9,259,613         | 9,139,631                        | 8,994,103         |
| Gain on disposal of mutual fund                                   | (1,351,569)                          | (1,906,133)       | (105,292)                        | (1,893,974)       |
| Unrealized gain on exchange                                       | -                                    | (185,879)         | -                                | -                 |
| (Gain) losses on disposal of equipment                            | 64,077                               | (5,178)           | 64,077                           | (5,178)           |
| Employee benefits expenses  | 174,216                              | 274,463           | 174,216                          | 274,463           |
| Interest income   | (703,423)                            | (484,793)         | (31,106,601)                     | (2,778,668)       |
|   | 80,977,946                           | 65,581,637        | 50,577,997                       | 72,010,931        |
| <b><i>Changes in operating assets and liabilities</i></b>         |                                      |                   |                                  |                   |
| Trade accounts receivable   | (51,388,394)                         | 15,124,352        | 1,593,682                        | 15,124,352        |
| Other receivables   | (4,620,168)                          | (36,963,346)      | 6,090,129                        | (2,416,862)       |
| Financial lease receivable  | 11,945,086                           | 11,054,755        | 11,945,086                       | 11,054,755        |
| Inventories   | (11,283,210)                         | -                 | -                                | -                 |
| Spare parts and supplies  | (1,508,195)                          | (2,063,017)       | (1,285,415)                      | (2,063,017)       |
| Other non-current assets  | (6,843,838)                          | (600)             | (6,044,700)                      | -                 |
| Trade accounts payable  | 10,925,609                           | (11,807,080)      | (1,394,081)                      | (11,807,080)      |
| Other payables  | 8,895,578                            | (5,776,274)       | 3,705,382                        | (3,527,571)       |
| Employee benefits paid  | (148,048)                            | (220,086)         | (148,048)                        | (220,086)         |
| Net cash generated from operating                                 | 36,952,366                           | 34,930,341        | 65,040,032                       | 78,155,422        |
| Taxes paid  | (6,534,309)                          | (6,041,476)       | (6,406,152)                      | (5,980,710)       |
| <b>Net cash from operating activities</b>                         | <b>30,418,057</b>                    | <b>28,888,865</b> | <b>58,633,880</b>                | <b>72,174,712</b> |

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

# Sakol Energy Public Company Limited and its subsidiaries

## Statement of cash flows

|  | Consolidated financial statements |                     | Separate financial statements |                      |
|--|-----------------------------------|---------------------|-------------------------------|----------------------|
|  | Year ended 31 December            |                     | Year ended 31 December        |                      |
|  | 2019                              | 2018                | 2019                          | 2018                 |
|  | (Baht)                            |                     |                               |                      |
| <b><i>Cash flows from investing activities</i></b>                               |                                   |                     |                               |                      |
| Proceeds from sale of current investments  | 95,373,364                        | 746,375,404         | 13,088,650                    | 745,905,404          |
| Acquisition of current investments   | (97,252,124)                      | (384,600,500)       | (40,128,090)                  | (363,700,000)        |
| Acquisition of debt securities held to maturity                                  | -                                 | (60,000,000)        | -                             | (60,000,000)         |
| Proceeds from debt securities held to maturity                                   | -                                 | 60,000,000          | -                             | 60,000,000           |
| Loans to related parties   | (20,000,000)                      | -                   | (424,000,000)                 | (241,000,000)        |
| Proceeds from loans to related parties   | -                                 | -                   | 272,079,247                   | 68,000,000           |
| Loans to other parties   | (10,000,000)                      | (2,300,000)         | (10,000,000)                  | -                    |
| Proceeds from loans to other parties   | 2,300,000                         | -                   | -                             | -                    |
| Decreased (increased) in restricted deposits at financial institutions           | 11,893,484                        | (17,399,074)        | 15,099,074                    | (15,599,074)         |
| Acquisition of business, net of cash acquired                                    | -                                 | (88,497,095)        | -                             | -                    |
| Acquisition of investments in subsidiaries                                       | -                                 | -                   | -                             | (89,500,000)         |
| Cash outflow on increase in share capital of subsidiary                          | -                                 | -                   | (4,700,000)                   | (216,340,000)        |
| Proceeds from non controlling interest of increase share capital in subsidiaries | 1,300,000                         | 54,960,000          | -                             | -                    |
| Proceeds from sale of equipment  | 9,813                             | 18,836              | 9,813                         | 18,836               |
| Acquisition of building and equipment  | (377,045,957)                     | (386,050,803)       | (13,034,905)                  | (9,462,298)          |
| Acquisition of intangible assets   | (1,739,747)                       | (1,167,466)         | (1,739,747)                   | (1,164,101)          |
| Interest received  | 612,960                           | 397,077             | 30,063,740                    | 1,589,372            |
| <b>Net cash used in investing activities</b>                                     | <b>(394,548,207)</b>              | <b>(78,263,621)</b> | <b>(163,262,218)</b>          | <b>(121,251,861)</b> |
| <b><i>Cash flows from financing activities</i></b>                               |                                   |                     |                               |                      |
| Proceeds from short-term borrowings  | 373,481,541                       | 21,442,575          | 342,000,000                   | -                    |
| Repayment of short-term borrowings   | (335,729,860)                     | -                   | (314,473,164)                 | -                    |
| Proceeds from long-term borrowings from financial institutions                   | 391,500,000                       | 197,053,214         | 135,000,000                   | 173,553,214          |
| Repayment of long-term borrowings from financial institutions                    | (67,651,962)                      | (61,733,345)        | (50,082,219)                  | (61,733,345)         |
| Proceeds from finance lease liabilities  | 41,292,060                        | -                   | -                             | -                    |
| Repayment of finance lease and hire purchase liabilities                         | (6,061,203)                       | (1,076,021)         | (957,675)                     | (1,076,021)          |
| Dividends paid to owners of the Company  | (55,799,958)                      | -                   | (55,799,958)                  | -                    |
| Interest paid  | (17,945,227)                      | (4,842,757)         | (21,883,403)                  | (3,850,687)          |
| <b>Net cash from financing activities</b>  | <b>323,085,391</b>                | <b>150,843,666</b>  | <b>33,803,581</b>             | <b>106,893,161</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>(41,044,759)</b>               | <b>101,468,910</b>  | <b>(70,824,757)</b>           | <b>57,816,012</b>    |
| Cash and cash equivalents at 1 January   | 123,253,757                       | 21,784,847          | 79,376,882                    | 21,560,870           |
| <b>Cash and cash equivalents at 31 December</b>                                  | <b>82,208,998</b>                 | <b>123,253,757</b>  | <b>8,552,125</b>              | <b>79,376,882</b>    |
| <b><i>Non-cash transactions</i></b>  |                                   |                     |                               |                      |
| Other payables of building and equipment purchased                               | 64,484,536                        | 153,311,299         | 2,724,136                     | -                    |

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

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**Notes to the financial statements**  
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 27 February 2020.

**1 General Information**

Sakol Energy Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in November 2017. The Company has its registered head office and branches as follow:

Head office: 15 Moo 1 Chiang Rak Noi, Samkhok Pathumthani 12160

Branch 1: 168 Moo 4 Tha Maprang, Kaeng Khoi Saraburi 18110

Branch 2: 252/108(B) and 252/109(C) Muang Thai-Phatra Complex Building, 21<sup>st</sup> Floor, Ratchadaphisek Road, Huai Khwang Bangkok 10310

The Company’s major shareholders during the financial year were Sumetchotimetha Family (54% shareholding) and Nunttee Family (19% shareholding).

The principle activity of the Company is compression of natural gas to PTT Public Company Limited. The Group operates in energy industry. Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in notes 4 and 10.

**2 Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue* and related interpretations. The details of accounting policies are disclosed in note 3 (s).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 25.

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*(b) Functional and presentation currency*

The financial statements are prepared in Thai Baht, which is the Company's functional currency.

*(c) Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*(i) Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3 (e) Financial lease receivable.

*(ii) Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

|         |  |
|---------|--|
| Note 13 | Impairment test of goodwill: key assumptions underlying recoverable amounts; |
|---------|--|

|         |  |
|---------|--|
| Note 19 | Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. |
|---------|--|

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

*(a) Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

**Sakol Energy Public Company Limited and its subsidiaries**  
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Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.



**Sakol Energy Public Company Limited and its subsidiaries**  
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**(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(d) Trade and other account receivable and contract assets**

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

**(e) Financial lease receivables**

Finance lease receivables is stated outstanding balance net of unearned interest income less allowance for doubtful accounts.

The Group determines whether an arrangement that does not take the legal form of a lease, convey right to control the use of underlying asset during the arrangement period in return of a payment or series of payments. The underlying asset is a specific asset that is subject for a lease arrangement.

**(f) Inventories**

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

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

**(g) Spare parts and supplies**

Spare parts and supplies are measured at cost. Cost of spare parts and supplies is calculated using the first in first out principle.

**(h) Investments**

*Investments in subsidiaries*

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

**Sakol Energy Public Company Limited and its subsidiaries**  
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*Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognized directly in equity. Impairment losses are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(i) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. No depreciation is provided on freehold land categorised as investment properties.

