

ANNUAL REPORT 2020

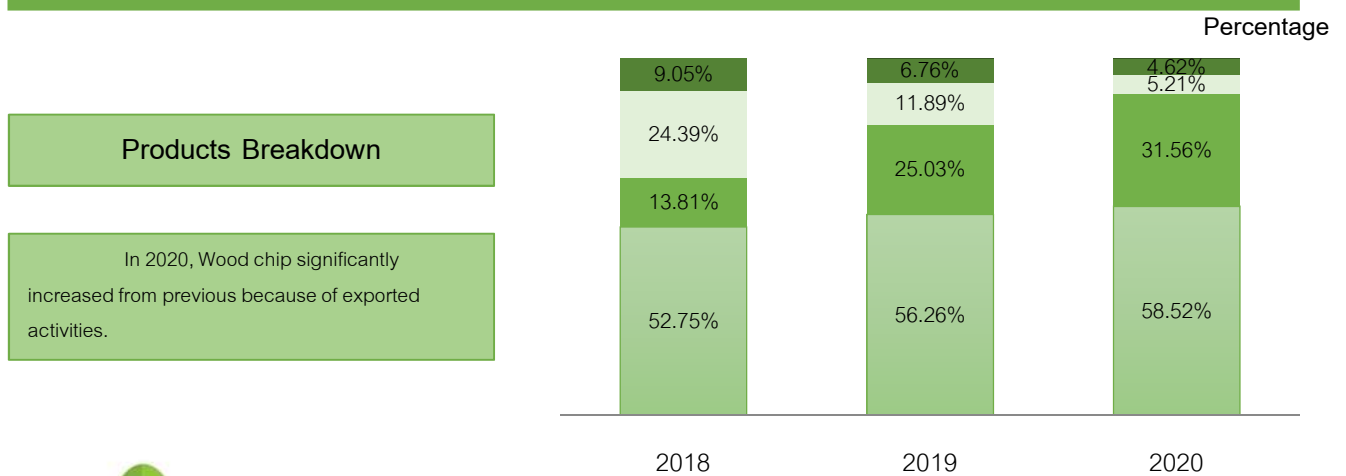
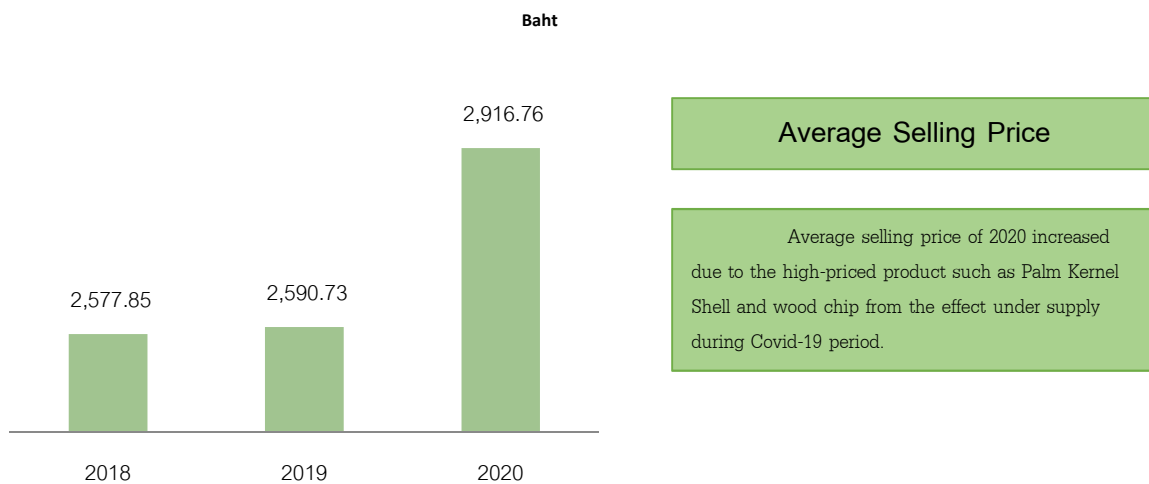
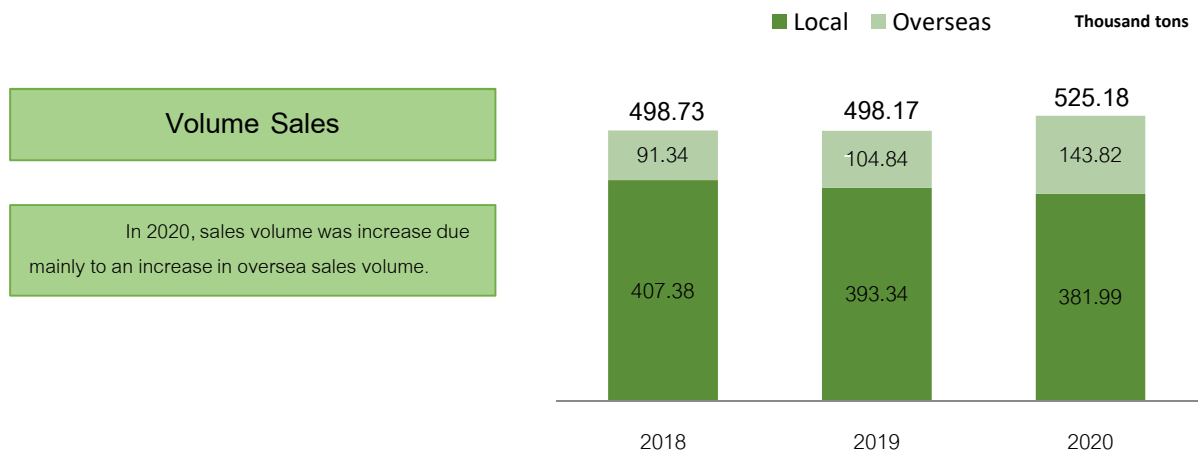
Asia biomass Public Company Limited



CONTENT

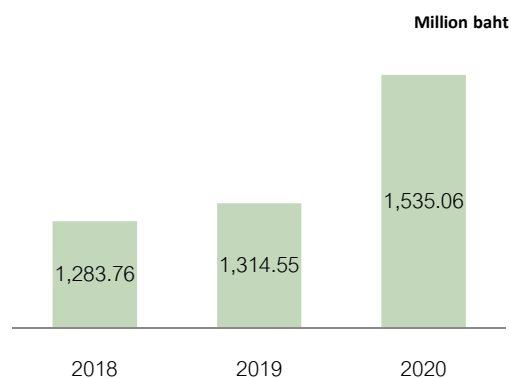
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|---|-----|
|  Financial Highlights | 2 |
|  Core Value | 5 |
|  Message from the Board of Director | 7 |
|  Board of Director and Management teams | 9 |
|  Policy and Business Overview | 11 |
|  Shareholding Structure | 16 |
|  Types of Business | 18 |
|  Risk Factors | 47 |
|  Operation Assets | 56 |
|  Legal Disputes | 61 |
|  General information and Other Significant Information | 65 |
|  Stock Information and Shareholder Information | 68 |
|  Management Structure | 88 |
|  Corporate Governance | 125 |
|  Corporate Social Responsibilities | 149 |
|  Internal Control and Risk Management | 151 |
|  Connected Transactions | 178 |
|  Management Discussion and Analysis | 194 |
|  Report on The Board of Directors' responsibilities for Financial Statements | 195 |
|  Report of Audit Committee | 197 |
|  Financial Statement | 199 |
|  Details of The Board of Directors' | 275 |

Operation Highlight

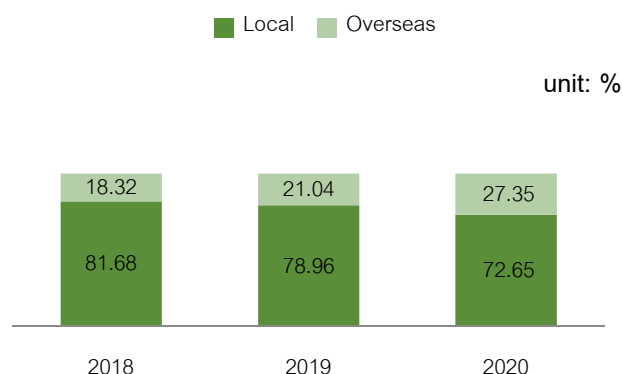


Financial Highlight

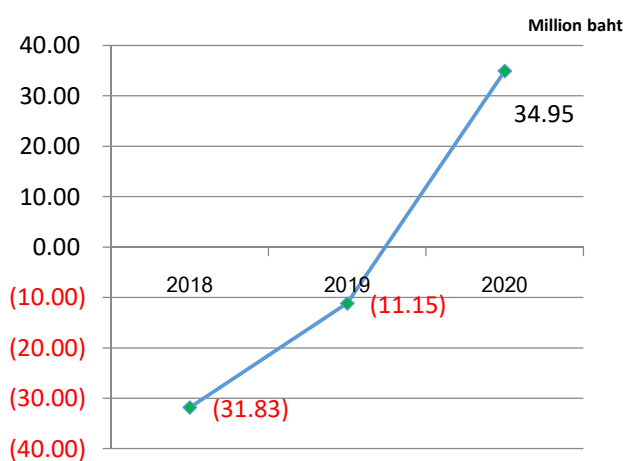
Revenue from sales of goods and services



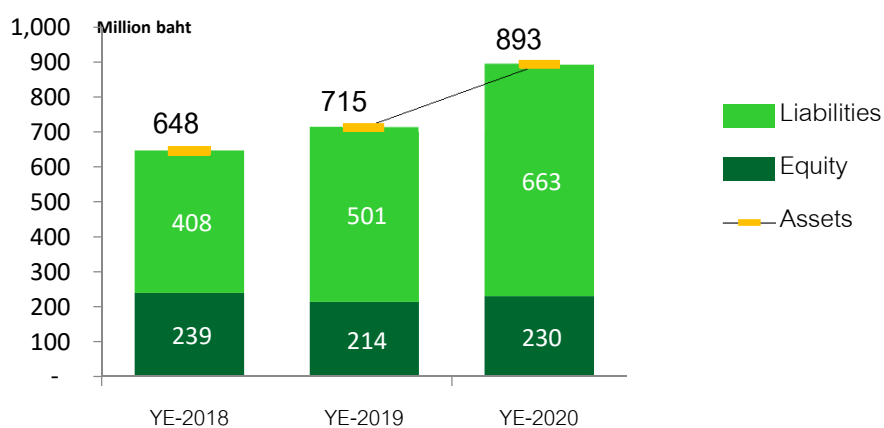
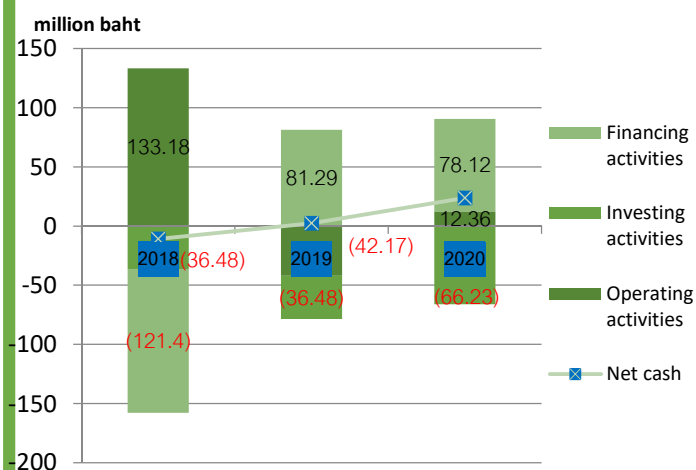
The Proportion by geographical



Earning before interest and tax



Cash Flow



Financial Ratios

| Financial Ratios | | As of 31 December | | |
|---------------------------------------|---------|-------------------|---------|---------|
| | | 2018 | 2019 | 2020 |
| <u>LIQUIDITY RATIO</u> | | | | |
| Current ratio | (times) | 0.81 | 0.89 | 0.85 |
| Quick Ratio | (times) | 0.47 | 0.52 | 0.49 |
| Cash flows ratio | (times) | 0.25 | (0.10) | 0.03 |
| Accounts receivable turnover | (times) | 11.58 | 9.15 | 8.44 |
| Average collection period | (days) | 31.53 | 39.89 | 43.24 |
| Inventory turnover | (times) | 4.54 | 7.23 | 7.12 |
| Inventory days | (days) | 80.46 | 50.47 | 51.24 |
| Accounts payable turnover | (times) | (24.22) | (26.31) | (21.75) |
| Accounts payable days | (times) | (15.07) | (13.87) | (16.78) |
| Cash Cycle | (days) | 96.92 | 76.49 | 77.70 |
| <u>PROFITABILITY RATIO</u> | | | | |
| Accounts payable days | (%) | 16.11 | 20.03 | 18.18 |
| Operating profit margin | (%) | (2.45) | (0.84) | 2.23 |
| Other profit margin | (%) | 0.72 | 0.63 | 0.99 |
| Profitability Ratio | (%) | 5.62 | (1.77) | 0.44 |
| Net profit margin | (%) | (2.40) | (1.18) | 1.19 |
| Return on equity | (%) | (15.88) | (6.69) | 8.02 |
| <u>EFFICIENCY RATIO</u> | | | | |
| Return on assets | (%) | (4.37) | (1.64) | 4.35 |
| Return on fixed assets | (%) | (11.46) | (4.03) | 11.85 |
| Assets turnover | (times) | 1.78 | 1.96 | 1.95 |
| <u>FINANCIAL POLICY RATIO</u> | | | | |
| Debt to equity ratio | (times) | 1.68 | 2.23 | 2.77 |
| Interest coverage ratio ^{1/} | (times) | 3.44 | (1.68) | 2.54 |
| Cash Basis | (times) | 0.55 | (3.96) | (1.91) |
| Dividend payout ratio | (%) | - | - | - |

Note:1/ calculated by (operating cash flow+ interest expenses from operating taxes)/interest expenses from operating and investing

“ ABM Core Values ”

I AM ABM

- I** = Innovative
- A** = Adaptability
- M** = Moving Forward
- A** = Accountability
- B** = Be Best For Customers
- M** = Morality



VISION

To be Asia's leading firm in providing biomass fuels.

MISSION

To promptly satisfy clients' needs with varieties of biomass fuels, priding ourselves in quality control, consistency and sustainability of supply. To deliver customized logistics solutions and excellent after sales service while considering the benefits of all stakeholders.





Message from the Chairman

Dear Shareholders,

2020 was another challenging year for Asia Biomass Public Company Limited amid ongoing spread of Corona virus or COVID-19 that caused volatility in the world economy and changed consumer behavior. Nevertheless, US° China trade war, worsening impacts of climate change, and advancement of technology have also changed every aspect of the business world. The company recognize the important of speed to transform all aspect of our business operations to maintain our competitive advantage and continuously improve the effectiveness of the team and better manage risk.

The key to overcome these challenges is to diversify our product portfolio and distribution channels. The company seek to expand and focus more on new product development and more creative expansion marketing channels within and outside of energy industry based on our resources, experience, development in logistic system, and adaptation of technology to increase efficiency. With such development, the company's profitability has significantly improved.

Moreover, to become major supply chain facilitator, the company has continuously invested in business infrastructure, production process, and improvement of distribution system in order to achieve higher level of service to our customers and take better care of all stakeholders and every member in our supply chains. As such, the company has expanded downstream in woodchip factory in Surat-thani province and wood pellets factory in Samutsakorn province and implemented integrated management system with our partners to ensure quality of product and service to our customers including FSC, PEFC, ISO 9001:2015, ISO 14001:2015, and Occupational Safety and Health standards.



Last but not least, on behalf of the Board of Directors of Asia Biomass Co., Ltd, I would like to thank all the investors, business partners, financial institutions, related public and private organizations as well as customers who have given their ongoing confidence and support to the company. More importantly, the company would like to thank the company's management and staffs that have dedicated their physical strength and thoughts, and worked with high integrity, diligence, persistence, which were the driving force for the company development and sustainably moving forward to create returns for all shareholders and stakeholders.

Mr. Apisit Rujikeatkamjorn
Chairman

EXECUTIVE COMMITTEE



2

1

3

4

1. Miss Tiyada Kuansataporn

Chairman of Executive Committee

2. Mr. Pongtham Danwungderm

Vice Chairman of Executive Committee

3. Mr. Panom Kuansataporn

Executive Committee

4. Mrs. Natpapha Kuansataporn

Executive Committee

MANAGEMENTTEAM



1.MissTiyadaKuansataporn

ManagingDirector

2.Mr.Pongtham Danwungderm

DeputyManagingDirectorand
ChiefFinancialOfficer(CFO)

3.Mrs.ApirateeSakulin

CompanySecretary and DirectorOf
HumanResources and Administration

4.Mr.PrutthipolSoisuwun

DirectorofSourcingandSupplyChainBU2

5.Mr.ChairatDejpaiboonyot

AssistantDirectorofSalesandMarketing

Asia Biomass Public Company Limited (ABM) supply and distribute various types of Biomass fuel such as Palm Kernel Shells, Wood Chip and other parts of wood, Wood Shavings, Sawdust, Wood Dust and Biomass Pellet etc. To the industry customers which would like to use the Biomass fuel for the produced process in domestic and oversea market.

Vision & Mission

Vision

To be Asia's leading firm in providing biomass fuels

Mission

To promptly satisfy clients' needs with varieties of biomass fuels, priding ourselves in quality control, consistency and sustainability of supply. To deliver customized logistics solutions and excellent after sales service while considering the benefits of all stakeholders.

History, Changed and Major Development

Kuansatporn Family has experienced in Biomass fuel business more than 60 year. First business was producing joss powder, mosquito repellent raw materials and sells biomass fuel from rice husk, wood chip and fire wood. Thai Joss Powder Industrial Co., Ltd was established in 20 August 1984 with Registered capital 1 million Baht . For expansion the business Thai Joss Powder Industrial Co.,Ltd. has set up Sataporn Tanapat (STP) in 27 March 1990 for inland transportation business. To manage deliveries quickly, safely and effectively. In addition, the company has invested in several warehouses. It is a collection center, storage and distribution center.

After the biomass fuel supply and distribution business has grown steadily, demand for renewable energy has increased. The company focuses on the sourcing business and distribution biomass fuel. Therefore, company discontinued production of joss powder and mosquito repellent raw materials. We changed the company name to Asia Biomass Company Limited on 20 October 2009 for related to the main business. In addition, the Company has set up a subsidiary named "Paprapat" ("PPP") on 1 October 2009 to support the expansion of the biomass fuel distribution business. It will supply and distribute exempted VAT.

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The Company and its subsidiaries have been engaged in the long-term business of supplying and distributing biomass fuels. The company is widely accepted by distributors and buyers from various industries, including distributors and overseas customers. The Company has set up 3 overseas subsidiaries as PT. Asia Biomass Indonesia ("ABI") Asia Biomass Energy SDN. BHD. ("ABE") and Asia Biomass Resources SDN. BHD. ("ABR") for supply biomass fuels in Indonesia and Malaysia. 3 Overseas subsidiaries sold cargo to ABM for distribution by directly delivery biomass fuels from these 3 subsidiaries to ABM overseas customers and delivered to ABM's warehouse in Thailand.

Change and important developments during the year of 2017 to 2020 as follows;

| | |
|-----------|---|
| Year 2017 | <ul style="list-style-type: none"> - First of extraordinary meeting on 26 February, 2017 have resolution to increase paid-up capital amount 74.00 million baht from 76.00 million baht which equal 150 million baht (registered capital). There were capital increase of the common shares amount 148.00 million baht and the common share is 0.50 baht per share which separated for existing shareholders amount 73.00 million baht and there are the first time to sale for people amount 75.00 million baht which approve registering for transformation to be Public Company Limited. - The company has registering for transformation to be Public Company Limited on 1 March, 2017 and increase paid-up capital 36.50 million baht on 3 March, 2017. At the Present, The Company has the registered capital 150 million baht and paid-up 112.50 million baht and has separated to be the common shares amount 225.00 million shares which was 0.50 baht per share. - STP received the Quality Management System ISO 9001: 2015 from ACM SERVICES Company Limited on 23 June, 2017. - The company received the Honor Award of CSR-DIW Beginner Award 2017 from Department of Industrial work, Ministry of Industry on 17 August, 2017. - The company received the Green Industry (level 2) certificate from the Ministry of Industry on 27 October, 2017. - The company has received the forest certificate in FSC-CoC (Chain of Custody) from Bureau Veritas, Thailand for biomass products such as, wood pellets, wood shavings, sawdust, woodchip and using by products from the tree. In the part of saw timbers, there are many products to provide to the customer such as, plywood and thin wood, etc. |
|-----------|---|

| | |
|--------------|---|
| Year 2018 | <ul style="list-style-type: none"> - The company had the initial public offering (IPO) on 27 February 2018, share 75 million in the Stock Exchange of Thailand. - The company was certificate Zero Accident Campaign beginning Year one On 28 June 2018 - Asia Biomass Public Company Limited have successfully achieved ISO 9001:2015 certificated on 25 August 2018. - Asia Biomass Public Company Limited was sign Contract ceremony of Acacia Species with Forest Industry Organization at Forest Industry Organization Office. - Asia Biomass Public Company Limited have successfully achieved ISO 14001:2015 certificated on 26 November 2018. - ABM Pellets Company Limited established on 9 November 2018, registered capital from 1.0 Million bath and Ordinary share 100,000 share. The par value of its shares from 10 Baht per share to 10 Baht per share. Asia Biomass Public Company 99,997 shares or 99.99% of capital. |
| Year 2019 | <ul style="list-style-type: none"> - The company achieved very score (98 of 100 points) in Annual General Meeting (AGM) in 2019 from jointed program of Thai Investor Association and The Securities and Exchange Commission, Thailand on 15 July 2019. - The company received the assessment of Corporate Governance Report of Thai Listed Companies in 2019 at very good score by Thai Institute of Directors (IOD) supported by The Stock Exchange of Thailand. |
| Year 2020 | <ul style="list-style-type: none"> - The company achieved very score (97 of 100 points) in Annual General Meeting (AGM) in 2020 from jointed program of Thai Investor Association and The Securities and Exchange Commission. - The company received the assessment of Corporate Governance Report of Thai Listed Companies in 2020 at very good score by Thai Institute of Directors (IOD) supported by The Stock Exchange of Thailand. - On June 10th, 2020, The company received certificate of achievement on Zero accident campaign for the first year from Ministry of Labour with 252,382 hours of zero accident in 2020. |

- The image displays two certificates of achievement from the Thailand Institute of Occupational Safety and Health (TIOSH). Both certificates are awarded to Asio Biomass Public Company Limited.

Left Certificate: The certificate is titled "Asio Biomass Public Company Limited" and states that the company "Meets the requirement of the Occupational Safety and Health Management Standard in Woodpulp" and has "Achieved in Platinum Level". It is signed by the Executive Director of TIOSH, dated 14 December 2008.

Right Certificate: The certificate is titled "Asio Biomass Public Company Limited" and states that the company "Meets the requirement of the Occupational Safety and Health Management Standard in 2008" and has "Achieved in Platinum Level". It is signed by the Executive Director of TIOSH, dated 14 December 2008.

- ASIA BORDAS PUBLIC COMPANY LIMITED**

1075, BANGKOK 10110, THAILAND (ASIA BORDAS PUBLIC COMPANY LIMITED)
BORDAS, 1075, BANGKOK 10110, THAILAND

Thailand Public Company Limited, established under the Public Company Limited Act, B.E. 2535 (1992) and the Public Company Limited Act, B.E. 2550 (2007). The company is a public company limited by shares, registered with the Ministry of Commerce of Thailand, and is a member of the Thai Chamber of Commerce.

ISO 9001:2015

Management System Standard of Quality Management
THAILAND (ASIA BORDAS PUBLIC COMPANY LIMITED)

Registration Number: 1075, BANGKOK 10110, THAILAND (ASIA BORDAS PUBLIC COMPANY LIMITED)
BORDAS, 1075, BANGKOK 10110, THAILAND

Signature: [Signature]
Name: [Name]
Position: [Position]
Date: [Date]

ASIA BORDAS PUBLIC COMPANY LIMITED

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ISO 9001:2015

Management System Standard of Quality Management
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BORDAS, 1075, BANGKOK 10110, THAILAND

Signature: [Signature]
Name: [Name]
Position: [Position]
Date: [Date]

-



- The company received the Certificate ISO 14001: 2015



- The company achieved very score (97 of 100 points) in Annual General Meeting (AGM) in 2020 from jointed program of Thai Investor Association and The Securities and Exchange Commission.



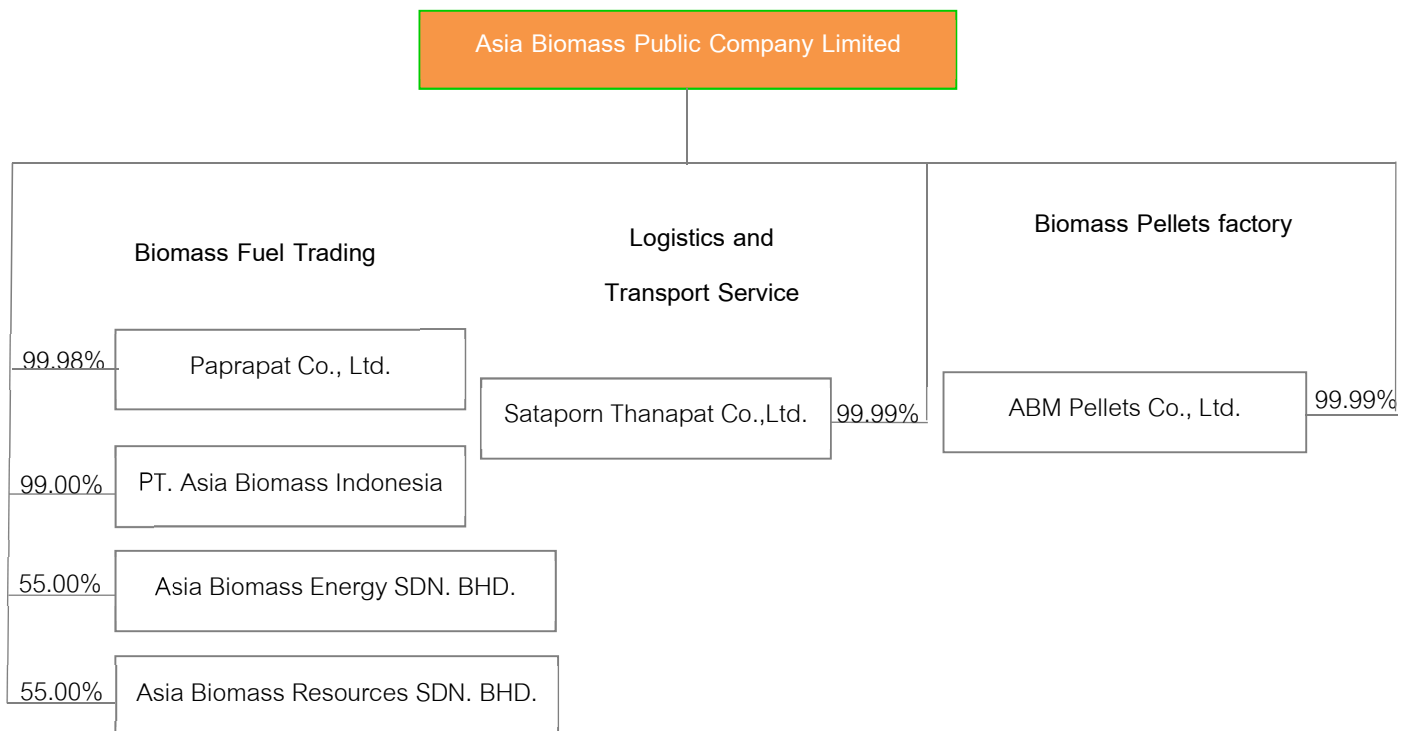
- The company received the assessment of Corporate Governance Report of Thai Listed Companies in 2020 at very good score by Thai Institute of Directors (IOD) supported by The Stock Exchange of Thailand.