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**(j) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |                  |       |
|--|------------------|-------|
| Buildings and constructions              | 10 - 20          | years |
| Machinery and equipment                  | 10 - 20          | years |
| Electrical system                        | 10 - 20          | years |
| Tools                                    | 5                | years |
| Furniture, fixtures and office equipment | Lease term and 5 | years |
| Vehicles                                 | 5                | years |



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No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible asset from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods are as follows:

|  |          |
|--|----------|
| Software licenses and computer program | 5 years  |
| Sale purchase bio-methane agreement    | 10 years |
| Sale purchase electricity agreement    | 20 years |

Amortisation method, useful life and residual value are reviewed at each financial year-end and adjusted if appropriate. No amortisation is provided on software licenses under installation.

**(l) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.



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*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(m) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at cost.

**(n) Trade and other accounts payable**

Trade accounts payable and other payables are stated at cost.

**(o) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

**(p) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(q) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(r) Measurement of fair values**

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(s) Revenue**

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding value added tax and is after deduction of any trade discounts.

***Sale of goods and services***

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers.

Revenue for rendering of services is recognised over time. The related costs are recognised in profit or loss when they are incurred.

***Revenue from financial leases***

The Company recognises revenue from finance leases using the effective interest method.

***Accounting policies for revenue recognition in 2018***

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

***Rendering of services***

Revenue from rendering of services are recognised as services are provided.

***Revenue from financial leases***

The Company recognises revenue from finance leases using the effective interest method.

**(t) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

**(u) Interest income and other income**

Interest income and other income are recognised in profit or loss as they accrue.



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**(v) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

**(w) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(x) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(y) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(z) Related parties**

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(aa) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4 Related parties**

Relationships with subsidiaries are described in note 10, key management and other related parties that the group has significant transactions with during the year were as follows:

| Name of entities             | Country of incorporation | Nature of relationships                                |
|------------------------------|--------------------------|--|
| PTC Holding Company Limited  | Thailand                 | Common directors and directors hold all shares         |
| Transuwan Company Limited    | Thailand                 | Common directors and directors hold substantial shares |
| Tranthanakom Company Limited | Thailand                 | Common directors and directors hold substantial shares |

**Sakol Energy Public Company Limited and its subsidiaries**  
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| Name of entities             | Country of incorporation | Nature of relationships   |
|------------------------------|--------------------------|---|
| B.P 15 Company Limited       | Thailand                 | Common directors and shareholders   |
| Trans Energy Company Limited | Thailand                 | Common shareholders   |
| Key management personnel     | Thailand                 | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for transactions with related parties are explained further below:

| Transactions              | Pricing policies                        |
|---------------------------|---|
| Management income         | Contractual rates                       |
| Rental and utility income | Contractual rates                       |
| Other service income      | Contractual rates                       |
| Other income              | Contractual rates                       |
| Interest income           | Contractual rates                       |
| Other service expense     | Contractual rates                       |
| Purchase of raw materials | Agreed price which base on market price |

Significant transactions for the years ended 31 December with related parties were as follows:

| Year ended 31 December                             | Consolidated financial statements |               | Separate financial statements |               |
|--|-----------------------------------|---------------|-------------------------------|---------------|
|  | 2019                              | 2018          | 2019                          | 2018          |
|  | (in thousand Baht)                |               |                               |               |
| <b>Subsidiaries</b>                                |                                   |               |                               |               |
| Management income                                  | -                                 | -             | 1,117                         | 867           |
| Other service income                               | -                                 | -             | 719                           | 571           |
| Other income                                       | -                                 | -             | 199                           | 14            |
| Interest income                                    | -                                 | -             | 31,106                        | 2,508         |
| <b>Other related parties</b>                       |                                   |               |                               |               |
| Utility income                                     | 169                               | 165           | 169                           | 165           |
| Purchase of raw materials                          | 67,812                            | -             | -                             | -             |
| Other service expense                              | 2,125                             | -             | -                             | -             |
| <b>Key management personnel</b>                    |                                   |               |                               |               |
| Short-term employee benefits                       | 15,927                            | 14,355        | 15,528                        | 14,355        |
| Post-employment benefits                           | 3                                 | 4             | 3                             | 4             |
| <b>Total key management personnel compensation</b> | <b>15,930</b>                     | <b>14,359</b> | <b>15,531</b>                 | <b>14,359</b> |



**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Balances as at 31 December with related parties were as follows:

|  | <b>Consolidated<br/>financial statements</b> |                     | <b>Separate<br/>financial statements</b> |                     |
|--|--|---------------------|--|---------------------|
|  | 31 December<br>2019                          | 31 December<br>2018 | 31 December<br>2019                      | 31 December<br>2018 |
|  | <i>(in thousand Baht)</i>                    |                     |  |                     |
| <b>Other receivables</b>                         |  |                     |  |                     |
| <b>Subsidiaries</b>                              |  |                     |  |                     |
| Mae Krating Power Company Limited                | -  | -                   | 5,199                                    | -                   |
| RE Biofuels Company Limited                      | -  | -                   | 340                                      | -                   |
| <b>Other related parties</b>                     |  |                     |  |                     |
| Transuwan Company Limited                        | 174  | 25                  | 117                                      | 25                  |
| Tranthanakom Company Limited                     | 116  | -                   | -  | -                   |
| B.P 15 Company Limited                           | 16   | -                   | -  | -                   |
| <b>Total</b>                                     | <b>306</b>                                   | <b>25</b>           | <b>5,656</b>                             | <b>25</b>           |
| <b>Trade accounts payable</b>                    |  |                     |  |                     |
| <b>Other related parties</b>                     |  |                     |  |                     |
| B.P 15 Company Limited                           | 6,430  | -                   | -  | -                   |
| Transuwan Company Limited                        | 996  | -                   | -  | -                   |
| Tranthanakom Company Limited                     | 323  | -                   | -  | -                   |
| <b>Total</b>                                     | <b>7,749</b>                                 | <b>-</b>            | <b>-</b>                                 | <b>-</b>            |
| <b>Other payable</b>                             |  |                     |  |                     |
| <b>Subsidiaries</b>                              |  |                     |  |                     |
| Sakol Energy Biomass Power 15<br>Company Limited | 27   | -                   | -  | -                   |
| <b>Other related parties</b>                     |  |                     |  |                     |
| Trans energy Company Limited                     | 34   | -                   | -  | -                   |
| PTC Holding Company Limited                      | 5  | -                   | -  | -                   |
| Others   | 103  | -                   | 1  | -                   |
| <b>Total</b>                                     | <b>169</b>                                   | <b>-</b>            | <b>1</b>                                 | <b>-</b>            |

Movements during the year ended 31 December of loans to related parties were as follows:

|  | <b>Interest rate</b>                       | <b>Consolidated financial statements</b> |                           |          |                           |
|--|--|--|---------------------------|----------|---------------------------|
|  | At<br>31 December<br>2019<br>(% per annum) | At<br>1 January<br>2019                  | Increase                  | Decrease | At<br>31 December<br>2019 |
|  |  |  | <i>(in thousand Baht)</i> |          |                           |
| <b>Short-term loans to<br/>related parties</b> |  |  |                           |          |                           |
| <b>Other related parties</b>                   |  |  |                           |          |                           |
| Transuwan Company<br>Limited                   | 5.5  | -  | 20,000                    | -        | <b>20,000</b>             |

**Sakol Energy Public Company Limited and its subsidiaries**  
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|  | Interest rate<br>At<br>31 December<br>2018<br>(% per annum) | At<br>1 January<br>2018 | Separate financial statements |          | At<br>31 December<br>2018 |
|--|---|-------------------------|-------------------------------|----------|---------------------------|
|  |   |                         | Increase                      | Decrease |                           |
|  |   |                         | (in thousand Baht)            |          |                           |
| <i>Short-term loans to related parties</i> |   |                         |                               |          |                           |
| <b>Subsidiary</b>                          |   |                         |                               |          |                           |
| Mac Krating Power Company Limited          | MOR+2.75  | <u>-</u>                | 84,000                        | (68,000) | <u>16,000</u>             |
| <i>Long-term loans to related parties</i>  |   |                         |                               |          |                           |
| <b>Subsidiaries</b>                        |   |                         |                               |          |                           |
| Mae Krating Power Company Limited          | MOR+2.75  | -                       | 145,000                       | -        | 145,000                   |
| RE Biofuels Company Limited                | 8.0   | <u>-</u>                | 12,000                        | -        | <u>12,000</u>             |
| <b>Total</b>                               |   | <u>-</u>                |                               |          | <u>157,000</u>            |

|  | Interest rate | At             | Separate financial statements |          | At             |
|--|---------------|----------------|-------------------------------|----------|----------------|
|  | At            | 1 January      | Increase                      | Decrease | 31 December    |
|  | 31 December   | 2019           |                               |          | 2019           |
|  | (% per annum) |                | (in thousand Baht)            |          |                |
| <b>Short-term loans to related parties</b> |               |                |                               |          |                |
| <b>Subsidiary</b>                          |               |                |                               |          |                |
| Mae Krating Power Company Limited          | MOR+2.75      | 16,000         | 89,000                        | (91,000) | 14,000         |
| <b>Other related parties</b>               |               |                |                               |          |                |
| Transuwan Company Limited                  | 5.5           | -              | 20,000                        | -        | 20,000         |
| <b>Total</b>                               |               | <u>16,000</u>  |                               |          | <u>34,000</u>  |
| <b>Long-term loans to related parties</b>  |               |                |                               |          |                |
| <b>Subsidiaries</b>                        |               |                |                               |          |                |
| Mae Krating Power Company Limited          | MLR+0.25      | 145,000        | 135,000                       | -        | 280,000        |
| RE Biofuels Company Limited                | 8.0           | 12,000         | -                             | (1,079)  | 10,921         |
| <b>Total</b>                               |               | <u>157,000</u> |                               |          | <u>290,921</u> |

**Sakol Energy Public Company Limited and its subsidiaries**  
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***Raw material sale and purchase agreement***

A subsidiary entered into a raw material sale and purchase agreement with a related party. Such agreement has been effective since August 2019 to August 2024. The related party agreed to provide raw material to the subsidiary at the condition and service fee as stipulated in the agreement.