The Structure of Shareholding

The company has 3 major group structure as follows:

1. Biomass Fuel Trading
2. Logistics and Transport Service
3. Biomass Pellets factory^{1/}

notes: 1/biomass pellets factory is not operate.



The company subsidiaries is different according to the region. The operation details of the subsidiary companies are as follows:

| Name of subsidiaries | Shareholding by ABM (%) | Type of Business |
|-------------------------------------|---------------------------------|--|
| ABM Pellets Co., Ltd. | 99.99 | Wood Chip and biomass Pellets factory |
| Paprapat Co.,Ltd | 99.98 | Biomass fuel trading (Exempt from VAT) |
| PT. Asia Biomass Indonesia | 99.00 | Biomass fuel sourcing from Indonesia and supplying only to ABM |
| Asia Biomass Energy SDN. BHD. | 55.00 | Biomass fuel sourcing from Malaysia (only in the Bintula district) and supplying only to ABM ^{1/} |
| Asia Biomass Resources SDN. BHD. | 55.00 | Biomass fuel sourcing from Malaysia (except in Bintula district) and supplying only to ABM ^{1/} |
| Sataporn Thanapat Co., Ltd. | 99.99 | Truck service mainly to ABM and PPP. In case of surplus service, it can also provide service to other relevant companies |

Remarks: 1/ The company established 2 companies in Malaysia because the two different companies are specialized in sourcing biomass

fuel in different parts of Malaysia.

Relationship with business groups of the main shareholders

- None -

Business Review and Income Structure Categorized by Types of Business

Business Review and Income Structure Categorized by Types of Business

The company and its subsidiaries mainly operate biomass fuel. Both procurement and trading are done through the company and its subsidiaries such as PPP, ABI, ABE and ABR based in both domestic and overseas countries. STP is to support biomass fuel transportation. Income structure is categorized by types of business which is as follows:

| Income Structure categorized by Types of Business | Operated by | 2018 | | 2019 | | 2020 | |
|---|----------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | | Million Baht | % | Million Baht | % | Million Baht | % |
| Income from product sale | | 1,283.76 | 99.01 | 1,314.55 | 98.69 | 1,535.06 | 99.14 |
| - Domestic | ABM and PPP | 934.58 | 72.08 | 919.56 | 69.04 | 1,013.58 | 65.46 |
| - Overseas | ABM | 349.18 | 26.93 | 394.99 | 29.65 | 521.48 | 33.68 |
| - Overseas – Subsidiaries in overseas Countries ^{1/} | ABE | - | - | - | - | - | - |
| Income from transportation service ^{2/} | STP | 3.51 | 0.27 | 9.13 | 0.69 | 13.31 | 0.85 |
| Other Incomes ^{3/} | ABM and subsidiaries | 9.38 | 0.72 | 8.33 | 0.63 | 15.48 | 0.99 |
| Total | | 1,296.64 | 100.00 | 1,332.00 | 100.00 | 1,563.85 | 100.00 |

Remarks :

1/ The company received purchase order from Malaysian customers. The price was satisfactory. The requested quantity did not affect the company's export plan. Therefore; the company assigned ABE to directly sell to customers in particular cases.

2/ The income from transportation service as shown above is only the income that STP gave services to the outsiders. Normally, STP will mainly give services only to the company and PPP.

3/ Other incomes consist of (1) Income from asset sales (2) Profit from foreign exchange rate (3) Income from properties' insurance claim (4) Other incomes.

The products that the company and its subsidiaries source and trade can be categorized into 5 groups. The sales incomes categorized by types of products during 2018-2020 are as follows:

| Income categorized by Types of Product | 2018 | | 2019 | | 2020 | |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Domestic Sales | 934.58 | 0.73 | 919.56 | 69.95 | 1,013.58 | 66.03 |
| - Palm Kernel Shell | 618.51 | 48.18 | 705.95 | 53.70 | 809.29 | 52.72 |
| - Woodchip or other parts of wood | 177.16 | 13.80 | 109.59 | 8.34 | 84.84 | 5.53 |
| - Biomass Pellets | 24.13 | 1.88 | 90.43 | 6.88 | 45.86 | 2.99 |
| - Wood Shavings, Sawdust and Wood dust | 115.15 | 8.97 | 33.71 | 2.56 | 70.84 | 4.61 |
| - Other products | - | - | - | - | 2.76 | 0.18 |
| Overseas Sales | 349.18 | 27.20 | 394.99 | 30.05 | 521.48 | 33.97 |
| - Palm Kernel Shell | 59.82 | 4.66 | 23.39 | 1.78 | 88.28 | 5.75 |
| - Woodchip or other parts of wood | 0.00 | 0.00 | 125.98 | 9.58 | 399.16 | 26.00 |
| - Biomass Pellets | 288.97 | 22.51 | 225.50 | 17.15 | 34.04 | 2.22 |
| - Other products | 1,283.76 | 100.00 | 1,314.55 | 100.00 | 1,535.06 | 100.00 |
| Total | 1,239.55 | 100.00 | 1,283.76 | 100.00 | 1,314.55 | 100.00 |

Nature of Products

The company and its subsidiaries' main business is biomass fuel trading to be used as fuel in production for industrial sectors, power plants and for some industries to be used as other uses like biomass processing plants, wood-product manufacturers and biomass fuel resellers, etc. The company and its subsidiaries procure biomass fuel from the producing sources and also from trustworthy suppliers. The domestic procurement is operated through ABM and PPP, overseas procurement through ABI, ABE and ABR. To sell to customers is operated only through ABM and PPP.

Biomass Fuel is the fuel that comes from living organisms or bio materials that can be altered to energy. There are, for example, the by-product that comes from agricultural product processing and the crops after harvest and also forests, etc. The biomass fuel sourced by the company and its subsidiaries are all agricultural products which can be divided into 3 types as follow:

1. The biomass fuel such as palm kernel shell, palm fiber, palm bunch from crude palm oil extraction, wood shavings from furniture factories, sawdust and wood dust and other part of wood from sawmills, husk from rice mills and bagasse from sugar plants etc.
2. Biomass fuel from agriculture such as rice straw, wood tip, wood root, tree stump from rubber plantation, sugar cane leaves and shoots of sugar cane, cassava tuber from cassava plantation, corn cob from corn plantation, etc.
3. Biomass fuel from the particular plantation meant for source of energy. Most of them are fast-growing trees such as giant acacia, eucalyptus, napier grass, etc.

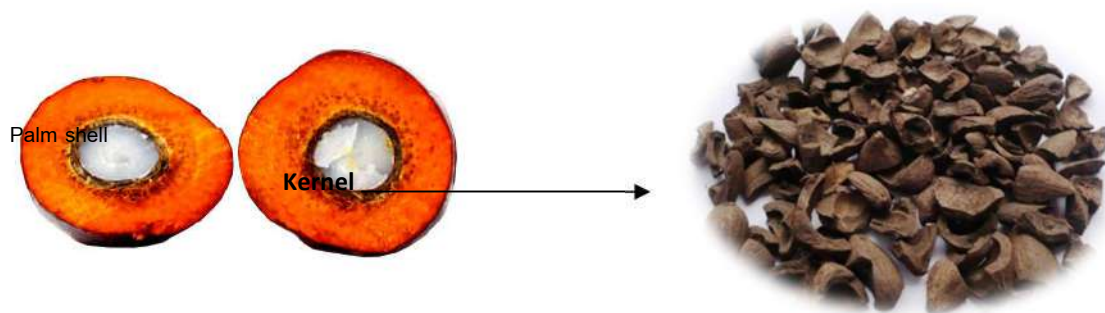
All biomass fuel that are sourced by the company and its subsidiaries are from agricultural processing.

The users who use biomass fuel from the company and its subsidiaries will use it by direct combustion to get heat for their production process. They will burn it in the oven so that it generates heat in the boiler till it vaporizes. The vapour that they get will have pressure, temperature and flow rate as set by the users. This vapour will be used in production process like to turn steam turbine, to generate electricity, to blow the air to dry cloth fiber in weaving factories, to pasteurize in industry, etc. Vapour can be used in different ways. Biomass fuel users need to choose suitable biomass fuel to be right for their different types of usage by the technology of the incinerators and the boilers that they have. Each incinerator can be applied to different particular types of biomass fuel.

The company's 5 Main products

Group No.1 - Palm Kernel Shell

Palm kernel shell is by-product of palm oil extraction process. This process separates oil from palm and palm seeds. Palm kernel shell is obtained from crude palm oil industry and it is through the process of palm oil extraction from its palm bunch. This can constitute 4% palm kernel shell from the weight of a fresh palm bunch. Palm kernel shell is a part of palm fruit. It is a part that covers the kernel of a palm fruit. Mostly, it is dark brown and hard. It has high heat generation qualifications. The heat level also depends on the moisture and size of palm fruits.



Palm fruit and its parts

Group No.2 - Woodchip and Others

Woodchip products and others that the company and its subsidiaries trade are for example woodchip, wood slab, fuel wood, other parts of wood that come from cutting and sawing process like sawmill, chop wood plants, processed wood plants, furniture plants, etc. The products are in different sizes as per customers' needs and requests. The products are from rubber trees and another 13 types that are permitted from the Ministry of Forestry.



Woodchip



Wood Slab



Fuel Wood

Group No.3 - Wood Shavings, Sawdust, Wood Dust

Wood shavings, sawdust and wood dust are by-products of wood processing. Wood shaving is thin particle from shaving. Sawdust and wood dust is like powder and light. It is obtained from wood processing like sawmills, furniture plants, etc.



Wood Shaving



Sawdust



Wood Dust

Group No.4 - Biomass Pellet

Biomass Pellet is produced from agricultural wastes such as bark and other parts of wood, wood shaving, sawdust and rice husk, which are passed through the crushing and drying processes before pressing into small cylindrical pellets. Biomass pellet is high in density and has low moisture. Produced through the pressing and heating process, biomass pellet generates higher heat value than the pre-pelletized biomass fuel. Biomass pellet sold by the company and its subsidiaries are mainly made from wood shavings and sawdust, or known as wood pellet. They also sell other kinds of biomass pellet, including rice husk pellet, husk-mixed sawdust pellet, etc.



Biomass Pellet

Group No.5 – Other Products

The company and its subsidiaries also offer other alternative biomass fuel, comprising rice husk, palm fiber, fruit bunch, corncob and cassava root, to respond to customers' needs. In addition to biomass fuel, the company in December 2016 began to procure processed wood products from its biomass fuel suppliers such as sawmills and wood processing plants for sales to wood furniture manufacturers, which are its suppliers, and also to overseas customers.

The price of biomass fuel varies by heat value. Heat value is variable by moisture. Purchasers and sellers agree on the price according to the moisture in each biomass fuel. Each biomass fuel generates different combustion energy. Different biomass has different accumulated moisture which is as follows:

| Types of Biomass Fuel ^{1/} | Moisture Value (%) | Heat Value (Kilocalorie per Kiogram) |
|---|-----------------------|---|
| Group 1 Palm Kernel Shell | 25 - 27 | 3,400 – 3,800 |
| Group 2 Woodchips and others | 45 - 50 | 2,300 – 2,800 |
| Group 3 Wood Shaving, Sawdust, Wood Dust | 10 – 18 | 3,700 – 4,000 |
| Group 4 Biomass Pellet ^{2/} | 8 - 10 | 4,000 – 4,400 |

Source: Company data

Marketing and Competition

Product Marketng Policy

The company and its subsidiaries hereinafter referred to as “the company” have marketing policy which is as follow ;

1. Product

The company has commitment to provide quality biomass fuel to customers. The company considers it important starting from procuring suppliers, transportation and the company's product storage, product quality control is very important for value of moisture, color, size and impurity level. Physical testing is done in the laboratory so that customers are confident in the product quality. The company also has other alternative biomass fuel for customers' needs. Customer can shift to other fuel to replace the pricy one they have been using, not like other big companies which have no other alternatives for customers. In addition, the company has served customers' demands by sourcing the biomass that has attained the standard of The Forest Stewardship Council (FSC). FSC guarantees quality products from worldwide accepted sources. The

company's products have more advantages than other companies because it meets supplier's requirements and limitation for overseas countries.

2. Service

Before and after sales service are very important. The company has specialists for advising proper biomass fuel for particular incinerators and boilers. The company has consultants to advise on possibility of using different biomass fuel for adjustment of combustion in a new boiler. These specialists take good care of customers to ensure efficiency of customers' production. For transportation, the company hired STP and also some other transportation companies to ensure customers' satisfaction. These transportation companies have regularly been evaluated for the company's standard for on-time delivery. This can reduce product loss during transportation. STP has received ISO9001:2015 which affirms customers' confidence.

3. Cost Management

The company emphasizes on efficient cost management which creates the products competitiveness. The company's marketing team has followed the situations of demand and supply to source competitive supplies. The company owns 4 warehouses in domestic and overseas countries. This is efficient for purchase plan, sales plan and shipment plan. Moreover, the company also offers "Direct Shipment" from suppliers directly to customer by not passing the company's warehouses for the sake of cost reduction.

4. Price Determination

Pricing for domestic and overseas markets is to mark up the price from actual cost such as product cost, transportation cost and cost-plus pricing. The company has set minimum profit rate in order to offer competitive price to the customers. During the time of high competition, the company may adjust the price to be lower than minimum profit rate. The sales and marketing department should inform the Board of Directors to consider.

5. Criteria for Granting Credit

In order to prevent non-performing loan (NPL) or bad debt, the company takes measures to check customers' profile and status. The company has screened before granting credit to new customers. The sales and marketing team visit customers' places, check their information such as a company's name, location, their demands, volume of their orders, etc. Such required documents for opening an account for new customers are as a copy of company's registration, VAT document and their latest financial statement. The company's accountants and financial officers will analyze customers' financial status. After opening an account for customers, the company considers credit limit and credit term for the customers. When the sales amount exceeds their credit limit, the system will automatically lock. If the sales and marketing team wish to go beyond their credit limit, there are procedures to grant more credit to the customers. Every year the customers' credit review is done in order to check their status. The outstanding account receivable shall be closely followed up by the company's measures.

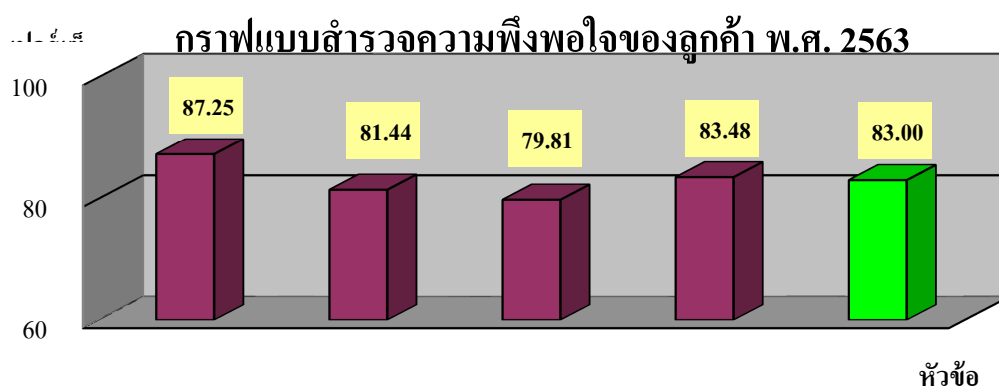
Customer Satisfaction Survey

The company focus on creating customer satisfaction. The company conducts annul customer satisfaction survey in various topics and summary the overall to be used as a guideline for improve and develop to the company for efficiency as the company aims to be a leading organization in the management of biomass fuel in the Asian. The company has conducted a customer satisfaction survey which can be summarized as follows

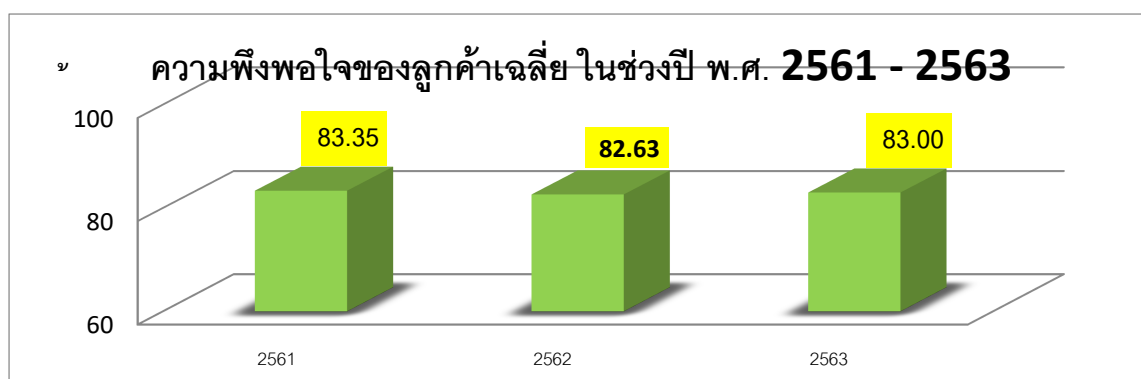
There are 4 main survey topics as follows

1. Sales
2. Products
3. Delivery
4. Services

During the year 2020, average customer satisfaction survey level is 83 %, sales are 87.25 %, products 81.44 %, delivery 79.81 % and services 83.48 %.



During 2017 to 2019, the company have continually developed in customer satisfaction in every topics.



Business Strategy

The company is currently one of the country's leaders in biomass related businesses and aimed to become regional player in the field, which aligned with the company's vision and strategy. The company focus to create value added products and services which sustainably create value to customers and all stakeholders. The company's strategies are as follows.

1. The company seeks to become Supply Chain Facilitator by investing in biomass's infrastructure to improve efficiency of production and logistic activities with high standard of social responsibilities to support growth of the industry together with growth of stakeholders throughout the supply chain.

1.1 In 2020, the company invested in wood pellets production factory at its own warehouse in Bangnamjued district, Samutsakorn province. The facility has the capacity to product 24,000 ton of wood pellets per year with FSC and PEFC standard for export purpose. The factory is expected to start commercial run in the first quarter of 2021.

1.2 In 2021, the company has acquired 17 rais of land in Tapong district, Rayong province to support logistic activities in EEC areas. The company plan to use the land as warehouse and future projects which aligned with government policies to support expansion on economic activities in the areas. The new warehouse will be able to support over 100,000 tons per year of biomass trading businesses.

1.3 the company has continuously invested in business infrastructure, production process, and improvement of distribution system in order to achieve higher level of service to our customers and take better care of all stakeholders and every member in our supply chains. As such, the company implemented integrated management system with our partners to ensure quality of product and service to our customers including FSC, PEFC, ISO 9001:2015, ISO 14001:2015, and Occupational Safety and Health standards.

2. The company has started to sell new products and expanded its marketing channel within and outside energy industry. With strong experience and resources, the company expected to capture a significant growth in all area of businesses.

2.1 Since 2020, the company successfully started to export eucalyptus wood chips with the volume of 200,000 ton per years or value of 200mn baht which help create income to Thai's plantations and over 50 eucalyptus producers.

2.2 In 2020, the company started the country's first PKS export shipment to Japan (10,000 tons per shipment). This helps the country to expand its biomass market and creates income and add value to the country's palm oil industry.

2.3 In 2020, The company started to market Refuse Derived Fuel or RDF to use as a substitute fuel to produce heat and electricity to customer in energy and construction material sectors.

3. For future business, the company is currently continuously study to create new product and value-added service to improve customer's satisfaction.

3.1 In 2021, the company started to study new markets and new product for existing customers to serve their production needs in such industry as agricultural, food, resources, and chemical.

3.2 The company also started to develop full scale after sale service for customers such as boiler service consultant and industrial waster disposal service.

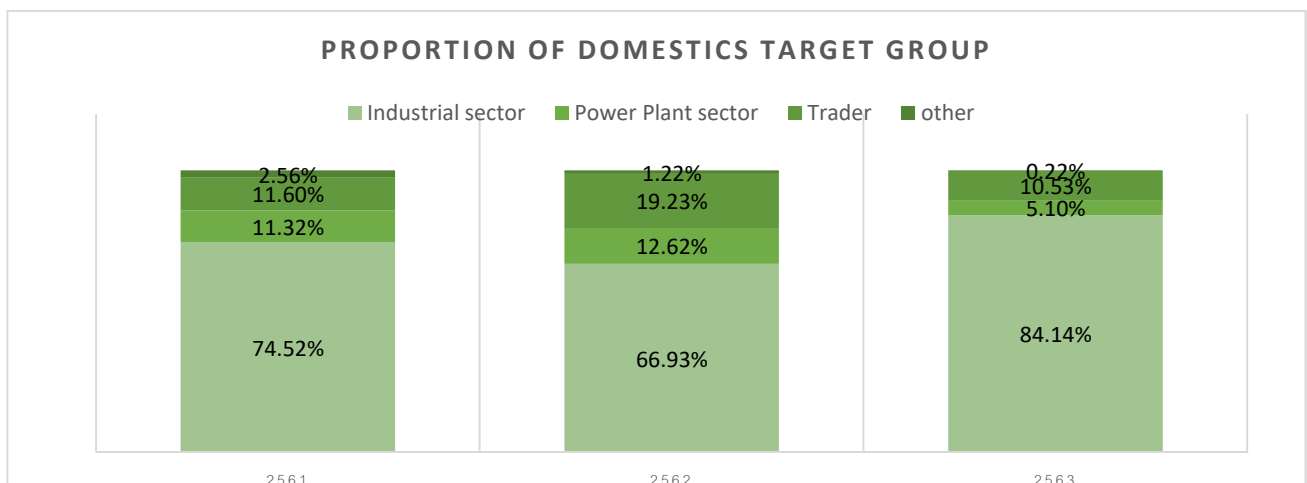
Customers and Targets

The company and its subsidiaries' biomass fuel trade for domestic and overseas markets has sales proportion which is as follows:

Domestic Target Groups

Domestic target group is divided into 5 groups :

1. Industrial sectors : To use biomass to generate heat by using boilers in their production process.
2. Power Plant Sector : To use biomass fuel to generate electricity.
3. Biomass Fuel Trader Sector.
4. Biomass Processor Sector : To produce biomass fuel to sell to users.



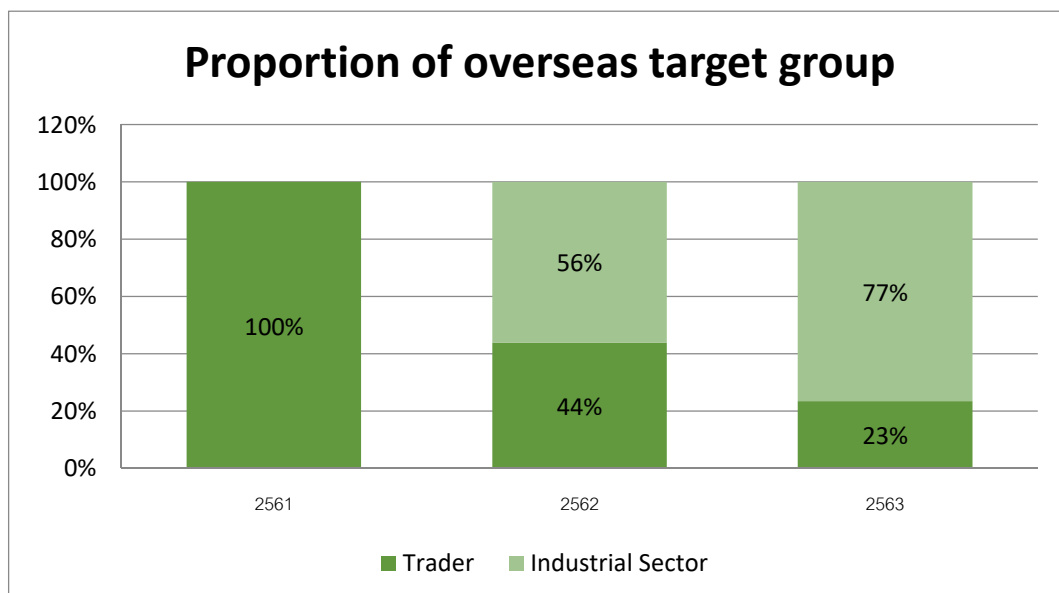
Industrial sector is the highest proportion of the purchasers because biomass fuel is continuously used in their production process (1) the customers who have factories which are located in the polluted-control zone or the places that are near villager community. (2) the customers that resell to the low-carbon dioxide emission products (3) environmental-oriented.

In addition to industrial customers, Customers in the power plant group are considered customers who have a consistent amount of biomass fuel in the production process.

Overseas Target

Overseas markets are as follows:

1. Traders
2. End-Users such as power plants and factories



Traders are the main group of overseas market. Traders sell biomass fuel to power plants especially power plants in Japan and South Korea. Their sales proportion is approximately 77-100% Most of the foreign customers have the policy to buy through traders that they are familiar with to reduce their risk. To source biomass fuel by themselves can be risky because they might not get quality products. They cannot contact many suppliers to gather a huge amount of biomass fuel. They cannot get products in time for their use. The company and its subsidiaries ensure customers that they always have enough products to supply as they have good warehouses to store products. Customers can even come to inspect the goods before shipment. The company's main markets are Japan, South Korea and European countries, etc. In the future, overseas market will expand because of the government's support and campaign to use renewable energy. The company can have more subsidiaries in other countries. Nevertheless, the company always tries to develop relationship with end-users in order to increase its market share.

Market Review and Competition

a) Industry Status

Demand and Supply for Renewable Energy in each country and region

Thailand

Thailand has continuously been using renewable energy. This is from the government support. The renewable energy is the energy such as solar power, wind power hydropower, biomass fuel, biogas, waste energy and biofuel (ethanol, biodiesel). The Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy, issued the Alternative Energy Development Plan (AEDP 2015) to set the goal to increase Thailand's consumption of renewable energy by 30% at least in the year 2036.

Performance on Alternative Energy Policy : October 2020

Fiscal Year (Oct - Sep)

| Alternative Energy | 2017 | 2018 | 2019 | Target 2036 |
|--|------------------|------------------|------------------|------------------|
| Electricity^{1/ 2/} | | | | |
| 1. Solar Energy | 2,692.26 | 2,715.21 | 2,982.43 | 6,000.00 |
| 2. Wind Energy | 627.82 | 927.82 | 1,506.82 | 3,002.00 |
| 3. Small Hydro Power ^{3/} | 182.28 | 187.72 | 187.79 | 376.00 |
| 4. Biomass | 3,074.28 | 3,266.98 | 3,400.24 | 5,570.00 |
| 5. Biogas ^{4/} | 466.77 | 500.15 | 528.92 | 1,280.00 |
| 6. MSW ^{5/} | 179.97 | 273.40 | 317.82 | 550.00 |
| 7. Large Hydro Power ^{6/} | 2,906.40 | 2,911.41 | 2,919.66 | 2,906.00 |
| 8. Other Alternative Energy (Geothermal Power) | - | 0.30 | 0.30 | - |
| Total Electric Consumption (MW) | 10,129.78 | 10,782.99 | 11,843.98 | 19,684.00 |
| Total Electric Consumption (ktoe) | 2,360.00 | 2,824.00 | 3,184.00 | 5,588.00 |
| Heat (ktoe) | | | | |
| 1. Solar Energy ^{7/} | 9.00 | 10.00 | 10.00 | 1,200.00 |
| 2. Biomass | 6,509.00 | 6,958.00 | 7,962.00 | 22,100.00 |
| 3. Biogas | 601.00 | 634.00 | 635.00 | 1,283.00 |
| 4. MSW | 60.00 | 110.00 | 113.00 | 495.00 |
| 5. Alternative heat energy ^{8/} | - | - | - | 10.00 |
| Total Heat Consumption (ktoe) | 7,179.00 | 7,712.00 | 8,720.00 | 25,088.00 |
| Total Biofuels Consumption (ktoe) | 1,789.00 | 2,085.00 | 2,285.00 | 8,713.00 |

| | | | | |
|--|-----------|-----------|-----------|------------|
| Alternative Energy Consumption (ktoe) | 11,329.00 | 12,621.00 | 14,189.00 | 39,389.00 |
| Final Energy Consumption (ktoe) | 79,537.00 | 83,327.00 | 86,414.00 | 131,000.00 |
| Percentage of Alternative Energy Consumption (%) | 14.24 | 15.15 | 16.42 | 30.00 |

Source: Department of Alternative Energy Development and Efficiency

Notes : 1/ Including off grid power generation.

2/ Including on grid power generation with capacity □ 1 MW & □ 1 MW.

3/ Including hydro power plants □ 12 MW & hydro power plant using the water downstream.

4/ Including waste water / waste dumping and energy crops.

5/ Including municipal solid waste and industrial waste.

6/ The existing installed capacity.

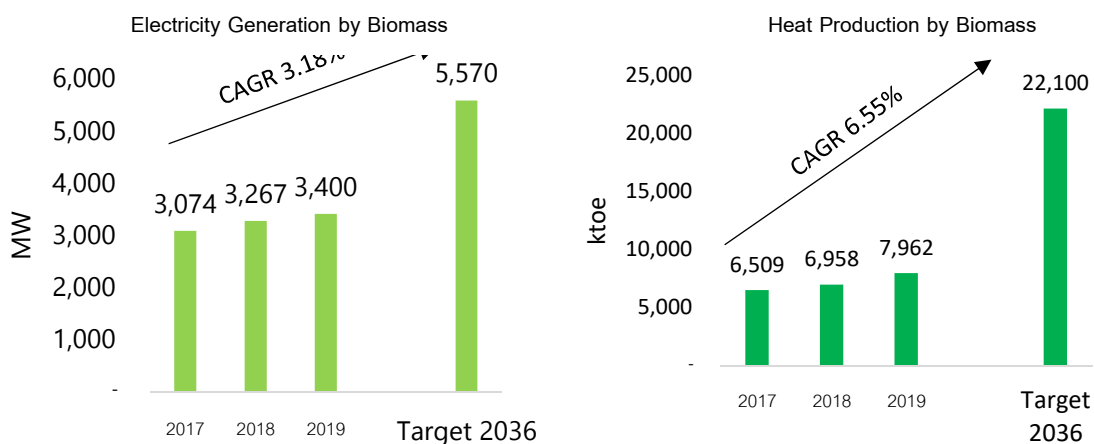
7/ Based on M2 installed from solar collector.

8/ Including geothermal and oil from used tires.

9/ Including bio-oil and hydrogen.

As of 31 October 2020

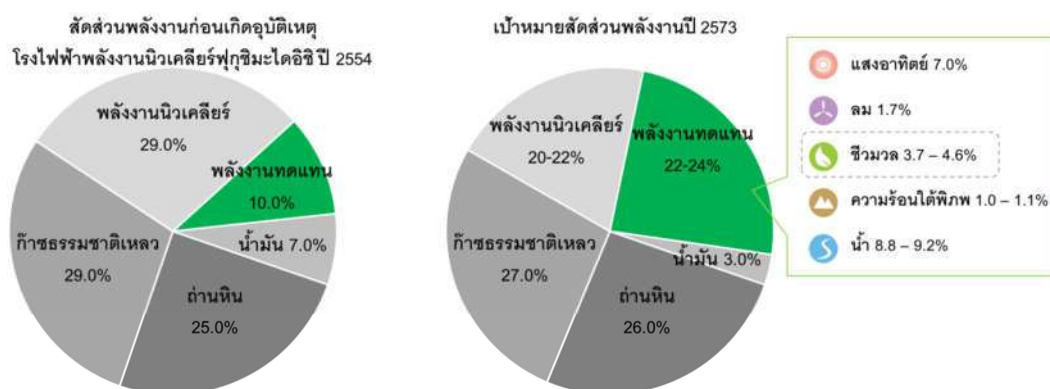
According to AEDP2015, in the future the proportion of renewable energy consumption will increase. In Thailand biomass fuel will play an important role in electricity and heat generation. The electricity generation by biomass fuel will increase to 5,570 MW in 2036 and Heat production by biomass will increase to 22,100 ktoe in 2036



Source: Department of Alternative Energy Development and Efficiency, Company's Estimate

Japan

With economic size the 3rd biggest of the world, Japan is one of the world highest demand countries for power use. Japan is the world's No.2 in electricity demand among OECD group. Before the Fukushima Daiichi Nuclear Power Station's incident, fossil fuel was used by 60% to generate power in Japan and Nuclear power was used by 30%. After that accident, Japan shifted from the use of nuclear power to fossil more in order to reduce the use of nuclear power. There are not many places for fossil source. Japan needs to import huge amount of fossil. This fossil use affects the emission of CFC causing environmental problems. Therefore; on 11 April 2014 the government issued strategies for new energy called "Strategic Energy Plan (April 2014)" in order to keep the energy balance (3E+S): energy security, economic efficiency, environmental conservation and safety. The future goal aims to reduce fossil use in power generation, instead increase the use of renewable energy up to 22-24%



ที่มา: Ministry for Economy, Trade and Industry (METI)

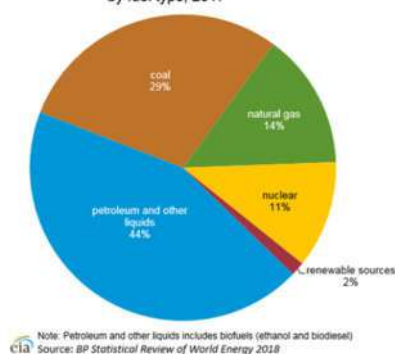
According to the information of Japan's Ministry of Economy, Trade and Industry, Japan is the world's No.5 highest demand of biomass fuel. The government supports a double increase in biomass fuel power generation equivalent to 3.70-4.60% out of the renewable energy generation as the goal of 2030. The government Feed-in Tariff (FIT) has been applied for the government's electricity purchase. The number of renewable power plants and biomass power has increased since 2012.

Because of insufficiency in biomass fuel for Japan's domestic demand, biomass fuel such as palm kernel shell, biomass pellet and woodchip has been imported for power generation. Since 2015, Japan has continuously imported palm kernel shell mainly from Indonesia and Malaysia.

South Korea

South Korea depends on the import of fuel. More than 97% of fuel is imported for their primary consumption. Fuel resource in South Korea is not sufficient. South Korea is the world's No.5 importer of natural gas, coal and crude oil. In 2016 ,South Korea's amount of primary energy consumption is 286.20 Mtoe . The proportion is shown as follows:

Figure 2. South Korea total primary energy consumption by fuel type, 2017



After the Fukushima Daiichi Nuclear Power Station's accident, it was found in South Korea the use of reactors with fake certificates. In 2012 issued a long-term energy consumption plan. Previous plan in 2008 depend on nuclear power, new plan in 2014, the government keeps balance of energy use proportion by reducing fossil use and increasing renewable use instead. In September 2014, the government announced "The Fourth New & Renewable Energy Development Framework" that determined that the proportion of total primary energy supply must come from renewable energy by 11% at least. In 2015, the proportion of renewable energy consumption is determined as follows:

| Renewable Energy Types | Proportion of Energy Consumption per Primary Energy Sourcing from Renewable Energy (%) |
|------------------------|---|
| Waste Energy | 29.1 |
| Solar Energy | 22.0 |
| Wind Energy | 18.2 |
| Biomass Energy | 18.0 |
| Geothermal | 8.5 |
| Hydropower | 2.9 |
| Sea Wave Energy | 1.3 |

Source: Korea Trade Investment Promotion Agency

In addition, in 2012 the South Korean government issued Renewable Portfolio Standard (“RPS”) to campaign for renewable energy use by determining that both government and private power plants (with more than 50 megawatt capacity) must apply the regulations starting from 2% out of the entire power generation in 2012 and increase every year until it reaches 10% in 2024. At the end of 2015, 17 power plants have passed the criteria. In 2018, RPS determined the proportion of renewable energy use that the power plants with at least 500 megawatt capacity must apply at least 5% renewable fuel in their production. In 2017, the proportion of renewable fuel use in those plants was only 4%

b) Competition

There are a large number of players in the biomass fuel trading market with different types of traders as follows:

1. Large traders operate business similar to the company and its subsidiaries. They collect biomass fuel from suppliers such as crude palm oil extraction plants, wood furniture plants, sawmills, biomass pellet plants, etc. and/or from other traders in and outside the country and have a warehouse storing a huge quantity of the collected biomass fuel. As estimated by the company, there are fewer than 10 players in this group.
2. Small traders have had business relationship with suppliers and buyers of biomass fuel. They procure biomass fuel from suppliers in a small amount for sales to buyers in the form of trading business. They may or may not have a warehouse and do not store a large volume of inventories.
3. Processors of agricultural products, as mentioned above, obtain biomass fuel as by-product from their manufacturing process and operate the biomass fuel trading as their secondary business.

It is not difficult to enter the market as a small trader because it depends on the ability in trading and requires only a small amount of start-up fund. For instance, one can start the business with merely an initial capital for product procurement, plus a margin for buyers without the need to invest in a warehouse, inventories and transport trucks. However, to operate the business sustainably with competitiveness, they must be able to fulfill customers' needs in terms of product diversity, demand, quality, price and servicing. Small traders may not be able to fully meet those customers' needs. For example, having no warehouse, small traders cannot collect enough quantity of products to satisfy customers who have a huge demand. For processors of agricultural products, they offer only a few types of products obtained from their manufacturing process and, thus, cannot serve diverse groups of customers. For those who have limited fund, they have no working capital to supply biomass fuel as required by customers.

The company is one of the leading biomass fuel traders. The company has potential and competitiveness because of the following reasons:

1. With more than 60 years in biomass fuel business as the main shareholder, the company understands biomass fuel market very well in terms of customers' need, procurement of the products, good relationship with buyers and suppliers and has the ability to source right products to meet customers' demand.

2. The company offers quality and various types of biomass fuel so the company can ensure customer satisfaction for its entire group of customer.
3. The company received product certification for wood by-products from FSC chain of custody (CoC) – The Forest Stewardship Council so the company can expand its market to the customers who need this certification like Japan and South Korea that will buy only products from FSC. The products certified must be able to be tested; the whole production chain beginning from wood source, production, transportation and good product storage.
4. The company can source and supply quality biomass fuel to customers in a timely manner. The company and its subsidiaries provide demand evaluation by asking direct to their customers to collect information for procurement plan. The company owns huge warehouses to respond to customers' biomass fuel needs for all seasons. In addition, the company has efficient transportation management by providing STP service and also services from other companies to ensure on time delivery.
5. The company has efficient cost management because it has warehouses located close to the production for both domestic and overseas. These warehouses can store huge amount of biomass fuel and directly supply to customers ("Direct Transportation") by sending the goods to customers directly, not having to go through the company's warehouses. The control delivery cost, the company has price determination at a proper rate for hiring STP and other transportation companies.
6. The company has financial stability and has enough working capital to stock merchandise for immediate supply to market's need.

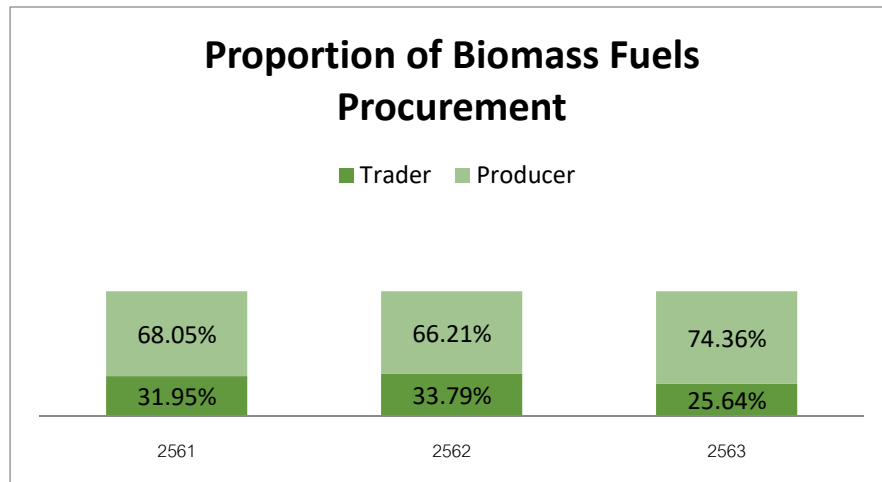
Product Procurement and Service

Sources of Supply

The company and its subsidiaries procure biomass fuel from 2 sources as follows :

1. Direct procurement from producers which includes crude palm oil extraction plants, wood furniture factories, sawmills, rice mills, sugar factories, biomass pellet plants, etc.
2. Procurement from traders which purchase biomass fuel from suppliers for re-sell to the company.

The proportion of biomass procurement of the Company and its subsidiaries by type of Supplier, both domestic and foreign in the year 2018 to 2020 can be shown as follows ;



Biomass fuel is sourced directly from the producers. However, the company also gets supply from traders. Domestically, the company sources biomass fuel directly from the producers. Some types of biomass fuel need to be supply by traders, for example, palm kernel shell. As the productivity volume depends on the seasons, those particular biomass fuel producers will not sell their products to only one company. Therefore; the company adds different channels of biomass fuel sourcing by purchasing from traders. In some cases, traders help to supply biomass fuel at anytime the company wants. The company does not have to stock everything. This helps the company's cost management. For overseas biomass fuel sourcing, in the past, it was done only through traders. Currently, the company has now been under the relationship with producers in overseas countries like Indonesia and Malaysia.

Sourcing each different type of biomass fuel is done in different ways which is as follows:

a) Palm Kernel Shell Procurement

The company and its subsidiaries have palm kernel shell procurement through both domestic and overseas. The company sets plans and evaluates customers' need in advance.

Domestic Palm Kernel Shell procurement

Domestic sourcing palm kernel shell is for customers' need for only domestic market. Purchasing palm kernel shell is operated through PPP. Palm kernel shell is biomass fuel in exempt of VAT. PPP's palm kernel shell procurement is equivalent to 66-98% of the whole proportion of sourcing which can be divided into 2 types:

1. The direct sourcing is from crude palm oil extraction plants in the South and East of Thailand. ABM and PPP purchase from many different plants. The amount of palm kernel shell that ABM and PPP purchase is 80% of the whole crude palm oil extraction plants. ABM and PPP will purchase about 70-80% of their capacity.

2. The company purchases palm kernel shell through traders that buy palm kernel shell from the crude palm oil extraction plants. ABM and PPP will select reliable traders who offer competitive price.

Overseas Palm Kernel Shell Procurement

For overseas palm kernel shell's sourcing, the company and its subsidiaries always search for new sources in order to fulfil customers' demand in terms of quantity, quality and price. ABI was founded in Indonesia and ABR in Malaysia, the world's No.1 and No.2 sources of palm plantation. There are 2 ways of palm kernel shell sourcing:

1. Direct sourcing from crude palm oil extraction plants in Indonesia and Malaysia.
2. Sourcing through traders. Traders buy palm kernel shell from crude palm oil extraction plants and/or other palm kernel shell traders.

At present, sourcing through traders is the main part of palm kernel shell procurement in Thailand which is equivalent to 20-50% in 2018-2020. The tendency is declined. For the future the company tends to have direct sources from crude palm oil extraction plants. For palm kernel shell procurement in overseas countries, it will require a short-term agreement. Payment to overseas suppliers is made through L/C or T/T bank transfer.

Palm kernel shell sourcing in Indonesia and Malaysia is to respond to customers' demand for both domestic and overseas markets. At present, the proportion of import for domestic sales is more or less the same as import for overseas sales. In the future, the tendency to import palm kernel shell in order to export will be higher. The reason is that more and more biomass power plants have opened.

Warehouses in overseas countries are another important factor for the overseas palm kernel shell procurement. Goods delivery from Indonesia and Malaysia to Thailand or other countries is done by ship with a minimum rate of delivery between 8,000-30,000 tons for cost management. Sourcing palm kernel shell from various places can efficiently manage price fluctuation because it fluctuates by seasons. In addition, palm kernel shell from different sources has different quality and qualification which can be evaluated by its moisture and impurity.

b) Woodchips and Others Procurement

The company sources woodchips and other parts of wood from wood furniture factories, processed wood factories and sawmills in the south, east, northeast and north. The company can select suppliers that are close to the customers. To purchase woodchips, the company can either make an agreement or place an order through suppliers. Most of the agreements are 1 year term with 1 year price fixing in advance. For wood slabs, the company will place an order through suppliers at the specific time. Mostly, the company has credit term with suppliers.

c) Wood Shaving, Sawdust and Wood Dust Procurement

To source Wood Shaving, Sawdust and Wood Dust, the company can get it from furniture factories, sawmills and processed wood factories in the south, east, northeast and north. These products have no price fluctuation, as a result, 1-3 years agreements with suppliers are made. Purchasing price is always fixed in advance. Some suppliers made exclusive contracts with the company. Purchasing price from each supplier is different depending on products' quality, delivery, payment conditions as specified in the agreements which can be on cash basis, credit term or deposit payment. Most of the wood shaving, sawdust and wood dust suppliers are with long term business with the company and most of them are located in the east and central part of the country.

d) Biomass Pellet Procurement

The company sources biomass pellet directly from the biomass pellet producers in Thailand. Most of these producers are in the east and the south. It is now under the study how to procure suppliers abroad. The biomass pellet plants in Thailand are divided into 3 types by their production capacity.

Transportation Procurement

The company hires land and water transportation services for both biomass fuel procurement process and goods delivery to customers.

Land Transportation

Land transportation can be divided into 2 types:

1. Transportation of the company's subsidiaries

STP is a subsidiary of the company. STP was founded for domestic transportation of the goods of the company, its relevant companies and others.

| Year | 2018 | 2019 | 2020 |
|----------------|------|------|------|
| Number of cars | 58 | 48 | 48 |

There are 3 groups of STP's transportation users: (1) ABM and PPP (2) related companies (3) other companies. STP has different kinds of trucks for delivery of biomass fuel, coal, fertilizer, animal feed, etc. STP's transportation service is mainly for biomass fuel delivery for ABM and PPP. The income from transportation for ABM and PPP in 2015 to 2017 is equivalent to 81.38% and 96.31% and equivalent to 97.31% of STP's total income. If there is surplus service of STP's transportation, STP can also provide transportation service to other companies. STP shall consider the employer's credit status and make agreement them.

STP provides transportation service by using only its own trucks. All trucks are with GPS controlling system to ensure safety drive.

2. External Transportation Provider

The company hires external transportation providers (“Affiliated Transportaion”) for biomass fuel delivery. The company has more than 100 external transportation providers specializing in different particular routes. Only experienced transportation providers are selected and made agreement with. Transportation rate and cost adjustment is upon gasoline’s rate, loss and damage warrantee, etc. Each delivery’s transportation status is checked through the mobile phone and random check by the staff is also applied.

The company’s biomass fuel transportation plan is managed by the company’s logistics department. The sales, marketing and purchasing departments will inform transportation demand to the logistics department so the department can plan for STP’s service or the affiliated services. The followings are criterias for transportation plan.

(1) Biomass Fuel Types

- For palm kernel shell and biomass pellet, the company and PPP will mainly hire affiliated trucks because they can offer lower transportation cost.

- For woodchips and other parts of wood and wood shaving, sawdust and wood dust, the company and PPP will hire STP since these products require special transport vehicles. Wood shaving, sawdust and wood dust are lightweight products. The truck must have a large stall than normal. It requires staff for product loading with special skill to be able to arrange transportation to accommodate the volume of freight. For woodchips and other parts of wood, the company will have to prepare pick up to support the goods from the supplier so they need a hauler lift (Hooklift) to lift up and load to the truck. These affiliated transportation companies do not have service staff for this lifting or if they may have but at higher cost than STP service.

(2) The need for service in case of urgent need: The company and PPP will choose STP’s freight trucks in order to meet prompt needs.

In addition, the logistics department will consider hiring a transportation vehicle from the affiliated transport company based on the employment rate, expertise in each type of freight in each route to maximize the company’s efficient transportation.

Transportation of biomass fuel can be divided into 2 types:

1. Transportation from the supplier to the company’s warehouses to wait for delivery to future customers.
2. The transportation of goods from the supplier directly to the customer without entering the warehouse of the company. However, there are many factors that make it impossible for the logistics department to carry out direct shipping operations at all transportation stages, such as routes unfavorable transportation or a time when biomass fuel production is limited, products not

enough to send directly from the supplier to the customer. The company also needs to deliver goods from the warehouse of the company to customers.

Water Transportation

The company uses water transportation services by hiring a carrier to handle the transportation of large amounts of biomass fuel and transporting it in a long distance. Water transportation services can be divided into:

1. For domestic transportation, the company procures and collects biomass fuels from its suppliers in the south and store in the company's warehouses to have enough volume and hired shipping to transport to the warehouse in central part of the country in order to effectively distribute products to the customers of the company. Most of the ships used in transportation are Motor Barge, with a tonnage of 1,000 tons and a Lighter with a tonnage of 5,000 tons. When the goods arrive at the pier, the Company will hire a transportation vehicle to transport its goods to its warehouses or to the customer's warehouse.
2. For Overseas Transportation :
 - a. Cargo shipment from the company's warehouse to overseas customers, mostly it is on FOB (Free on Board) basis. In case the sale of the company's products to foreign customers is a CIF (Cost, Insurance and Freight) or CFR (Cost and Freight) condition, the company will provide the shipping vessel to deliver the goods to the customer at the specified quantity and time.
 - b. Transportation from a company's foreign warehouse to the company's warehouse or customer's warehouse in Thailand, the company imports goods from abroad to meet the needs of domestic customers in case of inadequate domestic demand.

2.4.3 Storage

The company and its subsidiaries have warehouses to store the biomass fuels purchased by the company and its subsidiaries. The company owns and rents altogether 8 warehouses, five domestic warehouses and four overseas warehouses.

| Warehouses | Area (Sq.m.) | Capacity ^{1/} (Tons) | Ownership |
|---|-----------------|----------------------------------|----------------------|
| 1. Bang Kung warehouse, Surat Thani province | 56,892 | 100,000 | Holding ownership |

| Warehouses | Area (Sq.m.) | Capacity ^{1/} (Tons) | Ownership |
|---|-----------------|----------------------------------|----------------------|
| 2. Bang Nam Chuet warehouse, Samut Sakhon province | 25,848 | 40,000 | Holding ownership |
| 3. Bang Pakong warehouse, Chachoengsao province | 8,800 | 25,000 | Lease |
| 4. Bintulu warehouse, Malaysia | 12,500 | 20,000 | Lease |
| 5. Rayong warehouse, Rayong province | 12,500 | 20,000 | Holding ownership |

Remarks: 1/ warehouse space and capacity may not be related depending on many factors (1) the type of building in the warehouse, such as the warehouse or yard (2) the height of the roof (3) the size of the office and other areas not used for storage;

2/ Indonesia warehouse are under the process of searching for new lease.

Warehouse is a factor that helps the process of procurement and distribution of the company and its subsidiaries efficiently and effectively. The benefits of warehousing for business operations are as follows.

1. The Company and its Subsidiaries can back up their products to meet the needs of customers and can deliver goods to customers throughout the year.
2. The company and its subsidiaries can effectively manage the cost of goods in terms of the ability to store items when prices drop, storage of goods in transit, reduce transportation costs and support and delivery to customers in the neighborhood.
3. The company and its subsidiaries can control the quality of goods to be delivered to customers because some products have to go through the grade and pass the sorting process before sending to customers.

Storing is stored as stacking except for biomass pellet that are stored in a large bag with water proof for example wood shaving, sawdust and wood dust will be stored in the warehouse to maintain the quality of the product. The warehouse of the company and its subsidiaries will be stockpiled to categorize types of products by first in first out (FIFO). Products stored in the warehouse must be maintained regularly to ensure that products are ready to be delivered to customers on time. Products that are stored in open air yard will have to be covered by canvas in the time of rain to keep the product humidity at the standard level all the time and to flip over to prevent heat storage inside the stack.

In addition, the inventory department of the company and its subsidiaries have a plan to check the stock of inventory in the warehouse. The inventory of the company and its subsidiaries will be regularly reviewed as follows:

1. Check the quantity of products by the company and its subsidiaries. It is operated by the accounting department with the warehouse department to check the inventory available in the warehouse with the amount recorded in the system. Use physical evaluation method. It will check every 1 month and every time the lot of goods are spent.
2. Inventory inspection by the external surveyor (Surveyor) twice a year, at the middle and end of the year. External inspectors use electronic tools to record the shape of each pile and measure it in three dimensions: width, length, height, and use software to calculate quantity which also relates to the moisture content of the products from the product samples stored on the inspection date.

In case the quantity of the product examined is different from the quantity of the product being recorded in the system, the company and its subsidiaries will adjust the products in the system to match the reality. It must be approved by the authority. Based on a review of the past, it was found that the quantity of products stored in the warehouse and the quantity of products in the system was slightly different.

Product quality control

The company and its subsidiaries focus on the quality control of the products to meet the quality standards of the company. The company has standardized products in all stages of operation from receipt products to warehouse, storage and export products to customers. To provide customers with quality products and meet the company standards, the company has set the standard for control of each type of product.

| Product Category | Standard Criteria | Quality Inspection |
|-----------------------------------|-------------------|---|
| Palm Kernel Shell | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Size | Dimensions with Vernier caliper |
| Woodchips and other parts of wood | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |

| Product Category | Standard Criteria | Quality Inspection |
|------------------|---------------------|---|
| | Size | Dimensions with Vernier caliper and Random sieve according to the given size. |
| | Colour | Physical assessment |
| Wood Shavings | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| Sawdust | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Colour | |
| | Resolution | |
| Biomass Pellet | Moisture value | Laboratory test and physical assessment |
| | Impurity | Physical assessment |
| | Length and Diameter | Dimensions with Vernier caliper |
| | Density | Weighing with volume container |
| | Fracture | Calculated from weight |

Note: 1 / Laboratory test using the hot air oven.

Quality Assurance Department staff will be responsible for sampling the products for inspection at the specified frequency. The company has a manual on how to collect samples, how to measure moisture and standards to control to ensure the quality control of the product is the same standard. Products that are stored in open air yard will have to be covered by canvas in the time of rain to keep the product humidity at the

standard level all the time and to flip over to prevent heat storage inside the stack. In addition to checking the quality of the goods, the company also monitors truckloads, cleanliness of warehouse floor, cleanliness of the truck, cover with canvas before shipping to ensure that the quality of products meets the standards.