**5 Cash and cash equivalents**

|                                  | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |               |
|----------------------------------|--|----------------|--|---------------|
|                                  | 2019   | 2018           | 2019                                     | 2018          |
|                                  | <i>(in thousand Baht)</i>                    |                |  |               |
| Cash on hand                     | 401  | 330            | 330                                      | 320           |
| Cash at banks - current accounts | 1,360  | 24,058         | 1,322                                    | 100           |
| Cash at banks - savings accounts | 80,448                                       | 98,866         | 6,900                                    | 78,957        |
| <b>Total</b>                     | <b>82,209</b>                                | <b>123,254</b> | <b>8,552</b>                             | <b>79,377</b> |

**6 Current investments**

|  | <b>Consolidated<br/>financial statements</b> |               | <b>Separate<br/>financial statements</b> |               |
|--|--|---------------|--|---------------|
|  | 2019   | 2018          | 2019                                     | 2018          |
|  | <i>(in thousand Baht)</i>                    |               |  |               |
| Equity securities held for trading             | 40   | -             | 40                                       | -             |
| Available-for-sale securities -<br>mutual fund | 67,894                                       | 65,522        | 40,013                                   | 12,959        |
| <b>Total</b>                                   | <b>67,934</b>                                | <b>65,522</b> | <b>40,053</b>                            | <b>12,959</b> |

Movements during the year ended 31 December of current investment were as follows:

|  | <b>Consolidated financial statements</b> |                |                  |                          |
|--|--|----------------|------------------|--------------------------|
|  | At 1<br>January                          | Purchase       | Disposal         | Fair value<br>adjustment |
|  | <i>(in thousand Baht)</i>                |                |                  |                          |
| <b>2019</b>                                    |  |                |                  |                          |
| <b><i>Current investments</i></b>              |  |                |                  |                          |
| Equity securities held for trading             | -  | 128            | (88)             | -                        |
| Available-for-sale securities -<br>mutual fund | 65,522                                   | 97,124         | (93,934)         | (818)                    |
| <b>Total</b>                                   | <b>65,522</b>                            | <b>97,252</b>  | <b>(94,022)</b>  | <b>(818)</b>             |
| <b>2018</b>                                    |  |                |                  |                          |
| <b><i>Current investments</i></b>              |  |                |                  |                          |
| Available-for-sale securities -<br>mutual fund | 425,398                                  | 384,600        | (744,469)        | (7)                      |
| <b>Total</b>                                   | <b>425,398</b>                           | <b>384,600</b> | <b>(744,469)</b> | <b>(7)</b>               |

**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2019**

|  | At 1<br>January | Separate financial statements |                  |                          | At 31<br>December |
|--|-----------------|-------------------------------|------------------|--------------------------|-------------------|
|  |                 | Purchase                      | Disposal         | Fair value<br>adjustment |                   |
|  |                 | <i>(in thousand Baht)</i>     |                  |                          |                   |
| <b>2019</b>                                    |                 |                               |                  |                          |                   |
| <b>Current investments</b>                     |                 |                               |                  |                          |                   |
| Equity securities held for trading             | -               | 128                           | (88)             | -                        | 40                |
| Available-for-sale securities -<br>mutual fund | 12,959          | 40,000                        | (12,895)         | (51)                     | 40,013            |
| <b>Total</b>                                   | <b>12,959</b>   | <b>40,128</b>                 | <b>(12,983)</b>  | <b>(51)</b>              | <b>40,053</b>     |
| <b>2018</b>                                    |                 |                               |                  |                          |                   |
| <b>Current investments</b>                     |                 |                               |                  |                          |                   |
| Available-for-sale securities -<br>mutual fund | 393,570         | 363,700                       | (744,011)        | (300)                    | 12,959            |
| <b>Total</b>                                   | <b>393,570</b>  | <b>363,700</b>                | <b>(744,011)</b> | <b>(300)</b>             | <b>12,959</b>     |

**7 Trade accounts receivable**

|               | Consolidated<br>financial statements |        | Separate<br>financial statements |        |
|---------------|--------------------------------------|--------|----------------------------------|--------|
|               | 2019                                 | 2018   | 2019                             | 2018   |
|               | <i>(in thousand Baht)</i>            |        |                                  |        |
| Other parties | 93,530                               | 42,142 | 40,548                           | 42,142 |

Trade accounts receivable of the Group as at 31 December 2019 are within credit term.

The normal credit term granted by the Group is 15-30 days.

**8 Inventories**

|   | Consolidated<br>financial statements |          | Separate<br>financial statements |          |
|---|--------------------------------------|----------|----------------------------------|----------|
|   | 2019                                 | 2018     | 2019                             | 2018     |
|   | <i>(in thousand Baht)</i>            |          |                                  |          |
| Raw materials   | 11,223                               | -        | -                                | -        |
| Finished goods  | 60                                   | -        | -                                | -        |
| <b>Total</b>  | <b>11,283</b>                        | <b>-</b> | <b>-</b>                         | <b>-</b> |
| Inventories recognised in 'cost of sales of<br>goods' | 98,172                               | -        | -                                | -        |

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**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**10 Investments in subsidiaries**

Investments in subsidiaries as at 31 December 2019 and 2018 and dividend income from those investments for the years then ended, were as follows:

|   | Type of business  | Ownership interest |       | Separate financial statements |                |                    |                | Dividend income |          |
|---|---|--------------------|-------|-------------------------------|----------------|--------------------|----------------|-----------------|----------|
|   |   | 2019               | 2018  | Paid share capital            |                | Cost               |                | 2019            | 2018     |
|   |   |                    | (%)   | 2019                          | 2018           | 2019               | 2018           |                 |          |
| <b>Subsidiaries</b>                           |   |                    |       |                               |                |                    |                |                 |          |
| SK15 Company Limited                          | Rental of property  | 99.99              | 99.99 | 140,000                       | 140,000        | (in thousand Baht) | 140,000        | -               | -        |
| Sakol Energy Biomass Power 15 Company Limited | Production and distribution of electricity                | 99.99              | 99.99 | 62,000                        | 62,000         | 61,999             | 61,999         | -               | -        |
| Mae Krating Power Company Limited             | Production and distribution of electricity                | 80.00              | 80.00 | 282,300                       | 282,300        | 285,840            | 285,840        | -               | -        |
| RE Biofuels Company Limited                   | Production and distribution of compressed bio-methane gas | 75.95              | 75.00 | 21,000                        | 15,000         | 24,700             | 20,000         | -               | -        |
| <b>Total</b>                                  |   |                    |       | <b>505,300</b>                | <b>499,300</b> | <b>512,539</b>     | <b>507,839</b> | <b>-</b>        | <b>-</b> |

All subsidiaries were incorporated and operate in Thailand.

The Company has no investments in subsidiaries registered in the Stock Exchange so there are no published price quotations to be disclosed.

On 30 October 2019, RE Biofuels Company Limited ("RE biofuels") which is the company's subsidiary increased its issued share capital from Baht 15 million (150,000 shares at Baht 100 per share) to Baht 21 million (210,000 shares at Baht 100 per share) with fully share paid up. The Company purchased 47,000 shares, therefore, the ownership interest of the Company in RE biofuels has increased to 75.95%.



**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**11 Investment properties**

|                       | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |          |
|-----------------------|--|----------------|--|----------|
|                       | 2019   | 2018           | 2019                                     | 2018     |
|                       | <i>(in thousand Baht)</i>                    |                |  |          |
| <b>At 31 December</b> | <b>171,618</b>                               | <b>171,618</b> | <b>-</b>                                 | <b>-</b> |

The fair value of investment properties as at 31 December 2019 of Baht 284.65 million (2018: Baht 176.89 million) was determined by independent professional valuers, at market price method. The fair value measurement for investment property has been categorised as a Level 2 fair value.

Investment properties were the properties that the Group has not used for operation.