Environmental Impact

The business operations of the company and its subsidiaries will take into account the sustainability of the environment. The company places great importance on the source of its wood-based biomass fuel products that are derived from natural forests or properly managed forests in accordance with internationally recognized principles. It does not come from natural forest destruction, as the source of our products can be traced to the entire product chain from raw materials to processing, storage, to sales and delivery. The company has adopted the Forest Stewardship Council (FSC) FSC Chain of Custody (CoC) certification. Wood pellets, shavings, sawdust, woodchips and other parts of wood (BV-COC-130246 and BV-CW-130246) on 11 May 2016. In the year 2018, the company expanded its certification to other biomass products such as wood pellets and wood briquette. Rubber wood processing particle board and medium density fiber board (MDF), which are certified by Bureau Veritas Certification (Thailand) Co., Ltd. In addition, the company and its subsidiaries also attach importance to environmental impact and safety in the operation process. The company and its subsidiaries set up environmental protection measures to protect the environment within the company and its subsidiaries as follows:

1. Closed warehouse system for wood shavings, sawdust, wood dust and biomass pellet and canvas covers for items stored in uncovered areas.
2. Grow big trees. Dust cover is installed around the warehouse of the company and its subsidiaries.
3. Use a canvas between the boat and the pier during loading and unloading to prevent the product from dropping into the water. Use cloth covers on all transportation trucks before moving out of the pickup point.
4. Pile back the product consistently to reduce the temperature of the product.
5. Turn on the water at the entrance of the warehouse.
6. Spray water canvas cover cloth and regularly sweep the warehouse.
7. Utilize bio-fermentation (EM) water used in the area of the company and its subsidiaries.
8. Use wastewater treatment systems and the treated water is used in the activities of the company and its subsidiaries.
9. Measure sound, air and water quality once a year.
10. Warehouse to prevent the spread of small items.
11. Transport control measures to prevent goods from falling on the way.
12. Measures to determine the speed of vehicles running in the warehouse up to 20 km / h.
13. Measures to control the noise caused by the vehicle entering the warehouse.
14. Control of waste management within the warehouse.

On August 17, 2017, the company was awarded the CSR-DIW Beginner Award 2017 by the Department of Industrial Works. On October 27, 2017, the company was certified by the Ministry of Industry as the Green Industry (2nd Level), Green Activity. In addition, the company was selected to participate in the project to develop standards for Thai SMEs. During the process of applying for accreditation of Occupational Safety and Health Standards for Workplaces Medium and small Institute of Occupational Safety, Health and Environment. This demonstrates the company's commitment to environmental and safety management.

The Company and its subsidiaries encourage the employees and stakeholders consciousness of resource conservation and social responsibility. As a result, the company and its subsidiaries can sustainably grow with the community and the environment.

Unrepresented work

- None -



Key Laws related to Business Operations

The company has significant laws and licenses related to business operations as summarized in the table below. The company has prepared a document for license control to follow up applications and renew licenses for the registered licenses related to business operations to ensure that the company has the necessary licenses for proper operation.

| No | Relates Law | List of licenses of the company and its subsidiaries |
|----|---|--|
| 1. | Factory Act. Section 12 Establishment of criteria for obtaining permits and permits for factory 3,2006 | (✓)Factory License (RN 4) (end of January 1, 2022) - Pay annual fee (due September 21, 2021) |
| 2. | Act of Public Health, Section 33 | (✓)License to operate a business that is harmful to health. (No. 2) per annum. - Tambon Bang Nam Chuet Subdistrict Administration Organization (end of March 31, 2021) - Bang Pakong (end of January 10, 2021) - Surat Thani (end of August 28, 2021) |
| 3. | Export and Import Act in the Kingdom. Section 7 Note: Only ABM and / or PPP are importers or exporters of biomass products in and out of the Kingdom, depending on the type of biomass product being controlled for the import/export license. | (✓) Import license (ABM and PPP) (✓) Export Licenses (ABM and PPP) |
| 4. | Land Transport Act 1979 (Transport License Section 32 of the Land Transport Act, BE 2522) | (✓) Transportation License (STP) |

| No | Relates Law | List of licenses of the company and its subsidiaries |
|----|--|---|
| 5. | <p>Plant Quarantine Act of 1964, Section 10</p> <ul style="list-style-type: none"> - Notification of the Department of Agriculture regarding conditions for importing palm oil from the Republic of Indonesia in 2013 - Notification of the Department of Agriculture regarding conditions for importing palm oil from Malaysia, BE 2556 | (✓) An import permit issued by the Department of Agriculture (ABM and PPP) |
| 6. | <p>Forestry Act, 1941, Section 48</p> <ul style="list-style-type: none"> - Ministerial Regulation No. 25 (BE 2519) issued under the Forest Act 1984 on the processing of wood and timber. | <p>(✓) Permission to set up a sawmill</p> <ul style="list-style-type: none"> - Headquarter (available until 29 November 2021) - Surat Thani Branch (available until 30 November 2021) |

Risk Factors

The company and its subsidiaries (hereinafter called “the company”) have conducted biomass fuel trading. The risk factors that may affect investment and ways to prevent them are as follows:

1. Business Operation Risks

1.1 Risk from product procurement

The company operates the core business in trading of biomass fuel such as palm kernel shell, woodchips & others, wood shaving, sawdust, wood dust, wood pellet, etc which are by-products obtained from other related industries such as production of crude palm oil, wood products and so on. Thus, the supply of biomass fuel is linked to the demand and supply of crude palm oil products, palm tree plantings, plants for producing wood products and harvest season of those plants. Domestic supply of palm kernel shell still cannot fully meet demand from biomass power plants and other end-use industries. At the same time, overseas demand for biomass fuel from countries in both Asia and Europe has been on a rise. Having expanded its sales channels to foreign markets, the company may risk falling to procure sufficient products to fully meet customers’ demand or as agreed with them or at the price and of the quality as desired by customers. Such risk could relatively affect its performance and financial position.

Being aware of this risk, the company has approached and procured biomass fuel directly from producers and distributors across the countries and has procured woodchips & others, wood shaving, sawdust, wood dust from furniture factories, wood processing plants, sawmills and producers of wood products in the southern, central, eastern, northeastern and northern parts of the country. Meanwhile, palm kernel shells are purchased from major crude palm oil producers in the southern and eastern regions. More than 70% of all crude palm oil producers in Thailand sell palm kernel shells to the company. Besides, the company will coordinate with all concerned parties in feedstock procurement planning when initially working on the annual budget plan and will pursue the stock planning throughout the year, hence a slim chance for the company to obtain the feedstock less than planned. Most feedstock procurement is done under sales and purchase agreements with a definite schedule. For this business, moreover, it is typical that feedstock suppliers will less likely fail to abide by the sales and purchase agreements or will not change the quantity from the agreed amount within a short period of time. To cater the growing demand of biomass fuel at home and abroad. The company joined with a wide variety of distributors both in Indonesia and Malaysia, which is the world’s first and second largest growers and producers

of palm oil. The company therefore believes that, by implementing these measures, it will be able to procure the products to sufficiently fulfill the increase demand for biomass fuel at home and abroad and satisfy customer needs in terms of both price and quality. In addition, with a wide variety of biomass fuel offered by the company, it has alternative product to substitute for a short fall in any other product.

1.2 Risk from price volatility

Biomass fuel relates directly to agricultural products, with prices determined by demand and supply. The key factors influencing the demand and supply are climate, harvest season, policy on biomass fuel related plants and Thailand's and other countries' policies to promote the use of biomass. These will directly affect the supply of corps relating to biomass fuel sold by the company and the demand for biomass fuel which will relatively impact prices of relevant biomass fuel products in both Thai and global markets. As such price volatility could have an effect on the company's performance and financial position.

However, the company has had experience in biomass fuel trading for longer than 30 years. It has compiled statistical data on product prices as a basic for study of price trend of each type of product. When price of any product is high, the company will substitute it with the product whose price is more stable. The company also has a policy to set the selling price plus a minimum margin after deduction of sales-related expenses, fixed costs and finance costs and to determine a market-based price in the sales and purchase agreement. Moreover the company invested in warehouses to store enough inventories. It currently has four domestic warehouses, comprising Bang Nam Chuet warehouse, Bang Pakong warehouse, Bang Kung warehouse and Rayong warehouse. Recognizing the necessity to have a warehouse that is close to supply sources to be able to store the products during the seasonal price decline and reserving products for future sales growth Including the wood chips project and wood pellets plant project which its own production plant. The company also plans to construct a woodchip plant and a biomass pellet plant in the future. All these domestic warehouses have capacity to store locally procured products and part of imported products in the maximum amount of more than 165,000 tons. In view of these measures, the company believes that product price fluctuation will not materially impact its operating performance in the future.

1.3 Risk of loss from inventories management

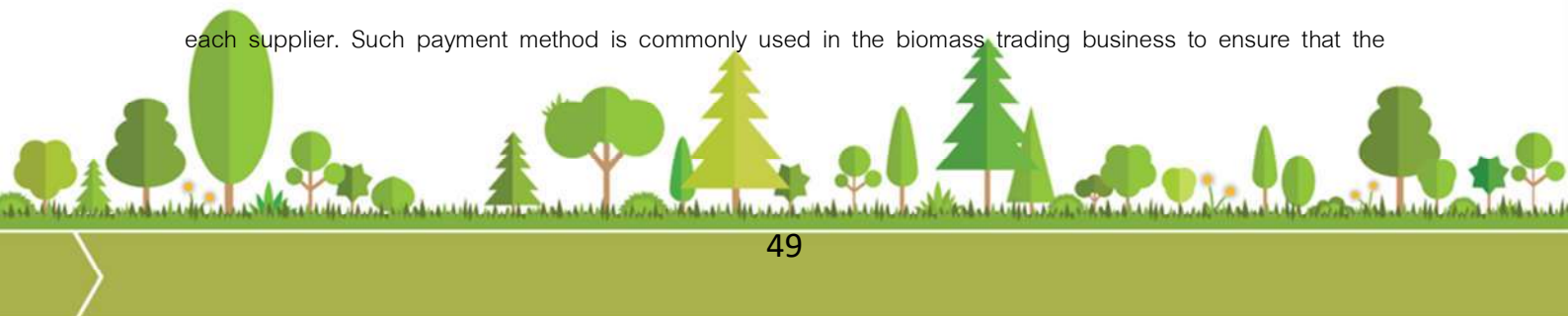
Operating the core business in biomass fuel trading, the company needs to stock inventories to be available for year-round sales. Meanwhile, the output of some products varies with the seasonal effect and climate in the planting areas resulting in price fluctuation. Some products, because of their light weight, occupy a large

storage area. The company's warehouses are divided into two sections : (1) an empty building for storing products that must be kept dry such as wood shaving, wood dust, biomass pellet (2) an open yard for storing products that need not to be kept in dry place such as palm kernel shell, woodchip, wood slab and scraps. Considering the way these products are stored, it could lead to product losses like they may be blown away by the wind or their moisture content may be reduced by sunlight or they may be eroded or damaged by rain or may deteriorate by long storage or no turnover etc.

Without efficient inventory management, the company could suffer a loss from decline in prices or quantity of its inventories caused by two major factors: (1) a drop in product prices in the market and/or (2) loss of the stored products. However, as learned from its operational experience over these past years, the company has put in place an efficient inventory management system. To cope with risk from product price drop, the company has compiled historical data on an output and price statistics as a basis for forecasting product prices and volume in different period of time of the following year in Thailand, Indonesia and Malaysia. It has also forecasted demand from local and overseas customers through customer demand survey as a basis for efficient inventory management and stock of each type of product in each period. To cushion against risk, the company has prepared an operational manual and arranged staff training. Moreover, the company has implemented measures to prevent product losses by installing a net over the wall around the warehouse to prevent products from being blown away by wind, adopting measures for moisture control, using canvas cover to safeguard product quality, regularly scooping up products that spread across the ground, paving the stock yard at every warehouse with concrete to prevent a loss caused by product being piled up on the ground. The company also assigned its warehouse team to perform physical checking at every end of month and engages an independent surveyor to check the stock twice a year, i.e. mid-year and year-end, so as to reaffirm the balance of inventories recorded in the account. By adopting these measures, the company believes that the loss from inventories management will not materially affect its performance and financial position in the future.

1.4 Risk from bad debts incurred from non-receipt of products already paid for in advance

In purchasing products, the Company will make an advance payment to the supplier in the amount specified in the agreement. Value of each shipment arrived will be deducted from such prepaid amount until the balance decreases below the agreed level, whereby the Company will top it up to the amount specified in the agreement. The advanced amount varies with the quantity of products agreed upon between the Company and each supplier. Such payment method is commonly used in the biomass trading business to ensure that the



supplier will sell the agreed amount of products to the Company. Thus, once the advance payment has been made, the Company could be exposed to risk from the supplier failing to deliver the products or making only partial delivery to the Company. If this takes place, it will adversely affect the Company's financial position and performance as the company will probably not receive a refund of such advance payment upon the supplier's failure to deliver the products. Moreover, the Company may lose the opportunity to sell the products due to unavailability of the products.

In view of such risk, the Company has formed a sub-committee to consider the provision of credit lines for both trade accounts receivable and advance payment for products and to screen information about the trade partners who require advance payment from the Company including information on their corporate registration, financial information and other business information. The subcommittee must have the top executive in financial management consider and give opinion on every transaction. The advance payment to trade partners is subject to prior approval from the managing director under the approved credit line. The Company has also managed the advance payment risk by reducing the advanced amount to the level deemed fit with each trade partner's capability and switching from procurement through only a few trade partners in Indonesia and Malaysia that required advance payment for each massive volume to direct procurement from numerous producers or distributors each in a small volume. The establishment of its subsidiaries in Indonesia and Malaysia helps to expand the Company's network and enables it to procure products through a greater number of products and distributors. When the products already paid for in advance have been completely delivered to warehouse of those subsidiaries, the Company will make advance payment to the sellers for the next sales and purchase agreement respectively. For the distributors who gradually deliver products each in a small volume, leading them to hold the advance amount for a long time period, the Company will follow up on them periodically to make certain that the products are completely delivered as per the agreements. The Company is therefore confident that the trade partners receiving the advance payment are capable of delivering the products completely according to the agreements and it will no longer have to set aside a huge amount of allowance for doubtful accounts as in the previous years.

1.5 Risk from fluctuation in sales revenues during the accounting year

The Company's main income source is from sales of palm kernel shells. The volume of palm kernel shells hinges on the seasonal effect on palm output, whereas prices of palm kernel shells vary with supply in the market and competition among players. When there is substantial supply with a large number of players competing in the



market, the price of palm kernel shells will be lower than when there is less supply of the products. During the period with a tremendous amount of supply and intense competition (only from April to June), the Company will see only a slight increase in its sales of palm kernel shells and will therefore collect and store the products in its warehouses, due to the lower price level than other times of the year, so that it will have product available for sales when the output is low. As such, the percentage of revenues from palm kernel shell sales, its main income source, will likely diminish when there is substantial supply in the market and will edge up when the supply decreases and prices relatively go up, during which the Company will sell out those collected palm kernel shells. Generally (with the normal season change), prices of palm kernel shells will stay at a low level in the second quarter of the year and will rise in the third and fourth quarters and also in the first quarter of the following year, leading the Company's sales and profit to fluctuate over the different quarters of the year.

However, the Company sells diverse types of biomass fuel, thus helping to lessen the fluctuation in revenues caused by main product. Besides, the availability of products reserved in its warehouses for sales when the products are undersupplied could help reduce the impact of unstable revenues and profit in each quarter to a certain extent.

1.6 Risk of Business Competition and Entry of new Competitors

At present, there are a large number of players in the biomass fuel trading market whether they are the direct manufacturers or the traders similar to the company and its subsidiaries or the dealers. There are both domestic and overseas firms. It is not difficult to enter the market because it requires only a small amount of start-up fund so there is a high competition in the business, especially in terms of price. Meanwhile, most of the biomass fuel manufacturers are small enterprises. The major traders with working capital and having warehouses for a variety of products can satisfy customer's needs for their huge demands. Therefore; the major traders always have advantages over many the smaller enterprises which are many in number in Thailand. In addition, the procurement team and the sales team also play a very important role. The procurement team must have good relationship with the manufacturers and must have sourcing experience and must also understand the nature of the product and the product season so that they can collect enough quality biomass fuel for biomass fuel users. Meanwhile, the sales team must cooperate well with the procurement team and must always have good relationship with both existing and future customers for competitiveness and continuous growth in both domestic and overseas markets.

Therefore; the company always emphasize on the importance of the personnel that are valued resources for the business operation by offering proper incentive and continuous training to develop their potentials and to keep qualified & experienced personnel for the long term. With much experience in biomass fuel business, the company not only provides quality biomass fuel but also offer services for machinery advising. We assist our customers in selecting proper biomass fuel and assist them when they face machinery problems. This makes the company reliable. The company also offers a wide range of products that can replace when biomass fuel is undersupplied. The company is able to collect huge amount of fuel from major and minor producers from Thailand and other countries such as Indonesia and Malaysia so that the company has an advantage over the small traders that have limited types of biomass fuel. Due to this reason, the company keeps competitive growth.

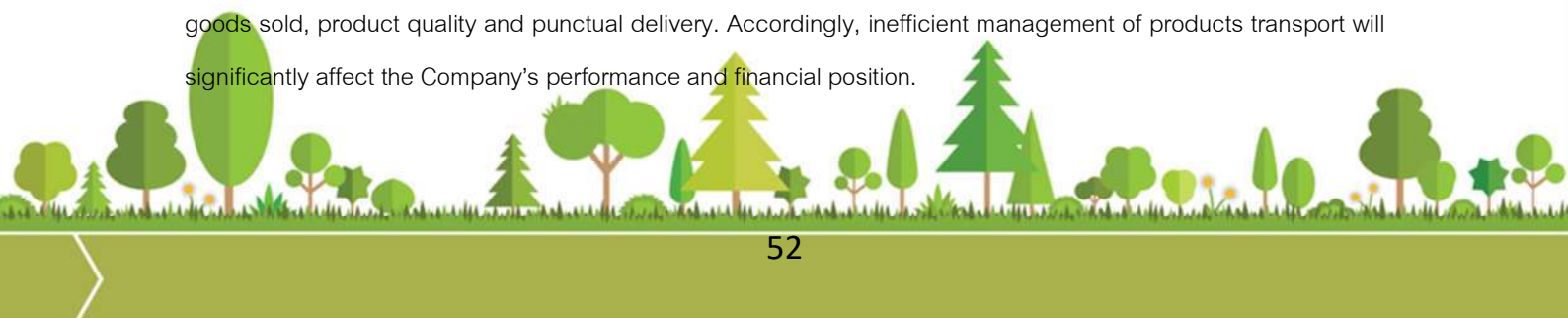
1.7 Risk of Key Person Dependency

Biomass fuel business requires dependency of the accumulated know-how, specialized and expertised personnel especially for the procurement team, the sales team (for domestic and overseas markets) and the inventory management team. Losing those key persons can affect business operations and the financial position of the company.

The company has realized the importance of these experts in term of retaining existing personnel and recruiting new ones. The company takes measures for HR management by offering proper income and incentive by comparing their income they get from the company with that of from their same businesses, internal and external training including some activities that will develop their knowledge and skill. For recruiting new personnel, the company has cooperated with the vocational institutes and the professional recruiting companies to obtain qualified persons. In addition, since the company has been registered in MAI stock market, this increases reliability for the job seekers.

1.8 Risk from product transport management

Each type of products procured by the Company is available from different areas. Palm kernel shells are obtained from the south of Thailand (for domestic products) and Indonesia and Malaysia (for overseas products), while sawdust, wood shavings, wood dust, woodchip and others are available from the southern, central, eastern, northeastern and northern regions. At the same time, the Company's local customers are scattered in all parts of the country. Product transport is therefore the key factor of business operation since it has an effect on cost of goods sold, product quality and punctual delivery. Accordingly, inefficient management of products transport will significantly affect the Company's performance and financial position.



Recognizing the importance of product transport management, the Company thus established a 99.99% owned subsidiary, Sataporn Thanapat Co., Ltd (STP) to manage land transport and water transport. Land transport is intended for delivery of products not over a long distance both from a supply source directly to customer and from a supply source or port to the Company's warehouse or from the warehouse to customer' location. Water transport is for delivering a large volume of products (1,500 – 10,000 tons) from the warehouse in Surat Thani or the warehouse in Indonesia or Malaysia to the port at Bang Pakong, port at Samut Sakon and port at Samut Songkram for further transfer by trucks to the Company's warehouse. The Company partly uses trucks that are owned and managed by STP and uses the remainder from more than 100 transport service providers. The type of vehicle and the service provider are selected based on the type of products to transport, the transport volume per trip, the skill of each service provider, and the provision of transport service to and back from destination (a one-way service is not acceptable), thereby ensuring the optimum efficiency in transport management and reduction of transport costs. The Company therefore believes that it could efficiently manage the product transport.

1.9 Risk of customers' possibility changing to use other fuels

Currently, the demand of fuel use to generate heat energy and electric energy has various options
1) fossil fuel such as oil, coal, natural gas 2) alternative energy such as solar power, wind power, hydropower including biomass fuel etc. Each fuel has different production cost. Mostly, biomass fuel requires higher production cost than fossil. Customers may change to use fossil fuel instead because the price is lower.

However, not only cost factor, customers also consider other factors such as 1) location, whether customers' factories are in the pollution control zone 2) production process, whether customers sell products to environment conscious customers or require the products which are produced by the low carbon-releasing plants 3) environmental concern 4) government supporting policy etc. Because of the certain factors, customers particularly select biomass fuel for generating heat energy and electric energy. Furthermore, due to the production process, switching cost will occur if they change the type of fuel.



2. Risk of Finance

2.1 Risk of Fluctuation in Interest Rate

Regarding that the company operates biomass fuel trading business, most of the sourcing require advance payment. The company may receive only about 3-7 days credit term. Meanwhile, the company provides 7-60 days credit term to the customers. This requires huge amount of working capital for the company's continuous growth. At present, the company has working capital source such as bank overdraft, letter of credit, promissory note and trust receipt which are short-term debts with floating interest rate referring to a prospective customer's rate, Minimum Overdraft Rate (MOR), a Major Prospective Customer's rate, Minimum Loan Rate (MLR). Therefore; the company may take risk of fluctuation in interest rate which affects financial cost, financial status and the company's turnover.

2.2 Risk of Fluctuations in foreign exchange and interest rate.

Currently, the company imports palm kernel shell through its subsidiaries based in Indonesia and Malaysia. The company makes payment in the local currency when the company imports products (in case of purchasing products through its subsidiaries) and in US Dollar if not purchasing through its subsidiaries. The certain imported products are for domestic sales and export market (most of them are to export). The company's subsidiaries in those particular countries will directly export to customers. The company receive payment in USD. Therefore; if there is high fluctuation in foreign exchange rate, it may have a negative effect on business operation, revenue and the company's financial status.

However, as stated above, for the imported products, some parts will be directly exported through the company's subsidiaries. That export will be paid in USD. same like the currency of imported products in case the company directly buy products from overseas traders, not through the company's subsidiaries. This is to prevent Natural Hedging. There are still some minor risks that the time of payment and that of receiving payment do not happen at the same time. For some parts of the risks, the company manages by making forward contract with domestic commercial banks to mitigate foreign exchange rate fluctuation that affects the company's revenue.



3. Risk of Management

3.1 The risk that a group of shareholders holding more than 50% shares

Before shares were offered to the market, Kuansataporn Family Group, persons under Section 258 of the Securities and Exchange Act B.E. 2535 , Revised Act (Section 258) holds 87.69% share. After that Kuansataporn Family Group, persons under section 258 will hold 65.77% shares of the paid-up capital. Kuansataporn Family Group, person under section 258 still hold more than 50% of the shares and have authority to make decisions in case of the majority vote, except the resolution $\frac{3}{4}$ of the shareholder meeting, for example , capital increase, capital decrease, Partial or Entire Business Transfer so in the meeting, other shareholders take risk of being unable to vote for check and balance the major shareholders.

However the company has organizational transparency with efficient management. There are 4 directors in the company who are not representatives of the Kuansataporn Family. Moreover, in the company there are 3 independent directors for check and balance. The company has clear scopes of authority and function for directors, audit committee members and executive directors. If the company will have any transaction with a possible conflict person, the law and SET's regulations must be ensured to comply with and the possible conflict person shall have no rights to voting in that certain issue.



Assets

1. Main Fixed Assets

On 31 December 2020, the statement and net book value after deducting accumulated depreciation of fixed assets for business operation of the company and its subsidiaries (hereinafter called “ the company”) shown in consolidated financial state , are as follows:

| Type of Assets | Net Book Value (Million Baht) | Type of Ownership | Obligation |
|--|----------------------------------|-------------------|--|
| Land and land improvement | 219.74 | Owner | The company has taken the land and land improvement and net book value at 119.29 Million Baht, for guaranteed bank credit facilities |
| Rights of Use- Land and land improvement | 2.85 | Rights of Use | |
| Building and building improvement | 37.68 | Owner | The company has taken the building and building improvement, net book value at 17.13 Million Baht for guaranteed bank credit facilities. |
| Machinery and Equipment | 10.72 | Owner | The company has taken the building and building improvement, net book value at 6.13 Million Baht for guaranteed bank credit facilities. |
| Tools and furniture fixture | 1.68 | Owner | No Commitment |
| Vehicles | 3.62 | Owner | |
| Rights of Use- Vehicles | 26.94 | Rights of Use | |
| Assets under Construction and Installation | 16.48 | Owner | |
| Total | 319.71 | | |

1.1 Land

| Ownership | Location | Area Rai-ngan-wa | Type of Ownership | Commitments | Purpose |
|-------------------------------------|--|---------------------|----------------------|---|---|
| ABM | Bang Nam Chuet , Samut Sakhon province | 18-0-66.8 | Owner | No Commitment | The plot for Bang Nam Chuet warehouse and The plot for truck maintenance |
| ABM | Bang Kung Surat Thani province | 27-2-86 | Owner | For guaranteed bank credit facilities | The plot for Bang Kung warehouse |
| ABM | Bang Kung Surat Thani province | 7-3-37 | Owner | For guaranteed bank credit facilities | To expand the area to support future business. |
| ABM | Rayong province | 17-1-53.6 | Owner | For guaranteed bank credit facilities | The plot for Rayong warehouse and expand the area to support future business. |
| Total 70 rai , 4 ngan ,43.40, Sq.Wa | | | | | |

1.2 Building and building improvement

| Type of Assets | Location | Type of Ownership | Commitments | Purpose |
|--------------------------|--|-------------------|---------------------------------------|--------------------------------|
| Bang Nam Chuet Warehouse | Bang Nam Chuet , Samut Sakhon province | Owner | - | Biomass Fuel product Storage |
| Bang Kung Warehouse | Bang Kung Surat Thani province | Owner | For guaranteed bank credit facilities | Biomass Fuel product Storage |
| Rayong Warehouse | Ta Pong, Rayong province | Owner | For guaranteed bank credit facilities | Biomass Fuel product Storage |
| Bang Pakong Warehouse | Bang Pakong, Chachoengsao province | Rental | - | Biomass Fuel product Storage |
| Bintulu warehouse | Bintulu, Sarawak , Malaysia | Rental | - | Biomass Fuel product Storage |
| Building Head office | Samaedum, Bang Khun Thien , Bangkok | Rental | - | To be building |
| Space for office | Bintulu, Sarawak Malaysia | Rental | - | To be space / area office plot |
| Space for office | Jakarta, Indonesia | Rental | - | To be space / area office plot |

2. Investment Capital

On 31 December 2020, ABM has investment in its subsidiaries as follows;

| Company | Investment by Cost Method (Million Baht) | Shareholding | Paid-up Capital (Million Baht) | Investment Type. | Business Type. |
|---|--|--------------|---|---------------------|---|
| 1. Sathaporn Tanapat Co.,Ltd. ("STP") | 4.00 | 99.99 | 4.00 | Subsidiaries | Land transportation |
| 2. Paprapat Co.,Ltd.("PPP") | 1.00 | 99.98 | 1.00 | Subsidiaries | Land transportation service, Biomass fuel trading |
| 3. ABM Pellets Co.,Ltd ("ABP") | 1.00 | 99.99 | 1.00 | Subsidiaries | Wood Chip and Wood pellets production |
| 4. PT Asia Biomass Indonesia ("ABI") | 9.51 | 99.00 | USD 300,000 | Subsidiaries | Biomass procurement in Malaysia |
| 5. Asia Biomass Energy SDN. BHD. ("ABE") | 2.50 | 55.00 | MYR 500,000 | Subsidiaries | Biomass procurement in Malaysia |
| 6. Asia Biomass Resources SDN. BHD. ("ABR") | 2.29 | 55.00 | MYR 500,000 | Subsidiaries | Biomass procurement in Malaysia |
| Total | 20.30 | | | | |

3. Investment Policy for subsidiaries and associated companies

The company has policy for investment and management for the subsidiaries and the associated companies.

The company will invest in the relevant companies which will mutually benefit each other. Moreover, to operate business on its subsidiaries and the associated companies, the company (ABM) will

send its experienced representatives who can be either the chairman of the board or chief executive or any person without any conflict interest. Furthermore, these certain representatives will have to follow the rules

and regulations including the law of the countries where the subsidiaries and the associated companies are

located. The business operation of the subsidiaries and the associated companies must correspond with the

company like they are parts of the company. Moreover, the ratio of the company's shareholding must meet

the agreement of ABM and subsidiaries or associated companies. The company will pay close attention to its

subsidiaries and associated company's revenue and management by collecting information and checking

their account. To obtain approval, any investment project, the company must ensure that it must be complied

with relevant laws and SET's regulations, the Securities and Exchange Act B.E.2535 (as amended)

Legal Disputes

As of 31 December 2020, the company and its subsidiaries has no legal disputes which may negatively affect assets of the company or assets of its subsidiaries which is more than 5% of the shareholders or which may affect business operation including the cases of none normal performing business.

General Information and Other Important Information

General Information

(1) Company Information (on 31 December 2020)

| | |
|-------------------------------|--|
| Thai name | บริษัท เอเชีย ไบโอบีโอส จำกัด (มหาชน) |
| English name | Asia Biomass Public Company Limited |
| Symbol | ABM |
| Type of business | Biomass fuel trader |
| Company's registration number | 0107560000061 |
| Registered capital | 150,000,000.00 บาท |
| Paid-up capital | 150,000,000.00 บาท |
| The number of shares sold | Ordinary share 300,000,00.00 shares |
| Par value per share | 0.50 Baht |
| Head office | 273/2 Rama2 Road, Samae Dam Sub-district ,Bang Khun Thian District Bangkok. |
| Telephone | 02-415-0054 |
| Fax | 02-894-0066 |
| Website | www.asiabiomass.com |
| Company secretary | Telephone: 02-415-0054 Extention 2619 Fax : 02-894-0066 Email : apiratee@asiabiomass.com |

(2) Names and locations of the corporates of ABM shareholding at least 10%

| Subsidiaries | Location | Type of Business | Registered Capital | Paid-up Capital | Total Paid-up Shares | ABM Shareholding (%) |
|--|---|--|--------------------|-----------------|----------------------|----------------------|
| Paprapat Co.,Ltd | 273/2 Rama2 Road Samae Dam Sub-district Bang Khun Thian District Bangkok | Biomass fuel trading (exempt from VAT) | 1 Million Baht | 1 Million Baht | 10,000 | 99.98 |
| PT. Asia Biomass Indonesia | Menara Thamrin Lt. 3A, Suite 02, Jl. MH. Thamrin Kav. 3, Kel. Kampung Bali, Kec. Tanah Abang Jakarta Pusat. | Sourcing biomass fuel in Indonesia | USD 1,200,000 | USD 300,000 | 12,000 | 99 |
| Asia Biomass Energy SDN. BHD. (ABE) | Wisma Destiny, Sublot 47, Parent Lots 3485 & 3064, Parkcity Commerce Square, JalanTun Ahmad Zaidi, 97000 Bintulu, Sarawak, Malaysia | Sourcing biomass fuel in Malaysia | MYR 500,000 | MYR 500,000 | 500,000 | 55 |
| Asia Biomass Resources SDN. BHD. (ABR) | Wisma Destiny, Sublot 47, Parent Lots 3485 & 3064, Parkcity Commerce Square, JalanTun Ahmad Zaidi, 97000 Bintulu, Sarawak, Malaysia | Sourcing biomass fuel in Malaysia | MYR 500,000 | MYR 500,000 | 500,000 | 55 |
| Sathaporn Tanapat Co.,Ltd | 273/2 Rama2 Road, Samae Dam Sub-district ,Bang Khun Thian District Bangkok. | Transportation Service by Truck | 4 Million Baht | 4 Million Baht | 40,000 | 99.99 |

(3) Reference

Ordinary Share Registrar

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building

Telephone : 02-229-2800

Fax : 02-654-5472

Auditor

Mr. Narong Luktharn

CPA No. 4700

Miss Maliwan Phahuwattanakorn

CPA No. 4701

Mr. Chaikrit Warakitjakorn

CPA No. 7236

Miss Kamontat Jitkarnka

CPA No. 10356

NPS Siam Audit Limited

555/5-6 SSP Tower 5 Floor, Soi Sukumvit 63 (Ekamai),

Sukumvit Road, Klongton Nua, Wattana, Bangkok 10110

Tel. 02 711 5300 Fax. 02 711 586

Financial institutes with regular contacts

Kasikorn bank PCL.

Krungthai bank PCL.

Siam Commercial Bank PCL.

Other Important Information

- None -

Securities and Shareholder Information

1. Registered Capital and Paid up Capital

As of December 30, 2020, the company had registered capital of Baht 150.00 million and had paid-up capital of Baht 150.00 million divided into 300 million ordinary shares with a par value of Baht 0.50 each.

2. Shareholders

Shareholding structure of the company before and after the offering of newly issued ordinary shares to the public. can be summarized as follows:

| List of Shareholders | | Number of shares (shares) | % |
|----------------------|----------------------------|------------------------------|---------------|
| 1 | Kuansataporn Family | 198,571,293 | 66.106 |
| 2 | Mr. Apisit Rujikeatkamjorn | 15,000,099 | 5.000 |
| 3 | Mr. Anurak Boonsawang | 4,190,000 | 1.397 |
| 4 | Thai NVDR Company Limited | 3,735,500 | 1.245 |
| 5 | Mr. Samroeng Manoonphol | 3,569,700 | 1.190 |
| 6 | Mr. Kanin Chanpichai | 2,621,100 | 0.874 |
| 7 | Mr. Chumpol Sukyanun | 2,311,000 | 0.770 |
| 8 | Mrs. Piyarat Boonsawang | 2,219,224 | 0.740 |
| 9 | Miss Sirinya Rodyai | 2,000,000 | 0.667 |
| 10 | Other Shareholders | 65,782,084 | 22.011 |
| Total | | 300,000,000 | 100.00 |

Remarks: 1 / Kuansathaporn family list and the following number of shares :

2 / Mr. Apisit Rujikarnkamjorn Chairman of the Board of Directors

| | | | | |
|------------------|--------------|------------|--------|---------|
| 1. Mr. Panom | Kuansataporn | 58,529,805 | shares | 19.510% |
| 2. Mrs. Panida | Kuansataporn | 20,717,002 | shares | 6.906% |
| 3. Mr. Atipat | Kuansataporn | 19,655,000 | shares | 6.552% |
| 4. Mr. Nataphat | Kuansataporn | 19,395,000 | shares | 6.465% |
| 5. Mrs. Natpapha | Kuansataporn | 14,970,198 | shares | 4.990% |
| 6. Mr. Vinai | Kuansataporn | 13,721,497 | shares | 4.574% |

| | | | | |
|-------------------|--------------|------------|--------|--------|
| 7. Miss Pimyada | Kuansataporn | 10,102,674 | shares | 3.368% |
| 8. Miss Panita | Kuansataporn | 10,102,674 | shares | 3.368% |
| 9. Miss Tiya | Kuansataporn | 10,102,674 | shares | 3.368% |
| 10. Miss Pimchaya | Kuansataporn | 10,102,674 | shares | 3.368% |
| 11. Mr. Pongtham | Danwungderm | 7,131,801 | shares | 2.377% |
| 12. Mr. Panus | Kuansataporn | 3,630,196 | shares | 1.210% |

For other shareholders apart from the group of Kuansataporn Family as shown in the above Table, each individual shareholder is not a related person according to Section 258, or a shareholder under the same controlling authority.

3. Shareholders' Agreement

- None -

4. Issue of other securities

- None –

5. Dividend Payment Policy

Dividend Policy of the Company

The company has a policy to pay dividends at a rate of not less than 40% of net profit after corporate income tax and after deducting allowances and according to the company's Articles of Association, the Board of Directors is authorized to consider the dividend payment taking into account the various factors to benefit the shareholders, such as reserves for repayment of loans. Investment plan for expansion or to support the cash flow of the company in case of the impact of changes in market conditions, etc. The Board of Directors' consideration of such matter must be approved by the shareholders meeting except for the interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment. The meeting should be informed at the next meeting.

Dividend payment policy of subsidiaries

Subsidiaries have a policy to pay dividends at the rate of not less than 90% of net profit after corporate income tax and after deducting allowances and as defined in the articles of association of the subsidiaries, the Board of Directors is authorized to consider the dividend payment taking into account the various factors to benefit the shareholders, such as reserves for repayment of loans, investment plan for expansion or to support the cash flow of the company in case of the impact of changes in market conditions, etc. The Board of Directors' consideration of such matter must be approved by the shareholders meeting except for the interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment. The meeting should be informed at the next meeting.

Changes of Asset Possession of the Executive Committee in the Company for the 2020 Period

| | Name | Number of shares (shares) | | | Note |
|------------|---|---------------------------|---------------------------|---|--|
| | | As of 31 December 2019 | As of 31 December 2019 | Increase (decrease) During the year (shares) | |
| 1 | Mr. Apisit Rujikeatkamjorn | 15,000,099 | 15,000,099 | - | (No trading transaction of ABM shares in 2020) |
| | Spouse and children under legal age | - | - | - | - |
| 2 | Mrs. Natpapha Kuansataporn | 14,970,198 | 14,970,198 | - | (No trading transaction of ABM shares in 2020) |
| | Spouse (<i>Mr. Panom Kuansataporn</i>) | 24,000,101 | 58,529,805 | 34,529,704 | (trading transaction of ABM shares in 2020) |
| | Children under legal age | 19,395,000 | 19,395,000 | - | (No trading transaction of ABM shares in 2020) |
| 3 | Miss Tiya Kuansataporn | 22,500,002 | 10,102,674 | 12,397,328 | (trading transaction of ABM shares in 2020) |
| | Spouse and children under legal age | - | - | - | - |
| 4 | Mr. Panom Kuansataporn | 24,000,101 | 58,529,805 | 34,529,704 | (trading transaction of ABM shares in 2020) |
| | Spouse (<i>Mr. Natpapha Kuansataporn</i>) | 14,970,198 | 14,970,198 | - | (No trading transaction of ABM shares in 2020) |
| | Children under legal age | 19,395,000 | 19,395,000 | - | (No trading transaction of ABM shares in 2020) |
| 5 | Ph.D. Sarit Chockchainirun | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 6 | Mr. Vichai Pornkeeratiwat | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 7 | Miss Patarawan Manatsatit | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| Management | | | | | |
| 8 | Mr. Pongtham Danwungderm | 7,131,801 | 7,131,801 | - | - |
| | Spouse (<i>Miss. Panita Kuansataporn</i>) | 14,970,198 | 10,102,674 | 4,867,524 | (trading transaction of ABM shares in 2020) |
| | Children under legal age | - | - | - | - |
| 9 | Mrs. Apiratee Sakulin | 74,901 | 74,901 | - | (No trading transaction of ABM shares in 2020) |
| | Spouse and children under legal age | - | - | - | - |
| 10 | Mrs. Janphen Keawklinjan | 59,802 | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 11 | Mr. Prutthipol Soisuwan | - | - | - | (No ABM share held) |
| | Spouse and children under legal age | - | - | - | - |
| 12 | Mr. Chairat Dajpaiboonoyot | 59,802 | 59,802 | - | (No trading transaction of ABM shares in 2020) |
| | Spouse and children under legal age | - | - | - | - |

Management Structure

Board of Directors

As at December 31, 2020, the Board of Directors There are 7 directors as follows:

| Name | Position | Director Type |
|-------------------------------|---|--|
| 1. Mr. Apisit Rujikestkamjorn | Chairman | Non-executive Director |
| 2. Mrs. Natpapha Kuansataporn | Vice Chairman Executive Board | Director with Signatory Authority Non-executive Director |
| 3. Miss Tiyaada Kuansataporn | Director Managing Director Nomination and Remuneration Committee Chairman of the Executive Board | Director with Signatory Authority Executive Director |
| 4. Mr. Panom Kuansataporn | Director Nomination and Remuneration Committee | Non-executive Director |
| 5. Ph.D. Sarit Chokchainirand | Director Audit Committee | Independent Director Non-executive Director |
| 6. Mr. Wichai Pornkeratiwat | Director Audit Committee Chairman of the Nomination and Remuneration Committee | Independent Director Non-executive Director |
| 7. Miss Patrawan Manutsathit | Director Audit Committee | Independent Director Non-executive Director |

Authorized Director of the Company

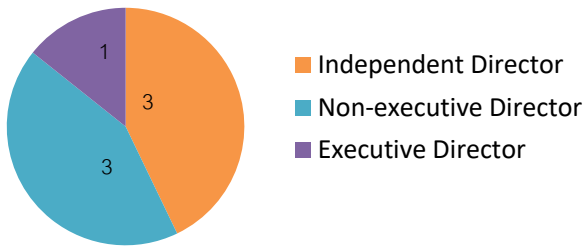
The authorized signatories of the company are Mrs. Natpapha Kuansataporn and Miss Tiyaada Kuansataporn, together with the company's seal affixed.

Board Diversification Policy

The Board of Directors is aware of the benefits of the diversity of the Board of Directors and considers them as important factors. One of the efficiency of decision making and the work of the board of directors

The diversity is not just limited to gender, but also ethnicity, age, education background. Professional experience, skills, knowledge and attitude. Therefore, the recruitment and consideration of the appointment of the directors of the company will be based on knowledge and capability. And use the selection criteria which take into account the benefits of diversity, consisting of

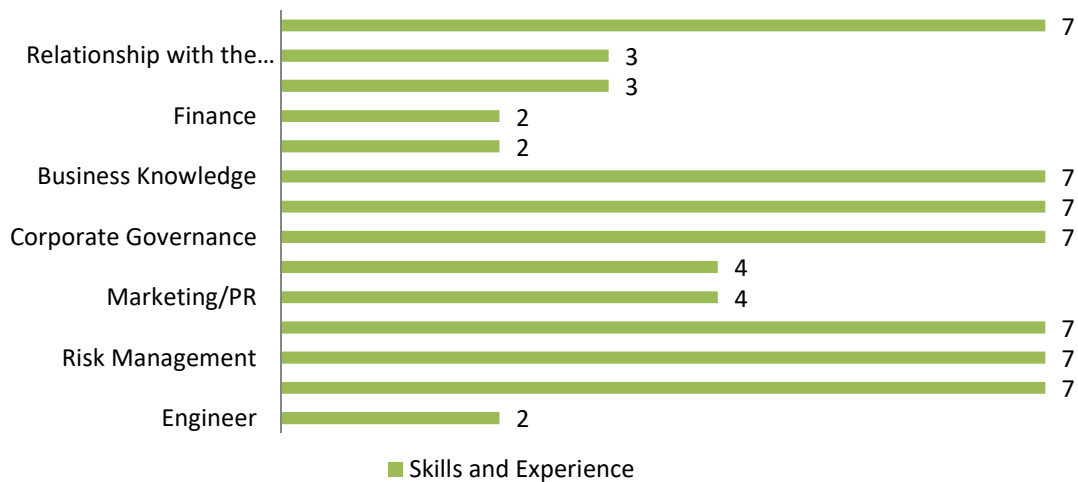
The Proportion of Independent Directors



Gender



Skills and Experience field



Composition and appointment of the Board of Directors

In the selection and appointment of directors of the company, the Board of Directors sets on the structure of the board to consist of directors with various qualifications, in term of skills, experience, abilities beneficial to the company. There must be at least a non-executive director, who has experience in the main business or industry that the company operates. But all these, the composition, selection, appointment, removal or vacancy of the position of company's director shall be as stipulated in the Articles of Association. It can be summarized as follows:

1. The Board of Directors consists of no less than 5 but no more than 15 directors elected by shareholders' meeting. There must be no less than 3 committee members who are members of the audit committee. No less than half shall be the resident of Thailand. Directors of the company may or may not be shareholders of the company.

2. The shareholders' meeting shall elect the directors based on these criteria and methods
 - (1) A shareholder has 1 vote per share
 - (2) Each shareholder will use all their votes according to (1) , elect of one person or many persons to be directors In the event that many persons are to be selected as directors, the votes may not be divided into any of the persons.
 - (3) The person who receives the highest votes and those receive the next highest vote in the descending order shall be elected as directors equal to the number of directors required or elected at that time. In the event that the elected persons in have a tie, and compete for the vacancy which have more than the number of directors required or elected at that time, the chairman of the meeting shall case deciding vote

Qualifications of Company Directors

1. The Directors must be natural persons and
 - 1.1 Sui Juris
 - 1.2 He or she is not a bankrupt, incompetent or qausi incompetent person
 - 1.3 He or she has never received the punishment of imprisonment after the final judgment for offense relating to property fraud.
 - 1.4 He or she has never been dismissed or removed from government service or government organization
2. A qualified expert, who has vision, leadership, virtue, a transparent work history and freely express opinions
3. The Directors must not operate in a business of the same nature and he or she does not a compete with the business of the company or become a partner in an ordinary partnership or a partner with no limited liability in a limited partnership or a director of a limited company or any other public limited company that operates the same business and it is a competition with the business of the company for one's own benefit or benefit others unless such director has informed the meeting of shareholders before the resolution to appoint that director
4. He or she does not have prohibited characteristics as specified in the notification of the Capital Market Supervisory Board no. Tor Chor. 28/2551 regarding the request for permission and permission to offer for sale of newly issued shares dated December 15, B.E. 2551 (2008).

5. The independent directors must have the qualifications as stipulated by the Office of the Securities and Exchange Commission as follows:

5.1. He or she is not holding shares more than 1 percent of the total voting shares of the company, subsidiary company, major shareholder or controlling interest of the company, included the shares of related persons of that independent director.

5.2 He or she is not or have been a director who has participated in the management, employees, staff, consultants with a regular salary or the controlling person of the company, subsidiary company, major shareholder or those with controlling interest of the company unless he or she has not had the above characteristics for at least 2 years.

5.3 He or she has not a relatives or legal registration in the form of father, mother, spouse, sibling and child including the spouse of children of other directors, executives, major shareholders, controlling persons or the person who will be proposed to be a director, executives or controlling persons of the company or subsidiaries.

5.4 He or she is not or has not had a business relationship with the company, subsidiary company, major shareholder or controlling person of the company in Characteristics that may obstruct his or her independent judgment, including he or she is not or have not been a major shareholder or controlling person of a person having a business relationship with the company, subsidiaries, major shareholder or control authority of the company unless he or she has not had the above characteristics for at least 2 years.

5.5 He or she is not or has not been an auditor of the company, subsidiary company, major shareholder or a controlling person of the company and he or she not a major shareholder, controlling persons or partners of the audit company, that the auditor of the company, subsidiaries, major shareholder or controlling person of the company unless he or she has not had the above characteristics for at least 2 years.

5.6 He or she is not or has not been a professional service provider of any kind, including provide legal advisory services or financial consultants who receives service fees in excess of 2 million Baht per year from the company, subsidiaries, major shareholder or authorized person who control of the company and not a significant shareholder, a persons with controlling interest or partners of those professional service providers.

5.7 Unless having passed the above characteristics for at least 2 years.

5.8 He or she is not appointed a representative of the company's director, major shareholder or shareholder who is related with a major shareholder.

5.9 He or she does nor operate in a business of the same nature and in significant competition with the business of the company or subsidiary or he or she is not a major partner or a director that participates in the management, employees, staff, consultants that accept regular salary

or holding shares exceeding 1% of the total voting shares of other companies operate in a business of the same nature and in significant competition with the business of the company or subsidiaries.

5.10 He or she has no characteristics which make him or her incapable of expressing independent opinions about the company's business operation.

After an appointment of an independent director who has the characteristics as in 1 to 9, a independent director may be assigned by the Board of Directors to decide the business operations of the company, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or controlling interests of the company, by a collective decision.

Scope of duties of the Board of Directors

1. Perform duties in accordance with the laws, objectives and regulations of the company, and resolution of the shareholders' meeting honestly and carefully to keep the interests of the company by not creating conflicts of interest that may occur with the stakeholders.
2. Responsible to shareholders on a regular basis, run business by protecting shareholders' benefits, disclosure accurate, complete, and standard information to the investors.
3. Set vision, mission, business ethics and code of conduct handbook, strategies, goals, policies and operating directions of the company.
4. Consider and approve the financial approving authority chart.
5. Supervise, control and oversee the management to act in accordance with the specified policy with efficiency to maximize the economic values for the business.
6. Consider and approve investment for business expansion, and participate in joint ventures with other businesses.
7. Responsible for preparing financial reports for the auditor and / or audit and propose to the Audit Committee.
8. Appoint the executive committee And determine scope of duties And responsibility of the executive committee.
9. Establish guidelines for internal control management and comprehensive risk management to ensure effective internal control and risk management.
10. Provide a review and approval of the company's vision, mission, ethics and business ethics manual annually.

But all these , the directors or any other persons who do not have or may have conflicts of interest or benefits with the company, have no right to vote on that matter¹

Moreover, in the following cases, approval must be obtained from the Board of Directors and Shareholders' Meetings with a vote of not less than 3 in 4 of the total votes of the shareholders who attend the meeting and have the right to vote.

- (a) Sale or transfer of the business of the company in whole or in significant parts.
- (b) Purchase or accept of transfer of business of other companies or a private company to become the business of the company.
- (c) business or merger of business with other persons with the objective of dividing profit and loss.
- (d) The amendment of the memorandum of association or regulations
- (e) Increase capital, decrease capital, issue debentures, merger or dissolution of the company¹

The company has stipulated that at least 1 non-executive director must have work experience related to company business.

Roles of the Chairman

1. Supervise, monitor, and oversee the Board of Directors' duties and sub-committees to have efficiency and achieve the objectives and main goals of the company.
2. Provide leadership of the Board of directors and chair the Board of Director meeting and Shareholders' meeting and meetings of the non-executive directors.
3. In conjunction with the Chairman of the Executive Committee and company secretary will decide on the meeting agenda of the Board of Directors by overseeing that important matters are put on the agenda and ensure that the Board of Directors receive accurate, complete, clear and timely information prior to the meeting for the directors can make appropriate decisions.
4. In the Board of Director meeting, there is sufficient time allocation for management to propose matters and support the directors to discuss, exchange opinions fully, independently, and exercise careful analysis, by taking into consideration all stakeholders fully. Sum up of the resolutions to the meeting and guarantees that the decisions made by the Board of Directors will be implemented.
5. Promote good relations between executive directors and non-executive directors and between the Board of Directors and management and support the duties performance the Chairman of the Executive Committee in accordance with the company policy.
6. Be supportive and a good role model for complying to the principles of good corporate governance and business ethics and ensure that all directors participated in the promotion of ethical corporate culture and good corporate governance.

Term of office and election of the board of directors

1. In the annual general shareholder meeting, two-third (2/3) of the number of directors shall be vacate from the office at that time. If the number of directors cannot be divided by three, the closest number to two-third (2/3) of directors shall be vacate the office in the first year. For the second year after the registration, it shall be drawn by lottery. In the subsequent years, the directors who hold longest term will be vacate the office. The Directors who vacate office may be elected and return to the position.

2. Otherwise retirement by rotation, the directors shall vacate the office upon:

- 1) Death
- 2) Resignation
- 3) Loss of qualification or disqualification under Public Company Limited or the law on securities and the stock market
- 4) Removal by resolution of the shareholder's meeting, according to 4.
- 5) Removal by court order.

3. A director who wishes to resign from the position shall submit a notice of resignation letter to the company, which shall be effective from the date of resignation to the company. Directors who resign under the first paragraph may also notify the registrar of the resignation.

4. In voting for a director out of an office before the expiration of the term, a vote of not less than three quarters of number of shareholders attending the meeting and having voting rights and have the total shares no less than half of the shares held by the shareholders who attends the meeting and have a voting rights.

5. In the case that the position of the director is vacant for reasons other than the expiration of the term, the Board of Directors shall select a person who has qualifications without any prohibited characteristics under the Public Limited Companies Act or the law on Securities and Exchange Market to be a director in the next committee meeting unless the remaining term of that director is less than two (2) Months. A substituted director aforementioned can only serve as a director for the remaining term. The Board of Directors in the first paragraph shall consist no less than Three quarters (3/4) of the remaining directors.

6. The independent directors have the term of 3 years, and retired by rotation according to the terms of 1/3 of the total number of directors. When the term has expired, the Directors may be nominated for consideration at the general meeting of shareholders for reelection as a director and return to his or her position. In this regard, the independent directors may hold office for no more than 3 terms or 9 years, starting from the date of holding the position and the company is listed on the Stock Exchange of Thailand.

Directorship in other companies.

To comply with the good corporate governance principles and recommendations of the Stock Exchange of Thailand, the Board of Directors has set a policy to limit that no person shall hold office as a director in other companies that are listed on the Stock Exchange of the directors, not more than 5 companies.

Meeting

1. The quorum of the meeting required the attendance of no less than half ($1/2$) of the total number of the Board of Director and the Chairman of the board shall act as the chairman of the Board of Directors meeting. In the event that the Chairman is absent or unable to perform duties, the vice-chairman shall be the chairman of the meeting. But if there is no Vice-Chairman or he or she is absent or unable to perform his or her duties, member of director who attends the meeting will choose a director to be the chairman of the meeting.
2. The Board of Director makes decision by a simple majority. Each member of committee has one vote, except in a case of a conflict of interest; he or will not have the right to vote on that matter. In event of a tied vote, the chairman of the meeting has an additional vote as a casting vote.

In calling the Board of Director meeting, the chairman of the board or the assigned person will deliver meeting invitations to directors no less than 7 days prior to the meeting date. In case of urgency and to protect the rights and benefits of the company, the meeting can be notified by other methods and the meeting date may be earlier.