**Measurement of fair value**

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on a regular basis.

*Security*

At 31 December 2019, the Group has mortgaged investment properties of Baht 171.62 million (2018: Baht 100.98 million) as collateral against long-term borrowings from financial institution, as described in note 14.



**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2019**

|                             | Consolidated financial statements |                             |                         |                   |                     |  |                |
|-----------------------------|-----------------------------------|-----------------------------|-------------------------|-------------------|---------------------|--|----------------|
|                             | Land                              | Buildings and constructions | Machinery and equipment | Electrical System | Tools and equipment | Furniture, fixtures and office equipment | Total          |
| <i>(in thousand Baht)</i>   |                                   |                             |                         |                   |                     |  |                |
| <b>Net book value</b>       |                                   |                             |                         |                   |                     |  |                |
| <b>At 31 December 2018</b>  |                                   |                             |                         |                   |                     |  |                |
| Owned assets                | 80,334                            | 28,782                      | 18,612                  | 6,789             | 943                 | 9,000                                    | 674,593        |
| Assets under finance leases | -                                 | -                           | -                       | -                 | -                   | -  | 1,703          |
|                             | <u>80,334</u>                     | <u>28,782</u>               | <u>18,612</u>           | <u>6,789</u>      | <u>943</u>          | <u>9,000</u>                             | <u>676,296</u> |
| <b>At 31 December 2019</b>  |                                   |                             |                         |                   |                     |  |                |
| Owned assets                | 86,334                            | 101,205                     | 664,018                 | 13,300            | 1,303               | 9,264                                    | 892,569        |
| Assets under finance leases | -                                 | -                           | 37,558                  | -                 | -                   | -  | 38,133         |
|                             | <u>86,334</u>                     | <u>101,205</u>              | <u>701,576</u>          | <u>13,300</u>     | <u>1,303</u>        | <u>9,264</u>                             | <u>930,702</u> |

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
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|  | Separate financial statements |                             |                         |                   |                                       |  |          |                           |         |
|--|-------------------------------|-----------------------------|-------------------------|-------------------|---------------------------------------|--|----------|---------------------------|---------|
|  | Land                          | Buildings and constructions | Machinery and equipment | Electrical System | Tools equipment<br>(in thousand Baht) | Furniture, fixtures and office equipment | Vehicles | Assets under construction | Total   |
| <i>Cost</i>                            |                               |                             |                         |                   |                                       |  |          |                           |         |
| At 1 January 2018                      | 78,634                        | 8,229                       | 23,602                  | 2,221             | 2,319                                 | 17,478                                   | 16,037   | 7,214                     | 155,734 |
| Additions                              | -                             | 845                         | -                       | -                 | 332                                   | 970                                      | 51       | 7,264                     | 9,462   |
| Disposal                               | -                             | -                           | -                       | -                 | (27)                                  | (164)                                    | -        | -                         | (191)   |
| Transfer                               | -                             | 12,438                      | 2,040                   | -                 | -                                     | -  | -        | (14,478)                  | -       |
| At 31 December 2018 and 1 January 2019 | 78,634                        | 21,512                      | 25,642                  | 2,221             | 2,624                                 | 18,284                                   | 16,088   | -                         | 165,005 |
| Additions                              | -                             | 99                          | 2,546                   | -                 | 104                                   | 2,753                                    | -        | 10,258                    | 15,760  |
| Disposal                               | -                             | -                           | -                       | -                 | -                                     | (178)                                    | -        | -                         | (178)   |
| Transfer                               | -                             | -                           | 10,184                  | -                 | -                                     | 74                                       | -        | (10,258)                  | -       |
| At 31 December 2019                    | 78,634                        | 21,611                      | 38,372                  | 2,221             | 2,728                                 | 20,933                                   | 16,088   | -                         | 180,587 |
| <i>Depreciation</i>                    |                               |                             |                         |                   |                                       |  |          |                           |         |
| At 1 January 2018                      | -                             | 2,536                       | 5,572                   | 239               | 1,995                                 | 6,771                                    | 10,311   | -                         | 27,424  |
| Depreciation charge for the year       | -                             | 1,209                       | 1,458                   | 222               | 154                                   | 3,231                                    | 2,543    | -                         | 8,817   |
| Disposal                               | -                             | -                           | -                       | -                 | (27)                                  | (150)                                    | -        | -                         | (177)   |
| At 31 December 2018 and 1 January 2019 | -                             | 3,745                       | 7,030                   | 461               | 2,122                                 | 9,852                                    | 12,854   | -                         | 36,064  |
| Depreciation charge for the year       | -                             | 1,448                       | 1,557                   | 118               | 161                                   | 3,443                                    | 2,121    | -                         | 8,848   |
| Disposal                               | -                             | -                           | -                       | -                 | -                                     | (104)                                    | -        | -                         | (104)   |
| At 31 December 2019                    | -                             | 5,193                       | 8,587                   | 579               | 2,283                                 | 13,191                                   | 14,975   | -                         | 44,808  |

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|                             | Separate financial statements |                             |                         |                   |                    |              |                           |
|-----------------------------|-------------------------------|-----------------------------|-------------------------|-------------------|--------------------|--------------|---------------------------|
|                             | Land                          | Buildings and constructions | Machinery and equipment | Electrical System | Tools equipment    | Vehicles     | Assets under construction |
|                             |                               |                             |                         |                   | (in thousand Baht) |              | Total                     |
| <i>Net book value</i>       |                               |                             |                         |                   |                    |              |                           |
| <b>At 31 December 2018</b>  |                               |                             |                         |                   |                    |              |                           |
| Owned assets                | 78,634                        | 17,767                      | 18,612                  | 1,760             | 502                | 1,531        | 127,238                   |
| Assets under finance leases | -                             | -                           | -                       | -                 | -                  | 1,703        | 1,703                     |
|                             | <u>78,634</u>                 | <u>17,767</u>               | <u>18,612</u>           | <u>1,760</u>      | <u>502</u>         | <u>3,234</u> | <u>128,941</u>            |
| <b>At 31 December 2019</b>  |                               |                             |                         |                   |                    |              |                           |
| Owned assets                | 78,634                        | 16,418                      | 29,785                  | 1,642             | 445                | 537          | 135,204                   |
| Assets under finance leases | -                             | -                           | -                       | -                 | -                  | 575          | 575                       |
|                             | <u>78,634</u>                 | <u>16,418</u>               | <u>29,785</u>           | <u>1,642</u>      | <u>445</u>         | <u>1,112</u> | <u>135,779</u>            |

The gross amount of the Group and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 19.85 million (2018 : Baht 10.82 million).

*Security*

At 31 December 2019, the Group and the Company have mortgaged assets approximately Baht 866.96 million and Baht 81.28 million, respectively, (2018: Baht 131.62 million and Baht 103.26 million, respectively) as collateral against long-term borrowings from financial institutions, as described in note 14.

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory are amounted to Baht 7 million for the Group (2018: nil), with a capitalisation rate of 4.15%-7.50% (2018: nil).

Sakol Energy Public Company Limited and its subsidiaries  
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For the year ended 31 December 2019

13 Intangible assets

|  | Consolidated financial statements |                  |                                     |                                     |                                     |         |
|--|-----------------------------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------|
|  | Software license                  | Computer program | Software license under installation | Sale Purchase bio-methane agreement | Sale purchase electricity agreement | Total   |
|  |                                   |                  |                                     | <i>(in thousand Baht)</i>           |                                     |         |
| <b>Cost</b>                              |                                   |                  |                                     |                                     |                                     |         |
| As at 1 January 2018                     | 78                                | 1,039            | 3,092                               | -                                   | -                                   | 4,209   |
| Additions                                | -                                 | 32               | 1,136                               | -                                   | -                                   | 1,168   |
| Acquisition through business combination | -                                 | -                | -                                   | 1,180                               | 110,000                             | 119,257 |
| At 31 December 2018 and 1 January 2019   | 78                                | 1,071            | 4,228                               | 1,180                               | 110,000                             | 124,634 |
| Additions                                | 618                               | 161              | 960                                 | -                                   | -                                   | 1,739   |
| At 31 December 2019                      | 696                               | 1,232            | 5,188                               | 1,180                               | 110,000                             | 126,373 |
| <b>Amortisation</b>                      |                                   |                  |                                     |                                     |                                     |         |
| As at 1 January 2018                     | (78)                              | (245)            | -                                   | -                                   | -                                   | (323)   |
| Amortisation for the year                | -                                 | (177)            | -                                   | -                                   | -                                   | (177)   |
| At 31 December 2018 and 1 January 2019   | (78)                              | (422)            | -                                   | -                                   | -                                   | (500)   |
| Amortisation for the year                | (78)                              | (215)            | -                                   | (110)                               | (2,197)                             | (2,600) |
| At 31 December 2019                      | (156)                             | (637)            | -                                   | (110)                               | (2,197)                             | (3,100) |
| <b>Net book value</b>                    |                                   |                  |                                     |                                     |                                     |         |
| At 31 December 2018                      | -                                 | 649              | 4,228                               | 1,180                               | 110,000                             | 124,134 |
| At 31 December 2019                      | 540                               | 595              | 5,188                               | 1,070                               | 107,803                             | 123,273 |