Self-Assessment Performance of the Committee

The Board of Directors has an annual self-assessment performance, by having an assessment in 3 types 1) Self-assessment of each committee 2) Self-assessment of sub-committees and 3) Assessment of each committee and subcommittee for the committee to review the work performance, problems and obstacle for the operation during the previous year, and it will correct and enhance the work efficiency by performance evaluation of the committee using an assessment guideline provided by the Stock Exchange of Thailand, and make appropriate adjustment to meet with the company business.

1) Self-Assessment Performance of each committee are as follows:

- 1) Structure and qualifications of the committee.
- 2) Subcommittee meetings have been effective conducted in various areas.
- 3) Roles, duties and responsibilities of the committee

4) Others

2) Self-Assessment Performance of each Sub-Committee are as follows:

- 1) Structure and qualifications of the committee
- 2) Meeting of the subcommittee
- 3) Roles, duties and responsibilities of the committee.

3) Assessment forms for each committee and subcommittee are as follows:

- 1) Structure and qualifications of the committee
- 2) Meeting of the committee
- 3) Roles, duties and responsibilities of the committee.

The assessment process are as follows;

1. The company evaluate performance of all subcommittee as a group and individual at least once a year
2. The company's secretary report the board's performance to nomination and remuneration committee to evaluate and improve efficiency of the board
3. Remuneration committee presented the board with improvement plans

The Board of Director Report

The Board of Director is responsible for managing the preparation of financial reports, included the financial statements, the consolidated financial statements of the company and subsidiaries and financial information appearing in the annual report. The financial reports shall be prepared In accordance with the generally accepted accounting principle in Thailand, by choosing the appropriated and accepted accounting policy and practiced on a regular basis including careful discretion in the preparation and ensuring that sufficient important information is disclosed in the notes to the financial statements.

Knowledge Development

Company encourages the Board of Directors and executives to attend seminars and courses that are beneficial to their duties. The directors should attend at least a course of the Thai Institute of Directors Association. (Thai-IOD) such as Directors Certification Program (DCP) or Directors Accreditation Program (DAP) or Audit Committee Program (ACP) or from related regulatory agencies on a regular basis. The Board of Directors has assigned the company secretary to coordinate with directors to inform various training courses to apply knowledge and experience to continuously improve the company.

New Director Orientation

The Board of Directors has set an orientation for newly appointed directors by assigning the company secretary to prepare company information, business overview, shareholding structure, organizational structure, Director's guide and meeting schedule for the new directors to be informed of the roles, duties, responsibilities of the directors, corporate governance policies and practices and promote knowledge and understanding in business and operations, risk management and answer questions including visits to various company operations to prepare the director to perform his or her duties.

Report of Interest s

The Board of Directors has established guidelines for reporting of interest of directors and executives of the company for transparency and preventing problems that may cause conflicts of interests as follows:

- A Director or Executive, including involved family members or is the company shareholder must prepare and submit report of interests to the company and each director and executive must prepare a report on of interest from the date of taking office.
- The Board of Directors requires the review of the said interests report on November of every year or within 7 day after knowing that the information has changed
- The Directors or executives are responsible for the preparation and reporting of securities holdings of the company. When there is a change in securities holding to the Office of the Securities and Exchange Commission (SEC) within 3 day from the date of change in holding.
- The Board of Directors has assigned the Corporate Secretary to keep reports of interests of directors and executives.

Review and improvement

The board will review and offer improvement to the charter every year.

Also, the board has its duties to ensure the compliance to Securities and Exchange Law and others SET or SEC law related to the company's business

Attendance of the Board of Directors

In 2019 and 2020, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|--------------------------------|---|-----------|
| | Year 2019 | Year 2020 |
| 1. Mr. Apisit Rujikeatkamjorn | 5/5 | 4/4 |
| 2. Mrs. Natpapha Kuansataporn | 4/5 | 4/4 |
| 3. Miss Tiyaada Kuansataporn | 5/5 | 4/4 |
| 4. Mr. Panom Kuansataporn | 4/5 | 3/4 |
| 5. Ph.D. Sarit Chockchainirand | 5/5 | 4/4 |
| 6. Mr. Wichai Pornkeratiwat | 5/5 | 4/4 |
| 7. Miss Patrawan Manutsathit | 5/5 | 4/4 |

On each meeting, 2/3 of the board members must be presented to vote on each matters.

As at December 31,2020, the Company's management consisted of 6 members:

| Name | Position |
|-------------------------------|--|
| 1. Miss Tiyaada Kuansataporn | Managing Director and Action Operation Directors |
| 2. Mr. Pongtham Danwungderm | Deputy Managing Director and Chief Financial Officer (CFO) |
| 3. Mr. Prutthipol Soisuwun | Director of Sourcing and Supply Chain BU 2 |
| 4. Mrs. Janphen Keawklinchan | Director of Sourcing and Supply Chain BU1 |
| 5. Mr. Chairat Dejpaiboonoyot | Assistant Director of Sales and Marketing |
| 6. Mrs. Apiratee Sakulin | Company Secretary and Director of Human Resources and Administration |

Scope of Authority and Responsibilities of the Managing Director

The Managing Director has the power and duty to manage the business of the company as assigned by the Board of Directors including the following matters or businesses.

1. Prepare and present policies and goals as well as business plans and strategic plans for the company's business to propose to the Executive Committee to consider.
2. Manage the company's policies and goals, including business plans and strategic plans approved by the Board of Directors.
3. Assign the range and / or delegate to other people to perform specific tasks instead in the scope In accordance with the approval authority or regulations or the order that the Board has set.
4. Prepare a report on the company's operations. The Board regularly reviews important issues.
5. Represent the company in contact with outsiders.
6. Perform other duties as assigned by the Executive Committee and / or the Board of Directors.

Managing Director The authority to appoint other persons as the Managing Director deems appropriate. It does not include authority or authorization to approve any item that is itself or a related person, which may have conflicts, equity or benefits in any other way, conflict with the interests of the Company or its subsidiaries or transactions that are not under the ordinary course of business of the Company or its subsidiaries. The approval of such transaction must be proposed to the Board of Directors and / or the shareholders meeting of the company. for consideration and approval in accordance with the company's Articles of Association or related laws.

Authorization authority

Managing Director and the Executive Committee has authority to approve transactions under the scope of approval authority as specified in the authorization table approved by the Board of Directors of the Company No. 1/2560 held on March 7, 2017, including the approval of the significant transaction as follows ;

| Detail | | Approval Power | | |
|--------|---|---|---|--|
| | | The Board of Director | Managing Director | Managing Director |
| 1. | Expend Budget | | | |
| | - Additional Budget during the year | Up to 50,000,000 Baht per transaction per project | Not exceeding 5,000,000 Baht per transaction per project | Not more than 50,000,000 baht per transaction per project |
| | - Review of investment projects when the investment project exceed the approved budget. | Up to 50 of the original budget or 25,000,000 Baht per item per project | Not exceeding 10% of the original budget or 5,000,000 Baht per item per project | Not more than 50% of the original budget or 25,000,000 baht per item per project |
| 2. | Expenditure budget (Beyond the approved budget) | Up to 50 of the annual budget | Not more than 20 percent of the annual budget | Not more than 50% of the annual budget |
| 3. | Loaning from financial institutions per one time | Up to 300,000,000 Baht | Up to 200,000,000 million baht | Up to 300,000,000 million baht |
| 4. | Asset sale (Except biomass) per item | | | |
| | -Movable assets | Up to 20,000,000 Baht | Up to 5,000,000 Baht | Up to 20,000,000 Baht |
| | -Property | Up to 30,000,000 Baht | Up to 10,000,000 Baht | Up to 30,000,000 Baht |
| | -Other assets | Up to 20,000,000 Baht | Up to 5,000,000 Baht | Up to 20,000,000 Baht |
| 5. | Credit line from customer sales | Up to 300,000,000 Baht | Up to 50,000,000 Baht | Up to 300,000,000 Baht |

Note: Directors and executives can approve various operations. According to the amount specified above. However, such approval

must be in accordance with the criteria for entering into significant transactions that are the acquisition or disposal of assets and criteria for entering into connected transactions including rules. This is in accordance with the Securities and Exchange Act. SET regulations or Notification of the SEC Notification of the Capital Market Supervisory Board Or law relating to the business of the company.

In addition, the company and its subsidiaries pay brokerage fees both for the purchase and sale of the company's products for outsourced consultants, suppliers, or customers to the company by the supply and sales department of the company. A broker must be present for each transaction combined with cost of goods. It must be at the target cost level and profit after expenses to propose to the Managing Director of the Company for approval. The person and / or juristic person who is paying the commission must have full identity. All outgoing remuneration packages will be collected for submission to the Audit Committee on a quarterly basis in order to ensure that the company's fees are paid correctly, the company's and its subsidiaries' There is no payment to persons who may have conflict of interest in the list of connected persons and juristic persons.

Company Secretary

The Board of Directors Meeting No. 3/2058 held on July 13, 2015 resolved to appoint Mrs. Apiratee Sakulin as the Company Secretary to comply with Section 89/15 and Section 89/16 of the Securities and Exchange Act BE 2535 (as amended), the duties and responsibilities of the Company Secretary are as follows:

1. The preparation and storage, registration, committee meeting, invitation and minutes of the Board of Directors and Shareholders and the company's annual report.
2. Keeping Report of Interests Reported by Directors or Executives and
3. Other actions as prescribed by the Capital Market Supervisory Board.

In addition, the Company Secretary the Board also has the duty to assist the Board of Directors in organizing board meetings such as appointments, preparation of the agenda and the delivery of the notice of the meeting of the Board of Directors together with supporting documents.

Mrs. Apirat Sakulin has passed the Company Secretary Program (CSP) Class 68/2016 Year 2016, Advances for Corporate Secretaries Program, Class 1/2564, Basic Course, Company Secretary, Class 1/2561, IR Fundamental Course. And the Effective Minute Taking Program (EMT), version 36/2016

The Company has the qualifications of the Company Secretary considered by many qualifications such as age, education qualification, knowledge of foreign languages communication skills, good human relations, ability to be both internal and external including public relations and image management of the organization to outsiders, etc. In case the company secretary vacated or unable to perform duties, the Board of Directors shall appoint a new Company Secretary within ninety days from the day the former company secretary retired or may not perform duties. The Board of Directors is authorized to assign one of the

directors to replace those directors at that time in accordance with the Securities and Exchange Act BE 2535 (as amended).

Remuneration for Directors and Executives

1. Monetary Remuneration

a. Monetary Remuneration

At 2020's AGM, shareholders approved remuneration of the board, audit committee, and remuneration committee as follows;

| List of Director | Monthly Remuneration (Baht/month) | Meeting Allowance (Baht/time) |
|---|-----------------------------------|-------------------------------|
| Chairman of the board | 25,000 | 25,000 |
| Committee | 20,000 | 20,000 |
| Chairman of the Audit Committee | - | 25,000 |
| Audit Committee | - | 20,000 |
| Chairman of the Nomination and Remuneration Committee | 25,000 Baht/year | - |
| Member of the Nomination and Remuneration Committee | 20,000 Baht/year | - |

With the total remuneration for the fiscal year 2020 consisting of Monthly remuneration for directors And meeting allowance the total amount of not more than 5,000,000 baht (five million baht only) in the year 2020 Total monetary compensation of the Board of Directors Audit Committee And the Nomination and Remuneration Committee in the form of monthly remuneration, meeting fees, totaling 2,770,000 baht.

| Name | Remuneration (Baht) | | | | |
|--------------------------------|---------------------|-----------------|------------------------|----------|------------------|
| | Year 2019 | | | | |
| | Board of Directors | Audit Committee | Remuneration Committee | Gratuity | Total |
| 1. Mr. Apisit Rujikeatkamjorn | 425,000 | - | - | - | 425,000 |
| 2. Mrs. Natpapha Kuansataporn | 340,000 | - | - | - | 340,000 |
| 3. Miss Tiyaada Kuansataporn | 340,000 | - | 20,000 | - | 360,000 |
| 4. Mr. Panom Kuansataporn | 320,000 | - | 20,000 | - | 340,000 |
| 5. Ph.D. Sarit Chockchainirand | 340,000 | 100,000 | - | - | 440,000 |
| 6. Mr. Wichai Pornkeratiwat | 340,000 | 80,000 | 25,000 | - | 445,000 |
| 7. Miss Patrawan Manutsathit | 340,000 | 80,000 | - | - | 420,000 |
| Total | 2,445,000 | 260,000 | 65,000 | - | 2,770,000 |

a) Remuneration for Executives

In 2018 and 2019, the Company paid management remuneration. The details are as follows;

| Remuneration | Year 2018 | | Year 2019 ¹ | |
|---|-----------|--------------------------------|------------------------|--------------------------------|
| | Number | Remuneration (Million Baht) | Number | Remuneration (Million Baht) |
| Salaries and bonuses | 7 | 8.81 | 6 | 9.33 |
| Other compensation such as contributions to the social security fund, money saving fund and phone bills | 7 | 0.71 | 6 | 0.66 |
| Total | 7 | 9.52 | 6 | 9.99 |

Note: - 1 executive resigned from the position at the end of August 2018

Personnel

Number of Personnel

On December 31, 2020, the company and its subsidiary (exclude board and management) has staff total of 139 people including ABM 63 people, STP 48 people, PPP 27 people and ABI 1 person.

| Field of work | Number of Employees per month | | |
|---|-------------------------------|-----------|-----------|
| | ABM | STP | PPP |
| Financial and Information Management | 18 | - | 5 |
| Operation | 2 | - | - |
| Sourcing and Supply Chain BU 1 | - | - | - |
| Sourcing and Supply Chain BU 2 | 11 | - | - |
| Sales and Marketing | 6 | - | - |
| Human Resources and Administration | 4 | - | 3 |
| Executive Office | 2 | - | - |
| Logistics | 6 | - | 8 |
| Safety, Occupational Health and Environment ^{2/} | 1 | - | - |
| Strategic and Planning | 2 | - | - |
| Quality Control | 3 | - | 3 |
| ธุรกิจสัมพันธ์ | 8 | - | - |
| Transportation and maintenance | - | 45 | - |
| General Purchasing | - | 3 | - |
| Total | 63 | 48 | 27 |

Note: 1 / The company's daily staff and STP are 4 persons and 1 persons, respectively, and one PPP contract employee and one ABI employee.

2 / Security Department Occupational Health and Environment ABM's organizational structure is under the Human Resources and Administration Department

Employee Remuneration

In 2019 and In 2020, the company and its subsidiaries paid remuneration to employees. The total amount of 51.08 million Baht and 61.19 million Baht, respectively, were paid in form of salary, bonus, overtime, social security, provident Fund and others.

Provident Fund

The company and its subsidiaries have been supported by the company for the promotion of employees' morale. The company has started contributing health insurance funds in October 2015.

Other Remuneration

- None -

Policy on employee development

The company has a policy emphasizing on potential and capability development for the employees as our valuable resources. The company support its employees to participate training and courses particularly to improve knowledge of the employees and aims that employees work with capability and good attitude towards the company. The policy included the career path, job responsibility, recruitment procedure. To encourage the employees on a continuous development, the company provides the annual promotion for the potential employees.

The company support the training courses both internal and external training and orientation according to the annual training plan that relating to their work and their career path, the necessary for the employees in each position and to support the business. The evaluation of the training results in order to improve the training arrangement.

| Training | Year 2018 ^{1/} | Year 2019 | Year 2020 |
|---------------------------|-------------------------|-----------|-----------|
| Training hours per years | 10,025 | 1,279 | 1,463 |
| Training hours per person | 32.13 | 6.59 | 9.37 |
| Expenses | 223,198 | 89,807 | 131,097 |
| Expenses per person | 715.38 | 462.92 | 498.47 |

Note: 1/In 2018, the company focused to improve international standard such as ISO 9001 ISO 14001 FSC and PEFC. The company have to training, personnel development to support the standards and knowledge which caused the training cost higher than usual.

Basic firefighting and evacuation fire drill training, Head office



Basic firefighting and evacuation fire drill training, Bang Nam Chuet



Training, security, management level.



How to operate fork lift with safety



Hearing conservation program



Policy on Board of Director and Management development

The Board of Directors supports directors to attend training courses or participate in seminars that increase knowledge in work practices. To increase the perspective continuously which will help the directors to lead the organization to achieve the goals set by the company

For executives, the company places importance on promoting the development of knowledge and skills of executives in various fields. Whether training for seminars for executives to apply knowledge in the management division

The company supported the training courses to develop knowledge and capability as follow:

| Name | Position | Course |
|----------------------------|--|---|
| Mr. Pongtham Danwungderm | Deputy Managing Director and Chief Financial Officer (CFO) | ➤ CFO Refresher, SET ➤ THE NEW CFO, MAI ➤ Safety officer management level |
| Mr. Chairat Dejpaiboonoyot | Assistant Director of Sales and Marketing | ➤ Substitute fuel in factory, SCG by the federation of Thai industries. |
| Mr. Prutthipol Soisuwan | Director of Sourcing and Supply Chain BU 2 | Substitute fuel in factory, SCG by the federation of Thai industries. Chain of custody Auditor by the federation of Thai industries. |

2020, The company had expenses regarding training of Board of Directors and Management in an amount of 28,350 Baht

Policies and guidelines on occupational health and safety in the workplace

The company is aware of the importance of occupational health and safety in the workplace. Due to occupational health and safety is a factor that will make the business run continuously and sustainably. In 2018, the company has established a quality policy Occupational Health Safety And the environment of the Asia Biomass Public Company Limited, with the aim to strive to conduct business with quality, safety and environmental management systems in response to the expectations of stakeholders in terms of quality, safety and To work and prevent environmental impacts, so to be a guideline and framework for determining and reviewing operational objectives In terms of quality, safety and environment, the company group has the motto as follows: "Standard quality Eco-friendly Responsible for stakeholders, as follows

1. Quality, safety and environment are the responsibility of every employee as part of the operation.
2. Procurement and production of quality products, quantity delivered according to the agreement with customers

3. Reduce and prevent the risk of injury and illness from work, loss from accidents, fire and property damage.

4. Environmental protection and Focus on pollution prevention at the source Reduce greenhouse gas emissions by using resources efficiently and sustainably.

5. Comply with legal requirements and continuously improve the development of quality, safety and environmental management systems. Management at all levels in the Group will be responsible and exemplary in the development and maintenance of the quality, safety and environmental management systems. By supporting sufficient resources for all employees to participate in implementing the policy, including communicating to The stakeholders are aware of the policy and performance management, quality, safety and the environment, with effect from March 29,2018

| Accident Statistics | Year 2019 | Year 2020 |
|--|-----------|-----------|
| Lost Time Accident | 0 | 0 |
| Lost time injury frequency rates (LTIFR) per 200,000 working hours | 0 | 0 |
| Lost Time Injury Severity Rate (LTISR) per 200,000 working hours | 0 | 0 |

1. Corporate Governance Policy

The Company is aware of its responsibilities to all stakeholders under the framework of business ethics and work practices. Therefore, it is recommended that the corporate governance be prepared and prepared to be the management of the organization. Make sure that any action, action with fairness and take into account the maximum benefit of shareholders and stakeholders.

The Board of Directors adheres to the principle of sincerity and honesty. There are policies, plans, strategies, operations and evaluations as well as operations, ensure transparency and control of risk management to achieve maximum efficiency.

The company is committed to continuous corporate governance along with the responsibility to society. This is for the benefit of those involved and society as a whole.

The Board of Directors' Meeting No. 1/2560 resolved to approve the policy on corporate governance in accordance with the guidelines of the Stock Exchange of Thailand. ("SET"), which contains the following key principles:

Chapter 1: Rights of Shareholders

1.1 Shareholders' Meeting

The Board of Directors convenes the Annual General Meeting of Shareholders within four months of the end of the fiscal year. Prepare a meeting invitation containing information on date, time, place and agenda with details, facts and reasons. Board's Opinion Voting of votes in each agenda item. The criteria for sending questions in advance of the shareholders clearly. The Company has informed the shareholders in advance not less than seven days prior to the meeting date. The announcement of the meeting in the newspaper three consecutive days before the meeting is not less than three days, and the opportunity for the shareholders to appoint an independent director or any person to attend the meeting on their behalf. Use one of the proxy forms sent by the company together with the notice of meeting.

Each time before the start of the meeting, the shareholders were informed about the method of voting. During the meeting, shareholders were given the opportunity to express their opinions and ask questions. Equally, the Board of Directors has the same agenda. The Audit Committee, the Management, and the auditor of the associated company clarify the answers to each shareholder's questions.

In addition, the Board of Directors may call an Extraordinary General Meeting of Shareholders at any time. Likewise the shareholders may request the Board of Directors to call a meeting of shareholders at any time in accordance with the Company's Articles of Association. In such case, the Board of Directors must arrange a meeting of shareholders within one month from the date of receiving the letter from the shareholders.

1.2 Action on Shareholders' Meeting

1.2.1 The Company gives the shareholders the opportunity to ask the Chairman of various committees in related matters.

1.2.2 In the shareholders' meeting, the company will make a resolution on each agenda item if there are several agenda items such as appointment of directors.

1.2.3 For transparency and fairness, the company will arrange for a lawyer to witness the meeting and to count or examine the votes in the ordinary and extraordinary meetings of the shareholders and to disclose them to the meeting and recorded in the minutes of the meeting.

1.2.4 The Company will use the voting cards for important matters to be transparent and verifiable in the event there is a dispute later.

1.2.5 The chairman of the meeting shall allocate appropriate time to provide the shareholders with the opportunity to express their opinions and to raise questions to the meeting in relation to the company.

1.2.6 The Board of Directors will encourage the company to apply the technology to shareholders' meetings, including shareholders' registration, ballot counting, and display of results so that meetings can be conducted quickly and accurately.

1.3 Preparation of minutes of the meeting and disclosure of resolutions of the shareholders' meeting

1.3.1 Minutes of the shareholders' meeting, the minutes of the shareholders' meeting shall be recorded in the minutes of the meeting and the minutes shall be given to the shareholders. The voting results for each agenda item are as follows: There are shareholders who agree, disagree and abstain, and record the names of the directors, the attendees and the directors.

1.3.2 The Company will disclose to the public the voting results of each agenda item at the Annual General Meeting and the Extraordinary General Meeting of Shareholders on the Company's website.

Chapter 2: Equitable Treatment of Shareholders

2.1 Information before the shareholders' meeting

The Company will conduct its shareholders' meeting in accordance with the law and guidelines of the shareholders' meeting set by the regulator at the shareholders' meeting. The Company will schedule the meeting with the agenda and the opinion of the directors to the Stock Exchange of Thailand and through the company's website at least 28 days before the date of the shareholders' meeting. The Company will issue the invitation letter to the shareholders meeting in both Thai and English versions. The Company will inform the shareholders of the rules used in meetings, voting Procedure Including the right to vote for each type of shares.

2.2 Protection of the Rights of Minority Shareholders

2.2.1 All shareholders have the right to propose additional agenda items in advance of the shareholders' meeting in advance to demonstrate fairness and transparency in determining whether to add an agenda proposed by the minority shareholders.

2.2.2 The company will provide opportunities for shareholders to nominate persons to be directors in advance and to give them the opportunity to exercise their right to appoint individual directors, the consent of the nominated person.

2.2.3 In the shareholders' meeting, the meeting will be held in accordance with the agenda as stated in the notice of the meeting without any additional agenda item not specified in the invitation letter, especially the important agenda item. Shareholder must take the time to study the information before making a decision, the fairness of the shareholders who did not attend the meeting.

2.2.4 In the election of directors The company will allow shareholders to vote for each director individually. The shareholders have the right to choose the representatives who are qualified to serve as directors in order to maintain their own interests. This will cause a variety and truly represent the shareholders.

2.3 Prevention of internal data usage

2.3.1 The company has set guidelines for keeping and preventing the use of internal information in writing and to inform them that everyone in the organization.

2.3.2 It is forbidden to use the opportunity or information obtained from being an executive director to exploit for themselves or others the wrong way, such as trading securities using inside information. The use of internal information to disclose to persons related to directors and executives is a disadvantage or may cause damage to the shareholders as a whole.

2.3.3 The company's directors and executives must report their holdings in accordance with the law and submit such reports to the Board of Directors on a regular basis and disclose information in the annual report.

2.4 Interests of Directors

Directors and executives must disclose information about their interests and related persons so that the Board of Directors can consider the transactions of companies that may have conflicts of interest and can make decisions for the benefit of the company as a whole. Stakeholders must report their interests before the agenda is considered. Directors and executives who have interests in transactions with the Company will not participate in the consideration of such agendas.

Chapter 3: Role of Stakeholders

3.1 Formulation of the Code of Conduct for Stakeholders

The company is committed to fairness and integrity with other stakeholders to create a good relationship in the business, including executives and employees, customers, trading partners, creditors, competitors and society. It does not discriminate against anyone who is unfair. Do not use judgment or personal relationships. The Company provides fair, transparent, and timely disclosure of information in a transparent manner so that all stakeholders are treated in an equal footing. There is a channel to receive clues or complaint or suggestions In matters relating to the actions of the company Illegal or unethical The inaccuracy of the financial report. Defect of internal control system Unfair action or issues indicates that stakeholders are affected. The company will investigate the process and record the investigation in writing and not disclosing the details of the clerk to protect the notifier from possible. The Company attaches great importance to the rights of all stakeholders. The details are as follows

Shareholder

The company treats shareholders equitably and fairly with basic rights adherence to Good Corporate Governance Principles is to act as a representative of the shareholders in the conduct of business in a transparent manner and reliable internal audits to ensure that all shareholders are treated equally in all matters. Related to the company both the right to attend and vote at the shareholders' meeting, provision of timely information in order to make decisions, meeting place allocation of time should be for disclosure of interests and freedom of expression in the meeting. In addition, the Board of Directors will not take any action. In a manner that may cause conflict of interest to the company. Do not exploit yourself and do not disclose confidential information to outsiders.

In addition, the company reports on the status and performance of the company and its information to all shareholders equally, accurately, timely, accurately and completely. This is in accordance with the Securities and Exchange Commission.

Staff

The company pays attention to all employees. Employees are the key to the success of your organization. The company has set policy on various matters. Employee benefits such as compensation fund, provident fund, uniform, sports, employee health check. In addition, the company develops employees at all levels to enhance their capabilities for future business growth. Training is provided to enhance knowledge and skills in each department to be in a reasonable level and to suit the performance of each employee at each level. The knowledge and skills of the employees in the department are described. The details of the regulations and guidelines are as follows.

- Provide fair and reasonable returns based on knowledge, ability, responsibility and the performance of each employee.

- Maintaining a safe working environment for employees' life and property.
- Encourage and encourage the training of employees in all areas, such as the development of work Potential, the importance of the environment, which relates to the main operations of the company.
- Appointment, relocation, awarding and punishment of employees. It must be done with equal equanimity and based on knowledge. Ability and suitability Include the action or practice of the employee.
- treat employees on the basis of justice and the importance of development. Transfer of knowledge and ability of employees by providing employees with equal opportunities.
- Listen to comments and suggestions from all levels of employees equally and equitably.
- Compliance with laws and regulations related to labor law strictly.
- Manage by avoiding any unfair action. This may affect the stability of the work of the employees.
- treat employees with courtesy and respect for the individuality and dignity of human beings.
- There is a way for employees to report inconsistencies, disciplinary and legal issues by promoting the boards and internal websites of the company. Channels for expressing opinions and complaints include comment boxes and complaints within the company. And only the key managers can open the complaint box, including the Managing Director's email. Tiyada@asiabiomass.com
- Encourage employees to understand ethics and roles to promote behavior within the framework of ethicsthoroughly.
- Organize Anti-Corruption Program Corrupt Support activities that promote and instill in all employees compliance with the law and the relevant regulations.

Customer

The company is committed to providing quality products and services, quality inspection accurate and timely delivery, comply with the terms and conditions to the customers in a transparent and equal way with the attention to the needs in various ways. The agency has contact with customers. Provide advice and listen to customer feedback or suggestions including in the confidentiality of the customer, the details of the rules and guidelines are as follows.

- Provide a system for the maintenance, protection and protection of securities or property. The customer is entrusted with the care of the company very concisely and appropriately.
- Maintain various assets. Provide adequate legal and regulatory guidelines to build customer confidence.
- Do not ask for or receive money, gifts or prizes or any other consideration from customers or other persons unless it is due to traditionalism.
- Adherence to and honesty in the business.
- Compliance with standards the Company is generally accepted in the business.

- Doing business by legal requirements and official requirements. It will not provide unlawful assistance, promote or support any activity or transaction.
- Track changes and developments and innovation to create customer satisfaction.
- Use knowledge, ability, expertise. Be careful and attentive in quality products to customers like professionals.
- Maintain confidential customer information in a concise and appropriate manner. It will not disclose that confidential information to anyone else. except for the consent of the customer or legal action.
- Communicate information about the company's products or services to the right customers.
- Provides a process whereby customers can report problems of inappropriate use of goods or services via Email or Website so that the company can quickly and appropriately respond to customer problems and issues. Continue to improve or develop such products and services.

Partners

The company takes into consideration the importance of partners. Purchases of goods and services from trading partners are subject to commercial terms. Covenants and contracts are fair, transparent, and sensitive to payment terms. The company has a reliable partner selection system. Responsible for society and environment. This ensures that customers receive quality products and services as specified by the regulations and guidelines.

- Do not claim not to pay any benefits, trade with partners in bad faith and comply with the contract. Terms and conditions to the partners strictly. In case of non-compliance will notify the partners in advance to find solutions to problems with the principle of reasonableness.
- Supervise or prevent any conflicts of interest related to the business operation of the company and do not seek any unlawful benefit or contrary to the requirements of the government.
- No action related to intellectual property infringement. It also encourages the management. Employees use the resources and assets of the company effectively. Use the right products and services and do not support the use of goods or services that violate intellectual property.
- Strictly comply with the terms of the trade agreement. The result is a standardized trade with both domestic and foreign partners.

Creditor

The company has set the terms and conditions for the creditors. It is a financial institution. The company monitors the financial status of the company to ensure that the company is able to control the financial risks and to comply with the terms and conditions of the loan. Under the agreement, if one of the conditions is not fulfilled or cause default must promptly notify the creditor without covering the facts to jointly consider the solution using the principle of reasonableness.

Rival

The company has complied with the fair competition rules. It is based on a fair return to both parties. Avoiding dishonest means to destroy a competitor and do not seek confidential information of competitors in ways that are dishonest or inappropriate. It does not destroy the reputation of its competitors by making false accusations without truthful information and without doing anything. This is a violation of intellectual property and other copyrighted work or competitors.

The community where the company is located

The company is aware of the environmental issues that will arise from its business operations. Since the company imports and distributes biomass, this may have the effect of having dust spread around the storage area and the area where the truck will bring goods to the customer. The company has many environmental measures, including noise pollution, air and water. Have security system Hygienic Cleaning System Dust Prevention.

Environment and Society

The company is well aware of the need to build understanding and trust from the residential community around the warehouse area. The company entrusted the profession to take care of complaints of the villagers in the area. The company also provides public support for surrounding and nearby communities such as donating computers to schools and supporting religious activities, supports the activities of school children and the elderly. In addition, in the recruitment of the company, it will give priority to those who are domiciled nearby to create jobs for the local community and support those in the vicinity who will bring income and prosperity to the community.

The company recognizes the importance of effective and efficient corporate governance taking into account the responsibility to society, the community and the environment. Therefore, the Board of Directors attaches great importance to the environment., society and community and encourage all employees. Use resources economically. Keep the environment and social responsibility as a whole.

Chapter 4: Disclosure And transparency

4.1 Disclosure

- The Company provides investors with accurate, complete, timely, transparent and equal disclosure of information both financial data, performance and other relevant information. Under the laws and regulations of the company related to preventing trade secrets from leaking to competitors. The company has organized the agency about. "Investor Relations" is responsible for communication with shareholders, investors, stock analysts. It also provides an opportunity to meet and respond to inquiries bby top executives.

- Company Report on Corporate Governance Policy Risk Management Policy and policies on environmental and social care. The approval of the Board. Include the results and the reasons for failure to comply with such policies in the annual report.

- The company will report on the responsibilities of the Board of Directors to the financial statements, together with the auditor's report in the annual report.

- The company will provide management discussion and analysis (MD & A) for the quarterly disclosure of financial statements so that investors will be informed and understand the changes to their financial status and results. The company's work in each quarter is better.

- The Company has disclosed the auditing fee and other services provided by the auditor.

- The Company will disclose the roles and duties of the Board and subcommittees, the number of meetings and the number of attendance in the past year, and the views of the Board of Directors and the professional development and training.

- The company will disclose the policy on remuneration to directors and senior executives of the Company and its subsidiaries reflecting each person's duties and responsibilities, as well as the form or nature of remuneration.

4.2 Minimum information disclosed on the website

In addition to the information disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report the rules are set. The company also discloses the following information on the company's website and is regularly reviewed to keep it current.

1. Vision and Mission of the Company
2. Nature of Business
3. List of Board of Directors and Executives
4. Financial Statement and Report on Financial Status and Performance of the Current and Previous Year
5. Form 56-1 and Downloadable Annual Report
6. Any information or documents that the company offers to analysts, fund managers or other media
7. Shareholding Structure Direct and Indirect
8. Group structure including subsidiaries, associates and joint ventures
9. Direct and indirect shareholding of 5% of total paid-up shares and voting rights

10. Direct and indirect shareholdings of directors, major shareholders, senior executives
11. Invitation to the Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders
12. Corporate Governance Policy
13. Risk Management Policy, including how to manage various risks.
14. Contact information, agency or person responsible for Investor Relations such as name, contact person, phone number.

Investor Relations

The company recognizes the importance of accurate, complete and timely disclosure of information on the disclosure requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The company has established an Investor Relations department to build strong relation between the company and investors through various channel such as Phone, E-mail, Investor Relations Website, including Road Show. Moreover, the Investor Relations department established the Investor Relations ethics and disclosure policy which comply on good corporate governance policy. The investor interested in inquiring information about the company can contact as following

1. Asia Biomass Public Company Limited
273/2 Rama 2 Road, Samae Dam Sub-district, Bang Khun Thian District Bangkok 10150
2. E-mail: ir@asiabiomass.com
3. Tel: +662-415-0054 ext 2226

In 2020, The company's investor relation activities as follow;

| Activities | Times |
|-----------------------------------|-------|
| Annual General Meeting | 1 |
| Opportunity Day | 1 |
| MAI Forum | 1 |
| Contact from investors via phone | 4 |
| Contact from journalist via phone | 5 |

Chapter 5: Structure, roles and responsibilities and the independence of the board

5.1 Board structure

The Board of Directors consists of: The number of directors is fixed at the shareholders' meeting. In addition, no less than three directors or one-third of the directors must be independent directors. The qualifications are in accordance with the law on public limited company. Rules of the Securities and Exchange Commission and the stock market They are also experts from various industries. Business Finance and Accounting Involve and support the company's business. Currently, the Board of Directors consists of 7 members, consisting of two executives and five non-executive directors, with three independent directors, independent director However, the Chairman does not hold any positions in the management, nor is the authorized director of the company. There is no relationship with the major shareholders. The Chairman of the Board holds only 5% of the paid-up capital after the offering to the public. This is to enable the Board of Directors to perform their duties efficiently and balance in the consideration and vote on matters. Appropriately Voting by the Chairman of the Board of Directors and Independent Directors can be considered as the voting power of the directors representing the major shareholders. In addition, the Board of Directors appoints the Company Secretary, may be Assistant Managing Director. or other persons deemed appropriate by the Board of Directors to assist the work of the Board regarding meeting appointments. Prepare agenda Submit meeting documents and record the minutes. It must have authority and responsibility in accordance with Section 89/15, paragraph one of the Securities and Exchange Act BE 2535 (as amended)

5.2 Subcommittees

The Board of Directors, there are four sub-committees, namely (1) the Audit Committee, in order to alleviate the obligations of the Board of Directors for consideration in (2) Executive Committee to assist in the consideration and screening of specific tasks for the purpose of operation. (3) Nomination and Remuneration Committee. The company is responsible for recruiting qualified persons to serve as directors and senior executives, consider the form and criteria of remuneration for directors and top executives to propose the opinion to the Board of Directors for approval. And / or proposed to the shareholders meeting for further approval. (As the case may be) in accordance with the good corporate governance policy of the company and according to the good corporate governance principles of the Stock Exchange of Thailand To be transparent fairness with all stakeholders and (4) the Risk Management Committee to assist the Board in managing risk from internal factors and outside that may affect the financial position and the results of the company to be competitive in the business in the long run.

5.3 Roles and Responsibilities of the Board

Board of Directors Plays an important role in caring And management company to perform duties in accordance with the law, objectives and regulations of the Company, the resolutions of the shareholders' meeting. With honesty, take care of the benefits of the company and they are responsible to all shareholders. (Accountability to Shareholders)

- Board of Directors Plays a key role in shaping policy and the direction of the company, monitoring and supervision the management is responsible for the implementation of the policy and effective regulation of the company and effectiveness under good corporate governance to maximize the economic value of the business and maximum security for shareholders (Maximize Economic Value and Shareholders' Wealth).
- The Board of Directors has set up a Corporate Governance Policy in writing so that the Board of Directors, executives, employees, and all employees are guided by the Code of Conduct as well as the Company's regulations and regulations. In addition, the Board reviews the policy and compliance on a regular basis.
- The Board of Directors encourages the Company to prepare a business ethics and code of business conduct in writing so that directors, executives and employees can follow the guidelines and help to keep the good reputation and the pride of the employees. This will lead to an organization with a good governance system. We hope that our directors, executives, and employees will always use this code of ethics in every case, so that they will become the core of their work. In addition, the Company has set up a working group on business ethics to publish public relations Organize training, campaign and support for serious practice, regularly evaluates the compliance of the manual, report the results to the Board of Directors.
- Supervise the management to deal with all stakeholders in an ethical manner and equality
- Consider and approve and / or consider and comment to propose to the shareholders' meeting to approve the entering into a significant transaction with the Company and entering into connected transactions in accordance with the rules, conditions and procedures prescribed by law. And related rules and / or company regulations and / or the resolutions of the shareholders' meeting.
- The Board of Directors carefully reviews transactions that may cause conflict of interest in accordance with the Company's clear guidelines for the benefit of the Company and its shareholders as a whole. Consideration of transactions that may have conflicts. Stakeholders are not involved in decision making. The Board of Directors is regularly monitored to ensure compliance with the rules and procedures governing the disclosure of information that may cause conflict of interest. There are requirements in the company regulations. Under the definition of the Stock Exchange of Thailand The company must comply with the rules and procedures announced. In addition, the Company has set the guidelines in its Code of Conduct. For directors, executives, and employees who do not conduct themselves in a manner that may cause conflict of interest with the Company, the directors, executives, employees, families and persons under the same roof must not engage in any transaction. There are conflict of interest with the company. Either directly or indirectly and with the actions of their own or share with family members or close person.
- The company has an accounting system, financial Reporting Internal Control and Internal Audit.

- Consider and set annual budget plan and update the annual budget plan appropriately and in line with the policy and the direction of the company , controlling the management to spend the budget according to the annual budget plan.
- Follow up the company's operations regularly. Be aware of legal compliance and the relevant contractual terms of the company. The management is required to report the performance and other important matters. The Company's Board of Directors is acknowledged at every quarterly meeting of the Board of Directors to effectively operate the company.
- Set up a financial control system for financial reporting and compliance. The Board of Directors shall appoint a person or entity with independent duty to be responsible for monitoring the control system. Review the system at least once a year and report it to the Annual Report.
- plays an important role in the implementation of risk management. Provide a guideline and adequate risk management measures and regularly monitored.
- The Board of Directors or the Audit Committee has provided comments on the adequacy of the internal control system and risk management in the annual report.
- Provide annual report of the company and / or the Board of Directors to comply with the law or the relevant rules. The Company regularly reports to the shareholders and in fact, the current state of the business and the future trend of the company both positive and negative. With sufficient reason
- Provide clear guidelines for those wishing to report clues or stakeholders through website or report directly to the company.
- Set up a mechanism for supervising subsidiaries to maintain the benefits of the company's investment. It serves to consider.

5.4 Board Meeting

- The meeting has important agenda, consider the Company's financial statements quarterly, the progress of the investment projects of the company as well as the important policies, Company Action Plan.
- The Board of Directors must have a meeting at least once a quarter and there are special meetings as appropriate. The agenda is set and inform the directors in advance not less than 7 days and provide sufficient information. In the case where the Chairman considers that there is an urgent need to maintain the rights or benefits of the company. The company may inform the Director less than 7 days in advance.
- In case the company does not have meeting every month the company will send the results and documents. Every month to be able to continuously control and supervise the management.
- Each director shall personally attend at least 75% of the total number of meetings of the Board of Directors for one year. In addition, each meeting shall require not less than half of all directors. It will be a quorum.

- If the Chairman is not present at the meeting, if there is a vice president The Vice Chairman is the chairman of the meeting. If there is no vice-chairman or not at the meeting, or can not perform the duty The directors present at the meeting shall elect one director to preside over the meeting.
- The Board may invite subcommittees (eg, the Executive Board Audit Committee and Risk Management Committee. Or persons involved or persons deemed appropriate. Attend the meeting on the agenda. And request information as needed and suitable for the agenda.
- The Company Secretary is responsible for recording the meeting and make a report. The documents must be prepared to present to the Board before the meeting.
- The Chairman will allocate the meeting time appropriately. During the meeting, there will be an opportunity to express opinions freely, transparently and fully, taking into account the interests of shareholders and stakeholders.
- The Company has a policy for non-executive directors to be able to convene among themselves as appropriate to discuss the problems, concerned about the management of the interests without management. After the meeting, the Managing Director will be informed of the outcome of the meeting.

5.5 Self Assessment of the Board

- The Company has a policy for the Board and subcommittees to conduct their own self-assessment every year, with a set of criteria to be used to benchmark their performance.
- The Company evaluates the performance of the Board of Directors in both faculty and individual form.

5.6 Remuneration of Directors and Executives

The Company has determined the remuneration of the Board of Directors in a manner that is comparable to the industry practice, experience, duties, scope of roles and responsibilities. The Company's performance has been approved by the shareholders. The remuneration of managers and top executives is determined by their responsibilities, the performance of each person. In addition, the Company's performance is improved and compared with the same industry. The Company provides non-executive directors. An annual manager evaluates the director. Use agreed norms with the Managing Director on a fair basis. The results will be presented to the Board for approval. The chairman of the board is the messenger.

5.7 Development of Directors and Executives

- The Board of Directors has the opportunity to invite directors, audit committee members, executives, company secretary, etc. to attend the training on the corporate governance system both inside and outside the organization.
- Management will provide useful documents and information to assist the new director. Include help guide business. The Company's Board of Directors is always in the right hands.
- The Managing Director shall report to the Managing Director on the development plan and the succession of the work to be informed on a regular basis. This is to ensure continuity of operation in case managers and senior management can not continue to hold positions.

- A management development program is provided, with the Managing Director reporting annually on what has been done during the year.

Subcommittees

The Board of Directors consists of the Audit Committee, Executive Committee Nomination and Remuneration Committee and the Risk Management Committee to perform specific duties and submit the matter to the Board of Directors for consideration or acknowledgment, as the case may be. These sub-committees have the rights and duties stipulated in the scope of authority and responsibility of each of the committees as follows:

Audit Committee

As at 31 December 2020, the Audit Committee, There are 3 independent directors as follows:

| ชื่อ | ตำแหน่ง |
|------------------------------|---------------------------------|
| 1. Dr. Sarit Chokchainirand | Chairman of the Audit Committee |
| 2. Mr. Wichai Pornkeratiwat | Audit Committee |
| 3. Miss Patrawan Manutsathit | Audit Committee |

Dr. Sarit Chokchainirand is knowledgeable and experienced enough to review the reliability of financial statements. Dr. Sarit Chokchainirand graduated. Doctoral degree Business Administration from Manchester Business School, UK Master's Degree Finance from London Business School, UK And undergraduate Commercial Economics and Finance from The University of Melbourne, Australia and executives in many companies experienced and proficient in finance.

As well as Miss Phatrawan Manasatit, Audit Committee member Which has knowledge and experience in accounting and administration with a master's degree in business administration from London Business School, UK and a Bachelor's degree in BBA (International Program), Thammasat University. Present as a director And executives in many companies With work experience and expertise in finance and accounting.

Objectives

The Audit Committee is a sub-committee of the Board of Directors appointed to help the committee for working on issues that may be overlooked and to ensure good corporate governance. The establishment of the Audit Committee aims to increase operational efficiency and increase value for the organization, which will create efficiency for confidence and reliability of financial reports and increase attention on the responsibilities of the Board of Director. The Audit Committee has the responsibilities as follows:

1. Terms

"Independent Director" means a member of committee who does not participate in management, he or she is not an employee / member of staff / consultant who received regular salary / controlling person of the company, parent company, subsidiaries, affiliates, same-level subsidiaries, or a juristic person that may have conflicts / major shareholders, in accordance with the rules prescribed in the announcement of the Capital Market Supervisory Board.

"Act" means the Securities and Exchange Act B.E. 2535 (including additional amendments)

"SEC" means the Office of the Securities and Exchange Commission

"Stock market" means the Stock Exchange of Thailand.

"Juristic person that may have conflict" means a juristic person that is a major shareholder of the company or juristic person who is 1) director or executive or 2) major shareholder or 3) person with controlling interest in the company or 4) person who has blood relationship, marriage or marriage registered with the person under 1) or 2) Or 3) holding shares or having controlling interest or having significant interests, either directly or indirectly

2. Goals

To support the Board of Directors to fulfill their responsibilities by supervising the following matters: (1) prepare the reliable company financial reports (2) comply with the regulations and related laws (3) check the qualifications of the independence auditor and (4) examine the performance of the internal audit section, and the auditor to prepare reports as needed by external regulatory agencies

3. Authority

The audit committee has the authority to operate or delegate power to investigate any important matters within the scope of responsibilities. The Audit Committee has the power as follows: (1) has the power to hire independent outside consultants to advise, comment or assist in the investigation of matters relating to the operations under its responsibility if needed for duty performances at the expense of the company. (2) has the power to request information as needed and ask for cooperation at the request of the company's employees and (3) has the power to invite the executive directors, executives or relevant persons to give statements or useful information or attend a meeting as well as able to invite lawyers, auditors, internal auditors or outside consultants to attend the audit committee meeting.

4. . Composition of the Audit Committee

- 4.1 The members of the Audit Committee must be an independent director of the company
- 4.2 The members of the Audit Committee must be appointed by the Board of Directors.
- 4.3 The Audit Committee must consist of not less than 3 independent directors

- 4.4 At least 1 Audit Committee member must be knowledgeable. And have sufficient accounting and has adequate experience in accounting or finance to review the credibility of the financial statements
- 4.5 The members of the Audit Committee can hold the position of Audit Committee not more than in 5 listed companies.
- 4.6 The Board of Directors is to select a member of the audit committee to be the Chairman of the Audit Committee.
- 4.7 The Audit Committee is to appoint the Company Secretary as the Audit Committee's Secretary to support the operation of the audit committee about meeting appointment, the meeting agenda preparation, meeting documents delivery and record the minutes of meeting.

5. Qualifications of the Audit Committee

1. Hold no more than 1 percent of the total shares with voting rights of the company, subsidiaries, major shareholders or persons who have controlling interests in the company. This shall include the shareholding of the related parties of that independent director.
2. A director who does not participate in the management of the company, affiliated companies, associated companies, related companies or major shareholders of the company.
3. A director who is not an employee, staff member or advisor receives a regular salary from the company, affiliated companies, associated companies, related companies or major shareholder of the company¹
4. A director who has no direct or indirect benefits or interests in finance and management of the company, affiliated companies, associated companies, related companies or major shareholders of the company.
5. A director who has no benefits or interests in the above nature for a period of 2 years before being appointed as a member of the audit committee unless the Board of Directors has carefully considered and found that having had benefits or interests will not impact on the performance of duties and offer an independent opinion; he or she can be appointed without any waiting for the lapse of mentioned period.
6. A director who is not a related or close relative of the management or major shareholder of the company.
7. A director who has not been appointed as a representative to protect the interests of the directors, major shareholder or shareholders who are related to the major shareholder of the company
8. A director who can perform duties, provide opinions, or report on performance as assigned

by the Board of directors, and he or she is not under the control of the management or major shareholders of the company including those who is related or close relatives of the said person.

6. Independence

1. Independent opinion means freely expressing an opinion or report in accordance with the assigned mission without considering any benefits relating to property or position and he or she is not under the influence of any person or group or any situation that force him or her to be unable to express the opinions fully.

2. In the case that it is considered that the assignment is carried out without independence, such as the member of the Audit Committee is under the influence of the directors, executives, company personnel, due to familiarity, consideration or for any reason that leads to the assignment will be according to the needs of the person or group of persons until cause the followings:

1. Refrain from performance of assigned tasks.
2. Accept proposals or perform any act(s) which should not have been done and create damages or loss of interests that the company and shareholder should obtain.
3. Do not express an opinion or present a report to the committee or shareholder openly.
4. Do not coordinate, consult, or cooperate with the committee, executives, or officer of the company where he or she performs the assignment.
5. Receive financial supports from the company, subsidiaries, associated companies, related companies shares, major shareholders of the company from the usual business in the position is the financial institution
6. Perform transactions between the member of the Audit Committee or related persons of the audit committee with the company, affiliated companies, associated companies, or major shareholders of the company regarding the acquisition or disposal of goods or services that do not comply with the following conditions
 - Acquisition or distribution of goods or services is based on normal business operations and is a general trading condition that is established with clear and disclosed rules and
 - The price of goods or service is comparable to the price of goods or service that is offered to other customers.
7. Perform any transaction that is considered a connected transaction and does not comply with related securities market regulations.
8. Perform other transactions which do not comply with the requirements of the Stock Exchange of Thailand.

7. Power of the Audit Committee

The Board of directors assigns the Audit Committee the power to perform the following:

1. Perform duties within the scope of duties and responsibilities specified in the Audit Committee Charter.
2. Invite the directors, executives, or officers of the company attend the meeting or explain or answer questions relating to Business and operations of the company, subsidiaries, joint ventures and joint venture projects within the scope of duties and responsibility of the Audit Committee.
3. Consult with experts or company advisors (if any) or hire outside consultants or experts if needed at the company's expense.
4. Monitor and investigate as needed the matters, and request company information as needed in order to complete the duties under the responsibility of the audit committee.

8. Duties, Responsibilities and Report of the Audit Committee

8.1 Financial reports

- (1) Review to ensure that the company has a process to prepare and disclosure of information the company's financial reports to be accurate, complete, sufficient, reliable, and timely by coordinate with the auditors and executives responsible for preparing quarterly and annual financial reports.

8.2 Connected transactions and transactions that may have conflicts of interests.

- (1) Consider the connected transaction and transactions that may have conflicts of interest to be in accordance with the laws and regulations of the stock exchange to ensure that the said transaction is reasonable and it is in the best interest of the company.
- (2) Consider the disclosure of company information in the event of a connected transaction or related items or items that may cause conflicts of interest to be accurate and complete

8.3 Internal control

- (1) Review to ensure that the company has an appropriate and effective internal control system.
- (2) Consider the audit results and recommendations of the auditor and the Office of Internal Audit about Internal control system and propose to the management to improve according to the recommendations including follow up the implementation of the recommendations.

8.4 Internal audit

- (1) Review to ensure that the company has an independent internal audit department and it has an effective internal audit system.
- (2) Review activities and the structure of the internal audit department and approve the Internal Audit Office charter.

- (3) Consider and approve the appointment, give merit, relocation, removal or termination of employment, including in setting and adjusting the remuneration for internal auditors to ensure that the department acts independently.
- (4) Review the internal audit plan with the internal auditor especially pertaining to the internal control systems and financial management processes
- (5) Consider and give opinions and observation on the budget and the manpower of the internal audit and propose to the management for approval.
- (6) Consider the audit plan and the scope of the audit of the internal auditor and the company's auditors, including internal auditing consultants (if any), to be complementary and have no redundancy.

8.5 Audit

- (1) Consider selection, appointment and offer remuneration of the auditor In order to obtain an independent auditor with regard to reliability, sufficiency of resources, and workload of the audit office and the experience of the personnel assigned to audit the accounts of the company including the past year's performance and consider the removal of the auditor. The Audit Committee will propose the said opinion to the Board of Directors for further approval.
- (2) Review the scope and audit procedures proposed by the auditor including consider the reasons for change of the audit plan (In the event that the audit plan is changed later)
- (3) Recommend to the auditor for an audit or check any items t needed and it is an important issue between the company's audit and subsidiaries.
- (4) Review the auditor's prepared report and present to the management for corrections and follow up the implementation of that suggestion.
- (5) Consider the adequacy and efficiency in coordination between the auditors and the internal auditor.

Acknowledge the facts given by the auditor immediately concerning the suspicious circumstances that the managing director or the person responsible for the company's operations has committed offense under Section 281/2, Paragraph 2, Section 305, 306, 308, 309, 310, 311, 312 or Section 313 of the Act. When an auditor found and proceed with the investigation immediately as well as report the initial audit results to the SEC and the auditor within 30 days from the date of receipt of the notification from the auditor.

8.6 Compliance with related Laws and Regulations

Review the company compliance with the Stock Exchange of Thailand Act or related laws to the company's business.

8.7 Report of the Audit Committee

The Audit Committee has the duties and responsibilities to report the activities of the Audit Committee or other duties assigned by the Board of Directors. The Audit Committee reports will be important to the Board of Directors, shareholders and general investors since the mentioned report is an honest and independent opinion of Audit Committee. The Board of Directors can be assured that the management has cautiously managed and considered the interests of all shareholders equitably.

8.7.1. Report to the Board of Directors

- 1) Report the activities regularly to facilitate the Board of Directors awareness of the Audit Committee activities.
 - Minutes of the Audit Committee Meeting that clearly states the opinions of the Audit Committee.
 - Summary of activities reported during the year.
 - Report on opinions financial report, internal audit, and internal audit process.
 - Any other reports that the Board of Directors should be aware.
- 2) Report the findings immediately for the Board of Directors can identify solutions in timely manner.
 - Report conflicts of interest
 - Suspicions or assumptions of fraud or abnormality or a major defect in Internal control system
 - Suspicion of a violation of securities and exchange law, regulation of the securities exchange or laws relating to the company's business.

Any other reports that the Board of Directors should be aware.