**Sakol Energy Public Company Limited and its subsidiaries**  
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|   | Separate financial statements |                      |   |              |
|---|-------------------------------|----------------------|---|--------------|
|   | Software<br>license           | Computer<br>Software | Software<br>license under<br>installation | Total        |
|   | (in thousand Baht)            |                      |   |              |
| <b>Cost</b>                                       |                               |                      |   |              |
| At 1 January                                      | 78                            | 1,039                | 3,092                                     | 4,209        |
| Additions   | -                             | 29                   | 1,136                                     | 1,165        |
| <b>At 31 December 2018 and<br/>1 January 2019</b> | <b>78</b>                     | <b>1,068</b>         | <b>4,228</b>                              | <b>5,374</b> |
| Additions   | 618                           | 161                  | 960                                       | 1,739        |
| <b>At 31 December 2019</b>                        | <b>696</b>                    | <b>1,229</b>         | <b>5,188</b>                              | <b>7,113</b> |
| <b>Amortisation</b>                               |                               |                      |   |              |
| 1 January 2019                                    | (78)                          | (245)                | -   | (323)        |
| Amortisation for the year                         | -                             | (177)                | -   | (177)        |
| <b>At 31 December 2018 and<br/>1 January 2019</b> | <b>(78)</b>                   | <b>(422)</b>         | <b>-</b>                                  | <b>(500)</b> |
| Amortisation for the year                         | (78)                          | (214)                | -   | (292)        |
| <b>At 31 December 2019</b>                        | <b>(156)</b>                  | <b>(636)</b>         | <b>-</b>                                  | <b>(792)</b> |
| <b>Net book value</b>                             |                               |                      |   |              |
| At 31 December 2018                               | -                             | 646                  | 4,228                                     | 4,874        |
| <b>At 31 December 2019</b>                        | <b>540</b>                    | <b>593</b>           | <b>5,188</b>                              | <b>6,321</b> |

**Impairment test of book value of goodwill**

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated. The values assigned to the key assumptions represented management's assessment of business plan. The key assumptions used in the estimation of the recoverable amount were as follows:

|   | Consolidated financial<br>statements |       |
|---|--------------------------------------|-------|
|   | 2019                                 | 2018  |
|   | (Percentage)                         |       |
| Discount rate   | 10.74                                | 11.45 |
| Budgeted earnings before interest, income tax, depreciation and<br>amortisation growth rate | 1.00                                 | 0.11  |

**Discount rate**

The discount rates were based on weighted average cost of capital, with the Company's cost of debt, risk free rate of government bond and average industry beta.

**Terminal value growth rate**

Future cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined by management.



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**For the year ended 31 December 2019**

|   | <b>Consolidated<br/>financial statements</b> |                |
|---|--|----------------|
|   | 2019   | 2018           |
|   | <i>(in thousand Baht)</i>                    |                |
| <b>Non-current</b>  |  |                |
| Long-term borrowings from financial institutions                    |  |                |
| - Secured   | 439,555                                      | 123,647        |
| - Unsecured   | 4,355  | 14,678         |
| Financial lease and hire purchase liabilities                       | 27,308                                       | 553            |
| <b>Total non-current interest-bearing liabilities</b>               | <b>471,218</b>                               | <b>138,878</b> |
| <b>Total interest bearing liabilities</b>                           | <b>653,695</b>                               | <b>254,335</b> |
|   |  |                |
|   | <b>Separate<br/>financial statements</b>     |                |
|   | 2019   | 2018           |
|   | <i>(in thousand Baht)</i>                    |                |
| <b>Current</b>  |  |                |
| Short-term borrowings from financial institutions - Secured         | -  | 40,000         |
| Short-term borrowings from other parties                            |  |                |
| - Secured   | 59,657                                       | -              |
| - Unsecured   | 9,973  | -              |
| Current portion of long-term borrowings from financial institutions |  |                |
| - Secured   | 46,208                                       | 19,905         |
| - Unsecured   | 10,317                                       | 9,837          |
| Current portion of financial lease and hire purchase liabilities    | 553  | 958            |
| <b>Total current interest-bearing liabilities</b>                   | <b>126,708</b>                               | <b>70,700</b>  |
| <b>Non-current</b>  |  |                |
| Long-term borrowings from financial institutions                    |  |                |
| - Secured   | 192,531                                      | 123,647        |
| - Unsecured   | 4,355  | 14,678         |
| Financial lease and hire purchase liabilities                       | -  | 553            |
| <b>Total non-current interest-bearing liabilities</b>               | <b>196,886</b>                               | <b>138,878</b> |
| <b>Total interest bearing liabilities</b>                           | <b>323,594</b>                               | <b>209,578</b> |

**Guarantee**

As at 31 December 2019, the Company had guaranteed for credit facilities of two subsidiaries which granted from financial institutions at Baht 276.25 million (31 December 2018: Baht 326 million).

Details of the Group's borrowings as at 31 December were as follows:

|   | <b>Consolidated<br/>financial statements</b> |        | <b>Separate<br/>financial statements</b> |        |
|---|--|--------|--|--------|
|   | 2019   | 2018   | 2019                                     | 2018   |
|   | <i>(in thousand Baht)</i>                    |        |  |        |
| <b>The Company :</b>  |  |        |  |        |
| 1) Baht 130 million Short-term Loan Facility<br>at interest rate of 4.0% - 5.5% per annum,<br>payable within 90 days after withdrawal | -  | 40,000 | -  | 40,000 |

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|  | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |                |
|--|--|----------------|--|----------------|
|  | 2019   | 2018           | 2019                                     | 2018           |
|  | <i>(in thousand Baht)</i>                    |                |  |                |
| 2) Baht 70 million Short-term Loan Facility at interest rate of 6.50% - 6.75% per annum, payable within 30 days after withdrawal                               | 70,000                                       | -              | 70,000                                   | -              |
| 3) Baht 30 million Long-term Loan Facility at fixed interest of 4.76% per annum, principal payable in monthly for 36 installments commencing from June 2018    | 14,672                                       | 24,514         | 14,672                                   | 24,514         |
| 4) Baht 280 million Long-term Loan Facility at interest of MLR-2.5% per annum, principal payable in monthly for 75 installments commencing from March 2019     | 241,110                                      | 145,000        | 241,110                                  | 145,000        |
| <b>Subsidiaries :</b>  |  |                |  |                |
| 1) Baht 5 million bank overdraft at interest rate of MOR% per annum  | 1,482  | -              | -  | -              |
| 2) Baht 35 million Trust Receipt, payable in 180 days commencing from the date as stipulated in the agreement  | -  | 21,257         | -  | -              |
| 3) Baht 30 million Short-term Loan Facility from other parties at interest rate of 6.25% per annum, payable within August 2020                                 | 30,000                                       | -              | -  | -              |
| 4) Baht 30 million Long-term Loan Facility at interest rate of MLR-1.25% per annum, principal payable in monthly for 77 installments commencing from July 2019 | 16,780                                       | 23,500         | -  | -              |
| 5) Baht 250 million Long-term Loan at interest rate of MLR-0.5% per annum, principal payable in monthly for 77 installments commencing from June 2020          | 250,000                                      | -              | -  | -              |
| Total  | 624,044                                      | 254,271        | 325,782                                  | 209,514        |
| Less Unamortised discount and front end fee  | (7,090)                                      | (1,447)        | (2,740)                                  | (1,447)        |
| <b>Net borrowings</b>  | <b>616,954</b>                               | <b>252,824</b> | <b>323,042</b>                           | <b>208,067</b> |

Under loan agreements, the group and the company must comply with certain conditions stipulated in the agreements such as maintain loan covenants ratio as stipulated in the agreements. At 31 December 2019, the Company breached loan covenants as the Company was unable to maintain interest bearing debt to EBITDA and debt service coverage ratio as stipulated in the agreement. However, the Company already obtained a waiver from financial institution. Accordingly, the financial statements do not include any adjustments that may necessary if the Company is unable to comply with conditions stipulated in loan agreement.



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| <i>Assets pledged as security<br/>for liabilities as at 31 December</i> | <b>Consolidated<br/>financial statements</b> |                | <b>Separate<br/>financial statements</b> |                |
|---|--|----------------|--|----------------|
|   | 2019   | 2018           | 2019                                     | 2018           |
|   | <i>(in thousand Baht)</i>                    |                |  |                |
| Deposits at financial institutions<br>with restrictions on withdrawal   | 5,506  | 17,399         | 500                                      | 15,599         |
| Investment properties   | 171,617                                      | 100,983        | -  | -              |
| Property, plant and equipment   | 866,963                                      | 131,623        | 81,284                                   | 103,258        |
| <b>Total</b>  | <b>1,044,086</b>                             | <b>250,005</b> | <b>81,784</b>                            | <b>118,857</b> |

As at 31 December 2019, the Group and the Company had unutilised credit facilities totaling Baht 178.52 million and Baht 175.00 million, respectively, (2018: Baht 423.69 million and Baht 398.63 million, respectively).

**Finance lease and hire purchase liabilities**

| <b>Consolidated financial statements</b> |  |                |  |  |             |   |
|--|--|----------------|--|--|-------------|---|
| 2019                                     |  |                | 2018   |  |             |   |
|  | Future<br>minimum<br>lease<br>payments | Interest       | Present<br>value of<br>minimum<br>lease<br>payments<br><i>(in thousand Baht)</i> | Future<br>minimum<br>lease<br>payments | Interest    | Present<br>value of<br>minimum<br>lease<br>payments |
| Within one year                          | 10,857                                 | (1,424)        | 9,433  | 1,010                                  | (52)        | 958   |
| After one year but<br>within five years  | 29,307                                 | (1,999)        | 27,308   | 561                                    | (8)         | 553   |
| <b>Total</b>                             | <b>40,164</b>                          | <b>(3,423)</b> | <b>36,741</b>  | <b>1,571</b>                           | <b>(60)</b> | <b>1,511</b>  |

| <b>Separate financial statements</b>    |  |            |  |  |             |   |
|---|--|------------|--|--|-------------|---|
| 2019                                    |  |            | 2018   |  |             |   |
|   | Future<br>minimum<br>lease<br>payments | Interest   | Present<br>value of<br>minimum<br>lease<br>payments<br><i>(in thousand Baht)</i> | Future<br>minimum<br>lease<br>payments | Interest    | Present<br>value of<br>minimum<br>lease<br>payments |
| Within one year                         | 561                                    | (8)        | 553  | 1,010                                  | (52)        | 958   |
| After one year but<br>within five years | -                                      | -          | -  | 561                                    | (8)         | 553   |
| <b>Total</b>                            | <b>561</b>                             | <b>(8)</b> | <b>553</b>   | <b>1,571</b>                           | <b>(60)</b> | <b>1,511</b>  |

**Sakol Energy Public Company Limited and its subsidiaries**  
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**15 Share premium and reserves**

***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution

***Appropriations of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

***Other components of equity***

**Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

**16 Segment information and disaggregation of revenue**

Reportable segments as described below are the Group's strategic divisions. The primary format, strategic divisions, is based on the Group's management and the internal reporting structure provided to the chief operating decision maker. In 2019, the Group's reportable segments have changed as followings.

**Segment report in 2018**

|           |                                 |
|-----------|---------------------------------|
| Segment 1 | Natural gas compression service |
| Segment 2 | Others                          |

**Segment report in 2019**

|           |  |
|-----------|--|
| Segment 1 | Natural gas compression service            |
| Segment 2 | Generating and distribution of electricity |
| Segment 3 | Others                                     |

Other operations include production and distribution of compressed bio-methane gas and non-operating activities. None of these segments meets the quantitative thresholds for determining reportable segments in 2019 or 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2019**

*Information about reportable segments and disaggregation of revenue by product and service lines*

| <i>For the year ended 31 December 2018</i> | <b>Natural gas compression</b> | <b>Others</b> | <b>Total</b>   | <b>Elimination of inter-segment</b> | <b>Total</b>   |
|--|--------------------------------|---------------|----------------|-------------------------------------|----------------|
|  | <i>(in thousand Baht)</i>      |               |                |                                     |                |
| External revenue                           |                                |               |                |                                     |                |
| - Revenue from rendering of services       | 297,074                        | -             | 297,074        | -                                   | 297,074        |
| - Revenue from financial lease             | 20,618                         | -             | 20,618         | -                                   | 20,618         |
| Other income                               | 7,099                          | 1,135         | 8,234          | (571)                               | 7,663          |
| <b>Total</b>                               | <b>324,791</b>                 | <b>1,135</b>  | <b>325,926</b> | <b>(571)</b>                        | <b>325,355</b> |
| Segment profit (loss) before income tax    | 63,735                         | (6,958)       | 56,777         | 654                                 | 57,431         |
| Interest income                            | 2,779                          | 214           | 2,993          | (2,508)                             | 485            |
| Finance costs                              | 3,685                          | 1,017         | 4,702          | -                                   | 4,702          |
| Depreciation and amortisation              | 8,994                          | 266           | 9,260          | -                                   | 9,260          |
| Capital expenditure                        | 10,626                         | 532,754       | 543,380        | (2,850)                             | 540,530        |
| Segment assets                             | 1,197,982                      | 863,981       | 2,061,963      | (570,070)                           | 1,491,893      |
| Segment liabilities                        | 250,073                        | 376,793       | 626,866        | (154,494)                           | 472,372        |

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

| <i>For the year ended<br/>31 December 2019</i> | <b>Natural<br/>gas<br/>compression</b> | <b>Generating<br/>and<br/>distribution<br/>of<br/>electricity</b> | <b>Others</b> | <b>Total</b>   | <b>Elimination<br/>of<br/>inter-<br/>segment</b> | <b>Total</b>   |
|--|--|---|---------------|----------------|--|----------------|
| <i>(in thousand Baht)</i>                      |  |   |               |                |  |                |
| External revenue                               |  |   |               |                |  |                |
| - Revenue from rendering of services           | 238,575                                | -   | -             | 238,575        | -  | 238,575        |
| - Revenue from financial lease                 | 19,727                                 | -   | -             | 19,727         | -  | 19,727         |
| - Revenue from sale of good                    | -                                      | 108,387   | 10,399        | 118,786        | -  | 118,786        |
| Other income                                   | 34,865                                 | 887   | 14,477        | 50,229         | (33,222)   | 17,007         |
| <b>Total</b>                                   | <b>293,167</b>                         | <b>109,274</b>  | <b>24,876</b> | <b>427,317</b> | <b>(33,222)</b>                                  | <b>394,095</b> |
| Segment profit (loss) before income tax        | 50,569                                 | (12,943)  | 1,362         | 38,988         | (13,113)   | 25,875         |
| Interest income                                | 31,495                                 | 83  | 232           | 31,810         | (31,107)   | 703            |
| Finance costs                                  | 21,843                                 | 18,196  | 3,507         | 43,546         | (22,966)   | 20,580         |
| Depreciation and amortisation                  | 9,140                                  | 17,216  | 7,262         | 33,618         | 2,722  | 36,340         |
| Capital expenditures                           | 15,759                                 | 320,126   | 3,572         | 339,457        | (54,265)   | 285,192        |
| Segment assets                                 | 1,311,738                              | 931,440   | 282,445       | 2,525,623      | (729,359)  | 1,796,264      |
| Segment liabilities                            | 369,449                                | 667,962   | 60,486        | 1,097,897      | (290,825)  | 807,072        |

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***Geographical segments***

The Group is managed and operates only in Thailand. There are no revenues derived from, or assets located in, foreign countries.

***Major customer***

Revenue from two customers of the Group's segment 1 and segment 2 represent approximately Baht 366.69 million (2018: from the group's segment 1 of Baht 317.69 million) of the Group's total revenues.

***Promotional privileges***

The Group has been granted promotional business certificates by the Office of the Board of Investment for natural gas compression and generating and distribution of electricity businesses. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

|                               | Consolidated financial statements |                   |         |                   |                   |         |
|-------------------------------|-----------------------------------|-------------------|---------|-------------------|-------------------|---------|
|                               | 2019                              |                   |         | 2018              |                   |         |
|                               | Non-                              |                   |         | Non-              |                   |         |
| <i>Year ended 31 December</i> | Promoted business                 | promoted business | Total   | Promoted business | promoted business | Total   |
|                               | <i>(in thousand Baht)</i>         |                   |         |                   |                   |         |
| Total revenue                 | 171,094                           | 223,001           | 394,095 | 134,612           | 190,743           | 325,355 |

| Separate financial statements |                   |                    |         |                   |                   |         |
|-------------------------------|-------------------|--------------------|---------|-------------------|-------------------|---------|
| Year ended 31 December        | 2019              |                    |         | 2018              |                   |         |
|                               | Promoted business | Non-               | Total   | Promoted business | Non-              | Total   |
|                               |                   | promoted business  |         |                   | promoted business |         |
|                               |                   | (in thousand Baht) |         |                   |                   |         |
| Total revenue                 | 62,707            | 230,460            | 293,167 | 134,612           | 190,179           | 324,791 |

**17 Employee benefit expenses**

|                            | <b>Consolidated financial statements</b> |               | <b>Separate financial statements</b> |               |
|----------------------------|--|---------------|--------------------------------------|---------------|
|                            | 2019                                     | 2018          | 2019                                 | 2018          |
|                            | <i>(in thousand Baht)</i>                |               |                                      |               |
| Salaries and wages         | 49,270                                   | 36,614        | 36,555                               | 34,526        |
| Defined contribution plans | 2,000                                    | 1,679         | 1,871                                | 1,645         |
| Defined benefit plans      | 174                                      | 274           | 174                                  | 274           |
| Others                     | 8,871                                    | 6,242         | 7,950                                | 6,033         |
| <b>Total</b>               | <u>60,315</u>                            | <u>44,809</u> | <u>46,550</u>                        | <u>42,478</u> |

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*Defined benefit plan*

The Group operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Company at rates ranging from 4% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**18 Expenses by nature**

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

|   |      | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|---|------|--------------------------------------|----------------|----------------------------------|----------------|
|   | Note | 2019                                 | 2018           | 2019                             | 2018           |
|   |      | (in thousand Baht)                   |                |                                  |                |
| Cost of natural gas compression service   |      | 127,902                              | 165,131        | 127,902                          | 165,091        |
| Raw materials and consumables used  |      | 71,963                               | 1,193          | 2,176                            | 1,904          |
| Employee benefit expenses   | 17   | 60,315                               | 44,809         | 46,550                           | 42,478         |
| Depreciation and amortisation   |      | 36,340                               | 9,260          | 9,140                            | 8,994          |
| Others  |      | 51,120                               | 42,829         | 34,987                           | 38,904         |
| <b>Total cost of rendering of services, cost of good sold and administrative expenses</b> |      | <b>347,640</b>                       | <b>263,222</b> | <b>220,755</b>                   | <b>257,371</b> |

**19 Income tax**

*Income tax recognised in profit or loss*

|                                    | Consolidated<br>financial statements |            | Separate<br>financial statements |            |
|------------------------------------|--------------------------------------|------------|----------------------------------|------------|
|                                    | 2019                                 | 2018       | 2019                             | 2018       |
| <i>(in thousand Baht)</i>          |                                      |            |                                  |            |
| <b>Current tax expense</b>         |                                      |            |                                  |            |
| Current year                       | 139                                  | -          | -                                | -          |
| <b>Deferred tax expense</b>        |                                      |            |                                  |            |
| Movements in temporary differences | 632                                  | 139        | 223                              | 139        |
| <b>Total income tax</b>            | <b>771</b>                           | <b>139</b> | <b>223</b>                       | <b>139</b> |

**Sakol Energy Public Company Limited and its subsidiaries**  
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**Reconciliation of effective tax rate**

|  | <b>Consolidated financial statements</b> |                    |             |                    |
|--|--|--------------------|-------------|--------------------|
|  | 2019                                     |                    | 2018        |                    |
|  | Rate (%)                                 | (in thousand Baht) | Rate (%)    | (in thousand Baht) |
| Profit before income tax expense                                   |  | 25,875             |             | 57,431             |
| Income tax using the Thai corporation tax rate                     | 20.00                                    | 5,175              | 20.00       | 11,486             |
| Expenses not deductible for tax purposes and others                |  | 3,133              |             | 788                |
| Additional deductible expenses for tax purposes                    |  | (15,828)           |             | (17,189)           |
| Recognition of previously unrecognised tax losses                  |  | -                  |             | (44)               |
| Current year losses for which no deferred tax asset was recognised |  | 8,291              |             | 5,098              |
| <b>Total</b>   | <b>2.96</b>                              | <b>771</b>         | <b>0.24</b> | <b>139</b>         |

|  | <b>Separate financial statements</b> |                    |             |                    |
|--|--------------------------------------|--------------------|-------------|--------------------|
|  | 2019                                 |                    | 2018        |                    |
|  | Rate (%)                             | (in thousand Baht) | Rate (%)    | (in thousand Baht) |
| Profit before income tax expense                                   |                                      | 50,569             |             | 63,735             |
| Income tax using the Thai corporation tax rate                     | 20.00                                | 10,114             | 20.00       | 12,747             |
| Expenses not deductible for tax purposes                           |                                      | 1,054              |             | 905                |
| Additional deductible expenses for tax purposes                    |                                      | (14,041)           |             | (17,189)           |
| Current year losses for which no deferred tax asset was recognised |                                      | 3,096              |             | 3,676              |
| <b>Total</b>   | <b>0.44</b>                          | <b>223</b>         | <b>0.22</b> | <b>139</b>         |

**Deferred tax as at 31 December**

|                                 | <b>Consolidated financial statements</b> |                    | <b>Separate financial statements</b> |                    |
|---------------------------------|--|--------------------|--------------------------------------|--------------------|
|                                 | 2019                                     | 2018               | 2019                                 | 2018               |
|                                 |  | (in thousand Baht) |                                      | (in thousand Baht) |
| <b>Deferred tax liabilities</b> | <b>(31,201)</b>                          | <b>(30,569)</b>    | <b>(10,216)</b>                      | <b>(9,993)</b>     |

Movements in deferred tax liabilities during the year were as follows:

|  | <b>Consolidated financial statements</b> |  |                     |
|--|--|--|---------------------|
|  | At 1 January 2019                        | (Charged) / Credited to: Profit or loss (in thousand Baht) | At 31 December 2019 |
| <b>Deferred tax liabilities</b>  |  |  |                     |
| Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease | (9,358)                                  | (384)  | (9,742)             |
| Property, plant and equipment  | (64)                                     | 64   | -                   |
| Intangible assets  | (20,576)                                 | 461  | (20,115)            |
| Deferred interest expenses   | (559)                                    | (785)  | (1,344)             |
| Financial lease liabilities  | (12)                                     | 12   | -                   |
| <b>Total</b>   | <b>(30,569)</b>                          | <b>(632)</b>   | <b>(31,201)</b>     |



**Sakol Energy Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2019**

**Consolidated financial statements**

|  | <b>At 1<br/>January<br/>2018</b> | <b>(Charged) /<br/>Credited to:<br/>Profit or loss<br/>(in thousand Baht)</b> | <b>Acquired<br/>Business</b> | <b>At 31<br/>December<br/>2018</b> |
|--|----------------------------------|---|------------------------------|------------------------------------|
| <b>Deferred tax liabilities</b>  |                                  |   |                              |                                    |
| Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease | (9,123)                          | (235)   | -                            | (9,358)                            |
| Property, plant and equipment  | (699)                            | 635   | -                            | (64)                               |
| Intangible assets  | -                                | -   | (20,576)                     | (20,576)                           |
| Deferred interest expenses   | -                                | (559)   | -                            | (559)                              |
| Financial lease liabilities  | (32)                             | 20  | -                            | (12)                               |
| <b>Total</b>   | <b>(9,854)</b>                   | <b>(139)</b>  | <b>(20,576)</b>              | <b>(30,569)</b>                    |

**Separate financial statements**

|  | <b>At 1<br/>January<br/>2019</b> | <b>(Charged) /<br/>Credited to:<br/>Profit or loss<br/>(in thousand Baht)</b> | <b>At 31<br/>December<br/>2019</b> |
|--|----------------------------------|---|------------------------------------|
| <b>Deferred tax liabilities</b>  |                                  |   |                                    |
| Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease | (9,358)                          | (384)   | (9,742)                            |
| Property, plant and equipment  | (64)                             | 64  | -                                  |
| Deferred interest expenses   | (559)                            | 85  | (474)                              |
| Financial lease liabilities  | (12)                             | 12  | -                                  |
| <b>Total</b>   | <b>(9,993)</b>                   | <b>(223)</b>  | <b>(10,216)</b>                    |

**Separate financial statements**

|  | <b>At 1<br/>January<br/>2018</b> | <b>(Charged) /<br/>Credited to:<br/>Profit or loss<br/>(in thousand Baht)</b> | <b>At 31<br/>December<br/>2018</b> |
|--|----------------------------------|---|------------------------------------|
| <b>Deferred tax liabilities</b>  |                                  |   |                                    |
| Difference in revenue recognition for accounting and taxation purposes of revenue from financial lease | (9,123)                          | (235)   | (9,358)                            |
| Property, plant and equipment  | (699)                            | 635   | (64)                               |
| Deferred interest expenses   | -                                | (559)   | (559)                              |
| Financial lease liabilities  | (32)                             | 20  | (12)                               |
| <b>Total</b>   | <b>(9,854)</b>                   | <b>(139)</b>  | <b>(9,993)</b>                     |



**Sakol Energy Public Company Limited and its subsidiaries**  
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Deferred tax assets have not been recognised in respect of the following items:

|                       | <b>Consolidated<br/>financial statements</b> |              | <b>Separate<br/>financial statements</b> |              |
|-----------------------|--|--------------|--|--------------|
|                       | 2019   | 2018         | 2019                                     | 2018         |
|                       | <i>(in thousand Baht)</i>                    |              |  |              |
| Tax losses            | 17,473                                       | 9,182        | 10,825                                   | 7,729        |
| Temporary differences | 513  | 158          | 513                                      | 158          |
| <b>Total</b>          | <b>17,986</b>                                | <b>9,340</b> | <b>11,338</b>                            | <b>7,887</b> |

The tax losses expire in 2020 to 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## 20 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

|  | <b>Consolidated financial<br/>statements</b> |         | <b>Separate financial<br/>statements</b> |         |
|--|--|---------|--|---------|
|  | 2019   | 2018    | 2019                                     | 2018    |
|  | <i>(in thousand Baht / thousand shares)</i>  |         |  |         |
| Profit attributable to ordinary<br>shareholders of the Company (basic) | 27,609                                       | 58,780  | 50,346                                   | 63,597  |
| Number of ordinary shares outstanding                                  | 930,000                                      | 930,000 | 930,000                                  | 930,000 |
| Basic earnings per share <i>(in Baht)</i>                              | 0.030  | 0.063   | 0.054                                    | 0.068   |

## 21 Dividends

At the annual general meeting of shareholders of the Company held on 24 April 2019, the shareholders had the resolution to approve the appropriation of dividend payment from the profit for 2018 of Baht 0.06 per share, amounting to Baht 55.8 million. The dividend was paid to the shareholders in May 2019.

## 22 Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

**Sakol Energy Public Company Limited and its subsidiaries**  
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**Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

**Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates consist of float and fixed interest rate. The Group is primarily exposed to interest rate risk from its borrowings (see note 14). The Group mitigates this risk by ensuring that the some of its borrowings are at fixed interest rates.

The Company requires investment on development projects that have been carried over consistently. To mitigate the risk of fluctuation in interest rates, the Company plans to restructure the interest rate of long-term borrowings to be fixed which is consistent with the nature of business of the Company. Meanwhile the Company still has other funding alternatives other than loans such as searching other partners for development projects in order to manage the funds of the Company effectively and maintain finance costs at the appropriate level.

The effective interest rate of loans to related parties and interest-bearing liabilities as at 31 December 2019 and 2018 and the mature period were disclosed in note 4 and 14 respectively.

The effective interest rates of financial lease receivable and short-term loans to other parties as at 31 December and the mature periods was as follows:

|                            | Effective interest rate<br>(% per annum) | Within 1 year | Consolidated financial statements                     |                |  | Total          |
|----------------------------|--|---------------|---|----------------|--|----------------|
|                            |  |               | After 1 year but within 5 years<br>(in thousand Baht) | After 5 years  |  |                |
| <b>2019</b>                |  |               |   |                |  |                |
| Financial lease receivable | 0.50 – 3.71                              | 18,567        | 63,626  | 122,118        |  | 204,311        |
| Loans to other parties     | 5.80                                     | 10,000        | -   | -              |  | 10,000         |
| <b>Total</b>               |  | <b>28,567</b> | <b>63,626</b>   | <b>122,118</b> |  | <b>214,311</b> |
| <b>2018</b>                |  |               |   |                |  |                |
| Financial lease receivable | 0.50 – 3.71                              | 17,593        | 58,571  | 140,092        |  | 216,256        |
| Loans to other parties     | 12.00 – 15.00                            | 2,300         | -   | -              |  | 2,300          |
| <b>Total</b>               |  | <b>19,893</b> | <b>58,571</b>   | <b>140,092</b> |  | <b>218,556</b> |

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

|                            | Effective interest rate<br>(% per annum) | Within 1 year | Separate financial statements<br>After 1 year but within 5 years<br>(in thousand Baht) | After 5 years  | Total          |
|----------------------------|--|---------------|--|----------------|----------------|
| <b>2019</b>                |  |               |  |                |                |
| Financial lease receivable | 0.50 - 3.71                              | 18,567        | 63,626   | 122,118        | 204,311        |
| Loans to other parties     | 5.80                                     | 10,000        | -  | -              | 10,000         |
| <b>Total</b>               |  | <b>28,567</b> | <b>63,626</b>  | <b>122,118</b> | <b>214,311</b> |
| <b>2018</b>                |  |               |  |                |                |
| Financial lease receivable | 0.50 - 3.71                              | 17,593        | 58,571   | 140,092        | 216,256        |

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due which may cause financial losses to the Group. However, the Group's credit risk is low as majority of revenue of the Group is under long-term contracts with a large private company and state enterprise that risks are low.

**Liquidity risk**

The Group has sufficient cash flow and credit facilities with many financial institutions deemed adequate to support the Group's operations. In addition, the Group invests in high liquidity assets and has effective management in order to maintain a level of cash and cash equivalents at the appropriate level.

**Carrying amount and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  | Consolidated financial statements |                    | Separate financial statements |                    |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
|  | Carrying amount                   | Fair value Level 2 | Carrying amount               | Fair value Level 2 |
|  | (in thousand Baht)                |                    |                               |                    |
| <b>31 December 2019</b>  |                                   |                    |                               |                    |
| <b>Financial assets measured at fair value</b>                               |                                   |                    |                               |                    |
| Equity securities held for trading   | 40                                | 40                 | 40                            | 40                 |
| Available-for-sale securities  |                                   |                    |                               |                    |
| - mutual fund  | 67,894                            | 67,894             | 40,013                        | 40,013             |
| <b>Financial assets and financial liabilities not measured at fair value</b> |                                   |                    |                               |                    |
| Long-term loan to  | -                                 | -                  | 10,921                        | 8,786              |
| Long-term loan from  | 14,672                            | 13,837             | 14,672                        | 13,837             |

**Sakol Energy Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

|  | <b>Consolidated<br/>financial statements</b> |                       | <b>Separate<br/>financial statements</b> |                       |
|--|--|-----------------------|--|-----------------------|
|  | Carrying<br>amount                           | Fair value<br>Level 2 | Carrying<br>amount                       | Fair value<br>Level 2 |
|  | <i>(in thousand Baht)</i>                    |                       |  |                       |
| <b>31 December 2018</b>  |  |                       |  |                       |
| <b><i>Financial assets measured at fair<br/>value</i></b>          |  |                       |  |                       |
| Available-for-sale securities                                      |  |                       |  |                       |
| - mutual fund  | 65,522                                       | 65,522                | 12,959                                   | 12,959                |
| <b><i>Financial liabilities not measured<br/>at fair value</i></b> |  |                       |  |                       |
| Long-term loan from  | 24,514                                       | 22,102                | 24,514                                   | 22,102                |

Available-for-sale securities - mutual fund are stated at fair value using the price on the date the investment is valued.

**23 Commitments with non-related parties**

|  | <b>Consolidated<br/>financial statement</b> |                | <b>Separate<br/>financial statements</b> |               |
|--|---|----------------|--|---------------|
|  | 2019  | 2018           | 2019                                     | 2018          |
|  | <i>(in thousand Baht)</i>                   |                |  |               |
| <b><i>Capital commitments</i></b>  |   |                |  |               |
| <b><i>Contracted but not provided for:</i></b>   |   |                |  |               |
| Software   | 547   | 1,640          | 547                                      | 1,640         |
| Property, plant and equipment  | 1,851                                       | 244,203        | -  | -             |
| <b>Total</b>   | <b>2,398</b>                                | <b>245,843</b> | <b>547</b>                               | <b>1,640</b>  |
| <b><i>Future minimum lease payments under<br/>non-cancellable operating leases</i></b> |   |                |  |               |
| Within one year  | 10,810                                      | 12,075         | 16,458                                   | 9,761         |
| After one year but within five years   | 10,980                                      | 20,746         | 2,299                                    | 11,490        |
| After five years   | 12,737                                      | 14,428         | -  | -             |
| <b>Total</b>   | <b>34,527</b>                               | <b>47,249</b>  | <b>18,757</b>                            | <b>21,251</b> |
| <b><i>Other commitments</i></b>  |   |                |  |               |
| Bank guarantees  | 40,570                                      | 55,570         | 38,770                                   | 53,770        |

On 1 April 2019, Mae Krating Power Company Limited entered into a services management agreement to operate and maintenance machineries of biomass power plant with a company. The agreement term is for a period of 3 years, effective since the date of commercial operation (COD). Service fees is as stipulated in the agreement.



**Sakol Energy Public Company Limited and its subsidiaries**  
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**24 Events after the reporting period**

At the Board of Directors' meeting of the Company held on 27 February 2020, the Board of Directors agreed to propose a dividend payment of Baht 0.025 per share, totaling Baht 23.25 million and an issuance and offering of debentures limit to be not exceeding Baht 500 million. The Board of Directors will propose these matters to the shareholders' meeting for further approval. In addition, the Board of Directors approved the Company to issue and offer the short-term bill of exchanges limit to be not exceeding Baht 200 million to private placement investors.

**25 Financial reporting standards not yet adopted**

The new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application and will become effective for annual financial reporting periods beginning on or after 1 January 2020, are as following.

| <b>TFRS</b> | <b>Topic</b>  |
|-------------|---|
| TFRS 7*     | Financial Instruments: Disclosures                          |
| TFRS 9*     | Financial Instruments                                       |
| TFRS 16     | Leases  |
| TAS 32*     | Financial Instruments: Presentation                         |
| TFRIC 16*   | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19*   | Extinguishing Financial Liabilities with Equity Instruments |

\* TFRS - Financial instruments standards

**(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 23. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Management is currently considering the impact from these TFRS on the financial statements in the initial period adopted.









**Sakol Energy Public Company Limited**

|                             |   |
|-----------------------------|---|
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| Saraburi                    | 168 Moo 4 Thamaprang Kaengkhoh Saraburi 18110   |
| Muang Thai - Phatra Complex | 252/108 (B) , 252/109 (C) Muangthai-Phatra Complex 21th floor<br>Rachadaphisek Rd., Huai kwang, Bangkok 10310 |



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