8.7.2. Reporting to government Authorities

If the Audit Committee has reported to the Board of Directors of the matters that has a significant impact on the financial position, and operation and it has jointly discussed with the Board of Directors and executives about the needs for improvement after the specified time limit expired, If the Audit Committee finds any disregard the said amendment without a good reason, a member of the Audit Committee or the Audit Committee may report the findings to the Office of Securities and Exchange Commission Securities or Stock Exchange of Thailand

8.7.3. Report to Shareholders and Investors

Report of activities performed during the year in accordance with duties and responsibilities assigned by the Board of Directors and the report will be signed by the chairman of the audit committee and disclosed in the company's annual report

8.8 Good Corporate Governance

- (1) Review to ensure that the company has a continuous good corporate governance development including provide guidelines and suggestions needed for development.
- (2) Give importance by encouraging the company to specify good corporate governance is a regular agenda for the Board of Directors' meeting and the annual general meeting of shareholders of the company.
- (3) Follow up with the Chairman of the Audit Committee to receive a copy of the conflict of interest report under Section 89/14 of the Act from the Company Secretary within 7 working days from the date the company receives the report.

8.9 Risk Management

- (1) Review to ensure that the company has an appropriate standardized risk management process that is efficient and effective.
- (2) Join with the Risk Management Committee, risk management working group and management for consideration and offer opinions on the report and report the progress of the company's risk management.

8.10 Other responsibilities

- (1) Other responsibilities as assigned by the Board of Directors with the approval of the Audit Committee. The Audit Committee is responsible to the Board of Directors in accordance with their duties and responsibilities assigned by the Board Directors. While the responsibilities of all company activities to the third party is still remain with the Board of Directors
- (2) Review and update the charter on this audit committee to be up to date. and suitable for the normal company's environment once a year.
- (3) Have duties as prescribed by additional announcement of the Stock Exchange of Thailand

9. Term of office

9.1 The term of office of the members of the Audit Committee has the term of office of the director as stipulated in the company's regulations.

9.2 The members of the Audit Committee who retire by rotation may be re-appointed without automatically renewal.

9.3 The members of the Audit Committee members who wish to resign before the end of the term should notify and submit the resignation letter to the company in advance, as well as specify the reason for resignation.

9.4 In the event that the position of the Audit Committee becomes vacant due to reasons other than termination, the Board of Directors shall appoint a person with complete qualifications to replace the member of the Audit without delay. The replaced member of the Audit Committee will hold office for the remaining term of the audit committee he or she replaces.

9.5 A Member of the Audit Committee shall vacate office when

- (1) Complete the term of office ขาดคุณสมบัติของกรรมการตรวจสอบ
- (2) Death
- (3) Resigned
- (4) Removed
- (5) Receive punishment of Imprisonment according to a final judgment or a lawful order to imprisonment, except for offenses committed in negligence or petty offenses.
- (6) Being incompetent or quasi-incompetent person.
- (7) Bankrupt.

10. Audit Committee Meeting

- 10.1 The meeting of the Audit Committee shall be at least 4 times a year and the meeting agenda must be stated clearly by sending meeting documents to the Audit Committee at least 7 days before date of the meeting When it is urgent, the Chairman of the Audit Committee may notify the Audit Committee can be called less than 7 days in advance.
- 10.2 The Chairman of the Audit Committee may call a meeting of the Audit Committee, in the event of a request from a member of Audit Committee, internal auditor or the Board of Directors to consider matters that must be discuss together.
- 10.3 The members of the Audit Committee should attend all the meetings. At the meeting of the Audit Committee not less than half of the number of the Audit Committee member must be present to constitute a quorum.
- 10.4 In case the Chairman of the Audit Committee is absent or unable to perform his or her duties, the Audit Committee, who present in the meeting, shall appoint a member the Audit Committee to perform the duty on behalf to the Chairman.
- 10.5 Each member Audit Committee has one vote. The decision of the meeting will be made by a simple majority vote. In event of tie vote, the Chairman of the meeting shall have the casting vote.
- 10.6 The members of the Audit Committee who has a conflict interests on any matters in the agenda, that member of the Audit Committee shall not be entitled vote on that matter.
- 10.7 Voting on a resolution of the Audit Committee may be conducted without holding a meeting, and it is deemed as valid as if a meeting was held when the resolution was adopted by all the member of the Audit Committee.
- 10.8 Secretary to the Audit Committee has no right to vote.
- 10.9 Secretary of the Audit Committee or assigned parties will record the minutes of the meeting and prepare the minute of the meeting.
- 10.10 he minutes of every meeting must be submitted to the Audit Committee for consideration at least 7 days in advance prior to the date of next meeting by delivering with the notice of the meeting of the Audit Committee including minutes of the meeting for the Board of Directors to acknowledge.

- 10.11 The Audit Committee has the power to invite executive directors, executives, or related parties to give statements or useful information or participate in a meeting and it can invite lawyers or the auditor or the auditor internal audit or outside consultant attend the meetings with the Audit Committee
- 10.12 Arrange a meeting with the auditor of the company without the management participation at least once a year to discuss and to exchange opinions on issues that may be related to the management when a problem is found.

Performance related to the Duties of the Audit Committee

In the performance of duties of the audit committee, it should consider the operations of the Audit Committee member to achieve the objectives such as

1. The Audit Committee should obtain explanations from management regarding important differences in the financial statements during Current year and previous year. (This review may be done at a meeting of the Board of Directors) and consider with the management about the management's discussion and analysis (MD&A) in the annual report.
2. The audit committee should ask the auditor about the scope that the auditor has reviewed on the analysis report and explanation of the department and consider that Information that appears in the report, analysis and explanations of the management and any other information that appears in the annual report regarding its consistency with the information appear in the financial statements.
3. The Audit Committee should ask the management and the auditor to report any important financial issues that required joint discussion during the accounting period and the management corrective actions.
4. Audit Committee should hold specific meetings with the auditor to obtain opinions from the auditor in matters, such as the quality of the accounting and financial staffs and the company's internal auditor including serious concerns issued by the auditor and any other matters that should be jointly discussed with the audit committee which has not been raised or explained elsewhere
5. The Audit Committee and the Board of Directors should consider whether the auditor hold a meeting with the Board of Directors to discuss important issues pertaining to the financial statements and to answer the questions raised by the directors.
6. The Audit Committee should request for an explanation from the company's Chief Financial Officer and the auditor pertaining to changes in accounting standards or regulations of the government authorities oversees the business and affecting the company's financial

statements.

7. The Audit Committee should discuss with the management and the auditor about important issues of the problems raised by internal and outside lawyers regarding court cases, the obligation that may occur in the claims or claims of assessments. The audit committee should consider whether the above issues have appeared in the financial statements.
8. The Audit Committee should review the amount of accrued expenses, provisions or estimates of the management and significant issues that impact on the financial statements.
9. The Audit Committee should examine the income tax issue submitted to the Revenue Department that there may have any important items that could have problems with the Revenue Department and it should inquire about the status of relevant tax reserves.
10. The Audit Committee should review the management representative letter, which has been given to the auditor and ask questions about any complications In obtaining that letter or representations of any specific matters
11. Any other actions that the Audit Committee deems appropriate

Performance Assessment

Audit Committee has an annual self-assessment performance, through self-assessment of each sub-committee for the committee to review the work performance, problems and obstacle for the operation during the previous year, and it will correct and enhance the work efficiency by performance evaluation of the committee using an assessment guideline provided by the Stock Exchange of Thailand, and make appropriate adjustment to meet with the company business.

Self-Assessment Performance of each Sub-Committee as follows:

- 1) Structure and qualifications of the Audit Committee
- 2) Meeting of the Audit Committee
- 3) Roles and responsibilities of the audit committee

Attendance of the Audit Committee

In 2019 and 2020, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|--------------------------------|---|-----------|
| | Year 2019 | Year 2020 |
| 1. Ph.D. Sarit Chockchainirand | 5/5 | 4/4 |
| 2. Mr. Wichai Pornkeratiwat | 5/5 | 4/4 |
| 3. Miss Patrawan Manutsathit | 5/5 | 4/4 |

Executive Committee

As of December 31, 2020, the Executive Committee, there are 3 directors and / or management as follows:

| Name | Position |
|-------------------------------|---|
| 1. Miss Tiyada Kuansataporn | Chairman of the Execlutive Comittee |
| 2. Mr. Pongtham Danwungderm | Vice Chairperson of the Executive Committee |
| 3. Mrs. Natpapha Kuansataporn | Member of the Executive Committee |

Secretary of Executive Committee by Mrs. Apiratee Sakulin

Composition

- The Board of Director shall appoint the Executive Committee by selecting from directors and management as they deem appropriated to be the Board of Directors. Moreover, the managing director shall be the chairman of the Board of Directors consists of no less than 3 committee member.

- The Board shall appoint a Secretary. He or she may be the assistant managing director or other parties as

the Executive Committee deems appropriated to assist the Board regarding the schedule of meeting, prepare the meeting agenda, deliver meeting documents and record the minutes of meeting.

Term of Directorship

- The Executive Committee has the term of 3 years.
- The retiring directors shall be entitled for reelection for the post, and it shall not be an automatic renewal.

Otherwise retirement by rotation, the directors shall vacate the office upon:

- Death
- Resignation
- Loss of qualification or disqualification under Public Company Limited Act B.E. 2535 (1992)
(included all revision and amendment)

- Removal by resolution of the board of directors' meeting
- Removal by court order

Voting rights

A member of the Executive Committee one vote. The board makes decision by a simple majority. In the event of a tie: The chair will cast the deciding vote. In the event that any member of the Executive Committee has an interest in the matter considered, that member of the committee must not cast the vote on the matters.

Meeting

- The Executive Committee must hold the meeting at least month and hold extraordinary meeting as needed, by determine the agenda, and inform Executive Committee in advance and provide with the ample data.
- The Executive Committee meeting must have the members of the Executive Committee attend the meeting no less than one half of the Board for the meeting quorum.
- If the chairman of the Board cannot attend the meeting or perform his or her duty, member of the Executive Committee will choose of committee member to be the meeting's chairman.
- The Executive Committee may invite the management, related parties or person(s) as appropriated to attend the meeting of such an agenda, and request for information as needed and appropriated for the agenda
- The Executive Committee secretary will record the minute of the meeting, and make the full report of minute of the meeting together with supportive documents.

Scope of authority

- Consider and screen the business plans annual budget and submits to the Board of Directors
- Formulate financial investment policies for the company and set investment policy direction to be consistence with the policy and approve investment rules and make investment proposals in accordance with company regulations
- Consider and take action on important issues relevant to the company operations
- Consider, screen provide all types of work proposals to the Board of Directors
- Consider the appointment of directors of affiliated companies or joint venture companiess based on proportion to the shareholding or according to the agreement between the shareholders of an affiliated company or a joint venture company (if any)
- Consider and screen the matters proposed by the managing director to the Executive Committee for approval or authorization.

- Approve the employment, appointment, removal and transfer of senior staff at the level of Deputy Managing Director Or other equivalent positions including the approval of salary rates, compensation or other benefits to such persons
- Approve company financial matters and assets according to the scope of approval authority
- Assign or propose to the managing director to consider or to perform any matter as the Board of Directors deems appropriate
- Appoint a working committee to consider any matters that the Board of Directors deems appropriate.
- Consider and propose matters that the Executive Committee appropriate to notify the Board of Director for its acknowledgement or consider for approval or approval
- Consider matters or perform other duties that are assigned by the company committee
- Supervise and follow up on the performance of the risk management committee

Performance Assessment

The Executive Committee has an annual self-assessment performance, through self-assessment of each sub-committee for the committee to review the work performance, problems and obstacle for the operation during the previous year, and it will correct and enhance the work efficiency by performance evaluation of the committee using an assessment guideline provided by the Stock Exchange of Thailand, and make appropriate adjustment to meet with the company business.

Self-Assessment Performance of each Sub-Committee as follows:

- 1) Structures and qualifications of Directors
- 2) Meeting of Board of Directors
- 3) Roles, duties and responsibilities of the Board of Directors

Nomination and Remuneration Committee

As of December 31, 2020, the Nomination and Remuneration Committee There are 3 directors

| Name | Position |
|------------------------------|---|
| 1.Mr. Wichai Pornkeratiwat | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Panom Kuansataporn | Member of the Nomination and Remuneration Committee |
| 3. Miss Tiyaada Kuansataporn | Member of the Nomination and Remuneration Committee |

Scope of authority and responsibilities of the Nomination and Remuneration Committee

The Board of Directors Meeting No. 1/2560 resolved to fix the scope and authority of the Nomination and Remuneration Committee as follows:

Recruitment

1. Formulate policies, qualifications, criteria and procedures for nomination of directors. (Including subcommittees) and top executives to propose to the Board of Directors for approval.
2. Select and nominate qualified candidates. It is in accordance with the relevant regulations and laws to serve as the Company's director Subcommittee and senior executives (senior executives Referring to top executives of the Company) for the Board of Directors to consider and / or propose to the shareholders' meeting for approval. (As the case may be)

In the nomination of directors The Nomination and Remuneration Committee will consider at least one of the key aspects of the position (such as finance, business management, marketing, human resources management, management law, etc.) and consider the ability to help. The Board of Directors is more careful.

3. Ensure that committees and subcommittees have the appropriate size and composition for the organization including changes to the environment. By the Board of Directors Subcommittees must be composed of persons with the knowledge, skills and experience necessary to conduct business.
4. Disclose the policy and details of the recruitment process in the company's annual report.
5. Review and summarize the results of succession planning and management continuity for senior management positions. Every year, the Company reports to the Board of Directors.
6. Perform any other actions as assigned by the Board of Directors or in accordance with the policy set by the Board of Directors.

Compensation

1. Set policies, criteria or procedures for determining compensation and other benefits. It also includes compensation for directors and top executives. Approved the Board of Directors' Meeting And / or proposed to the shareholders meeting for further approval (As the case may be), with clear, transparent, and appropriate guidelines in accordance with good practice. This will be compared to the same industry. Same level Based on experience.
2. To supervise the Company's director and senior executives are rewarded for their duties and responsibilities.
3. Perform any other tasks as assigned by the Board of Directors or in accordance with the policy set by the Board of Directors.

Term of office of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee shall hold office for a term of three (3) years and shall be in accordance with the term of office of the director.
2. The members of the Nomination and Remuneration Committee who are retired by rotation may be reappointed.

3. In the event that the members of the Nominating and Remuneration Committee are retired or unable to hold office until the expiration of the term. As a result, the number of members of the Nomination and Remuneration Committee is less than 3 persons. The Board of Directors shall appoint the new members of the Nominating and Remuneration Committee to be fully or immediately completed within 3 months from the date the number of members is incomplete to ensure continuous operation of the Nominating Committee.

Attendance of the Nomination and Remuneration Committee

In 2019 and 2020, the Board of Directors' as following

| Name | Number of Attendance / Total Meeting Attendance | |
|------------------------------|---|------|
| | 2019 | 2020 |
| 1. Mr. Wichai Pornkeratiwat | 2/2 | 2/2 |
| 2. Mr. Panom Kuansataporn | 2/2 | 2/2 |
| 3. Miss Tiyaada Kuansataporn | 2/2 | 2/2 |

Risk Management Committee

As of 31 December 2020, the Risk Management Committee, there are 8 directors and / or management as follows:

| Name | Position |
|-------------------------------|--|
| 1. Miss Tiyaada Kuansataporn | Chairman of the Risk Management Committee |
| 2. Mr. Pongtham Danwungderm | Deputy Chairman of the Risk Management Committee |
| 3. Mrs. Natpapha Kuansataporn | Risk Management Committee |
| 2. Mrs. Apiratee Sakulin | Risk Management Committee |
| 3. Mrs. Janphen Keawklinchan | Risk Management Committee |
| 4. Mr. Prutthipol Soisuwan | Risk Management Committee |
| 5. Mr. Chairat Dejpaiboonoyot | Risk Management Committee |

Secretary of Risk Management Committee by Mr.Rattapong Wongkom

Scope of authority and responsibilities of the Risk Management Committee

The Board of Directors Meeting No. 1/2560 resolved to set the scope and authority of the Risk Management Committee as follows:

1. Formulate policies and guidelines for overall risk management of the company. The Board of Directors has the management to follow the policy and the way it is laid. It also requires the management to report the results to the Risk Management Committee.

2. Review and improve the Company's risk management system to be effective and continuous effectiveness and to evaluate. Follow up risk management in accordance with policy and consistent guidelines. Provide an assessment.
3. Analyze key risks in various areas to be consistent with the current situation systematically and continuously to ensure that the risk assessment covers all stages of business operations. Include suggestions on how to protect. Or reduce the level of risk to an acceptable level.
4. Risk Report The Board of Directors has regularly reviewed the Board of Directors' recommendations and recommendations as assigned by the Risk Management Committee. In case of significant issues, this may significantly affect the Company. Report to the Board of Directors for consideration.
5. Perform other duties as assigned by the Board of Directors.

Term of Office of the Risk Management Committee

1. The Risk Management Committee has a term of office of three years commencing from the date the Board of Directors resolves to appoint. Except for the members of the Risk Management Committee the term of office will be the same as that of the Company's directors at the Annual General Meeting of Shareholders.
2. The Risk Management Committee members who are retired by rotation may be reappointed. It does not automatically renew.
3. In addition to the expiration of the term, the Risk Management Committee vacates office upon
 - death
 - resign
 - lack of qualifications or prohibited characteristics under the Public Limited Company Act BE 2535 (as amended)
 - The meeting of the Board of Directors resolved to issue
 - The court issued an order.

Nomination of Directors and Executives

Nomination of Directors and Top Executives, the nomination and remuneration committee will be appointed by the Nominating and Remuneration Committee or, it is necessary to appoint a director or top executive. The Nomination and Remuneration Committee will consider selection of directors or top executives. The Company also has experience in determining the suitable person in terms of experience, knowledge, and ability to benefit the Company as a director or top executive. Top management of the company must meet all the qualifications under Section 68 of the Public Limited Companies Act BE 2535 (as amended) and the Notification of the SEC and shall not be prohibited under the Securities and Exchange Act (As amended), other laws and regulations. The recruitment criteria are as follows.

Nomination of the Board of Directors

Qualifications of Directors

- Having knowledge, ability and experience in conducting business.
- Honest and ethical.
- Identify and deal with major risks of the company.
- Dedication and dedication to responsible work.
- does not operate the same business and competes with the business of the company or is a partner or directors in other juristic persons who have the same conditions and are in competition with the business of the Company, whether for the benefit of one or the other except for the notice to the meeting of shareholders prior to the appointment.
- Directors must notify the Company without delay, if there is any interest in a contract that the company makes, whether directly or indirectly, or if it holds more or less of the debenture in the company or its affiliates.

Every director must have qualifications and no prohibited characteristics as prescribed by the Public Limited Companies Act. Securities and Exchange Act Announcement of Government Regulatory Agency In the case of independent directors, the qualifications required by the Company and the Capital Market Supervisory Board shall also be specified.

Criteria for nomination of directors are as follows

1. The Board of Directors is composed of at least 5 directors, and not less than one half (1/2) of the total number of directors must reside in Thailand and possess the qualifications required by law. The Articles of Association of the Company require the shareholders to elect directors in accordance with the following rules and procedures:

- 1) One shareholder has one vote for one share.
- 2) Each shareholder will use all the votes in (1) to elect one or several persons as director. In the case of election of several persons as directors. No one can split the votes for any one.
- 3) In the case of election of several persons as directors The persons who received the highest score in descending order shall be elected as directors, equal to the number of directors to be elected or elected at that time. In the case where a person who has been elected in the next order has the same number of votes in excess of the number of directors to be elected or elected at that time. The chairman of the meeting shall have the casting vote.

2. Agenda of the Annual General Meeting of Shareholders One third of directors must retire. If the number of directors can not be divided into three parts, the nearest one to one-third of the directors must retire. The directors who will be retired in the first and second years after the registration are eligible for re-election. To draw lots in the next year, the director who is in the longest position is the one who left the position.

3. In addition to the term of office. The director shall vacate office upon death, resignation, disqualification or legal disqualification. The shareholders' meeting passed the resolution. Or the court ordered to issue.

4. The shareholders' meeting may elect a director to retire before the expiration of his term by not less than three quarters (3/4) of the total number of shareholders attending the meeting and having the right to vote. The total number of shares held by the shareholders attending the meeting and having the right to vote is not less than half (1/2).

5. In the event that the director vacates office for any reason other than the expiration of the term, the Board shall elect the qualified persons who are not prohibited by the law governing the public limited company and the securities and exchange law. In the next meeting of the Board of Directors, except for the term of the director, the replacement shall be in the position of the director for the remaining term of the director. Instead the resolution of the Board shall consist of not less than three quarters (3/4) of the remaining Directors.

Nomination of the Audit Committee and Independent Director

The qualifications of independent directors are as follows.

1. Holding no more than 1% of the total voting shares of the Company, its parent company, subsidiaries, affiliated companies, major shareholders The shareholding of related persons of such independent director is also included.

2. Not being or being a director who is involved in the management of employees, employees, consultants who receive regular salary. Or the controlling authority of the Company, parent company, subsidiary company, affiliated company, subsidiary company Major Shareholders or control of the company. However, the prohibited characteristics do not include the case where an independent director has been a government official for at least two years prior to the date of submission of the application. Or consultant The government agency is the major shareholder or the controlling person of the company.

3. Not a person with blood relations or by legal registration. Parents, spouses, brothers and sisters, including spouses of children of executives, major shareholders Authorized Control Or the person to be proposed to be the executive or the controlling person of the Company or its subsidiaries.

4. None or ever having business relationship with the Company, its parent company, subsidiaries, affiliated companies, major shareholders Or the controlling person of the company. In a manner that may obstruct the use of independent judgment. Not being or being a significant shareholder. Or the controlling person of a person who has business relationship with the Company, its parent company, subsidiary company, associated company, major shareholder Or the controlling person of the company unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

5. Not being or being the auditor of the Company, its parent company, subsidiary company, associated company, major shareholder Or the controlling person of the company and not a significant shareholder.

Authorized Control or partner of the audit firm. The auditors of the Company, its parent company, subsidiaries, associates, major shareholders or the controlling person of the company unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

6. Not being or being a professional service provider. This includes providing legal advisors or financial advisors. The Company received the service fee of more than Baht 2 million per annum from the Company, its parent company, subsidiaries, associates, major shareholders or the controlling person of the company and not a significant shareholder, Authorized Control or a partner of that professional service provider unless it has been removed from the above characteristics for not less than 2 years before the date of submission of the application to the Office of the SEC.

7. Not being a director appointed to represent the Company's directors. Major Shareholders Or shareholders who are related to major shareholders.

8. Not having the same business and competition with the business of the Company or its subsidiaries or not a partner in the partnership or a director who is involved in the management of employees, employees, consultants who receive a regular salary or holds more than 1% of the total voting shares of other companies. It is a business of the Company and its subsidiaries.

9. There are no other characteristics that make it impossible to express an independent opinion about the Company's operations.

10. The qualifications of the above independent directors shall be in accordance with the definition specified in the Notification of the Capital Market Supervisory Board

Qualification of Audit Committee

1. Appointed by the Board of Directors or the shareholders meeting of the Company to be the Audit Committee

2. Being independent director

- Not being a director assigned by the Board. Decide on the operation of the Company, its parent company, subsidiaries, affiliated companies, subsidiaries, affiliated companies Major Shareholders Or entities that may have conflicts and
- Not being director of the parent company, subsidiary company or subsidiary company of the same hierarchy.

3. Have the same functions as those specified in the Notification of the Stock Exchange of Thailand The qualifications and scope of work of the Audit Committee.

4. Having sufficient knowledge and experience to be able to serve as an audit committee, at least one member of the Audit Committee who has sufficient accounting and financial knowledge and experience to be able to perform the duties of the Audit Committee. In addition, the Company will consider other qualifications, such as experience in the business, Business-specific expertise And ethics. .

The Audit Committee is appointed by the Board of Directors or the shareholders meeting of the Company. Selected by the Board of Directors The qualifications are independent according to the Notification of the Board of Governors of the Stock Exchange of Thailand and the principles of corporate governance. At least one audit committee member must have knowledge of accounting and / or finance to monitor and supervise the operation of the company, supervision of financial reports, internal controls, selection of auditors, and consideration of conflicts of interest. A retired member of the Audit Committee may be re-appointed. If the Audit Committee is vacant for any reason other than the expiration of the term. The Board of Directors shall appoint a qualified person to be a member of the Audit Committee so that the Audit Committee can meet the number of Directors as required by the Board of Directors. A person who is a member of the audit committee will only be able to serve for the remainder of the term of the committee member who has replaced him or her. When the Audit Committee is less than 3 persons, the Board of Directors or the shareholders' meeting shall be appointed within 3 months from the date the Audit Committee has less than 3 person.

Nomination of the Executive Committee

The Board of Directors will appoint the Executive Committee. The management can deal with issues related to normal business operations. The Executive Committee consists of at least three members of the Executive Committee, who are responsible for overseeing the management of the Company.

Selection of the Nomination and Remuneration Committee

The Board of Directors will appoint the Nomination and Remuneration Committee, Selection of qualified directors to perform the function of nomination and remuneration. The Nomination and Remuneration Committee will select one nomination and remuneration committee member to be the chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Remuneration Committee.

Recruitment of the Risk Management Committee

The Board of Directors appoints the Risk Management Committee and Chairman of the Risk Management Committee Selection of Directors And / or management And / or qualified persons with expertise in risk management. The Risk Management Committee consists of at least three Risk Management Committee members.

Nomination of Managing Director

The Board of Directors of the Company and / or its authorized directors will appoint the Managing Director. The Company has a policy to use the knowledge, skills and experience of the Company.

Supervision of operations of subsidiaries and associates

The Company has a policy to invest in businesses related to the Company's core business. The Company considers that it will support its current business operations or maximize its long-term business benefits. In case of investment in a subsidiary The Company will control or set management policies. The accounting system, Internal control and management. Include measures to approve and disclose information on transactions between subsidiaries and persons that may have conflicts. Acquisition and disposition of assets, capital increase and additional investment Like the company. As well as sending representatives into the board and / or executives according to the proportion of shareholding or jointly agreed but for investment in an associated company. The company has limited access to its management. The Company will send representatives to be directors and / or executives according to the proportion of shareholding and appropriate or depending on mutual agreement. The person who the company submits to be a representative must have appropriate qualifications and experience in managing the business of the subsidiary and associated companies. The Company will closely monitor the operations of its subsidiaries and affiliated companies in order to meet the goals set by the Company. The Board of Directors is responsible for considering the suitability of the persons to be appointed as directors in the subsidiaries and the Company. Together

The use of internal information.

The Company is committed to protecting the use of Company internal information and whether or not to receive a return. The Company has set up guidelines to prevent the use of internal information as follows:

1. Educate the directors and executives of the company regarding the duties of reporting their own securities holdings, spouses and minor children. Married and underage children to the Office of the Securities and Exchange Commission under Section 246 and the Chapter Riot Act under Section 298 of the Securities and Exchange Act BE 2535 (as amended).
2. The directors and executives of the Company Include spouses and minors and disclose the report on securities holdings. To the company on the same day that the report was sent to the Securities and Exchange Commission
3. The directors, executives, employees and employees of the Company and its subsidiaries who are aware of significant internal information which may affect or affect the change of the Company's securities shall have to suspend the trading of the Company's securities within the last 30 days. The financial statements or internal information will be disclosed to the public. And within 24 hours after the information has been disclosed to the public. And those related to such information must not disclose such information to others until such information is disclosed to the SET. The Company shall be deemed to be a disciplinary offense under the Company's Articles of Association. The punishment will be judged according to the case from verbal warnings. The warnings are a letter of probation, as well as termination of employment.

Remuneration of auditors

The company hired NPS Siam Audit Limited to be the company's auditor which has been approved by the annual general meeting of shareholders for the year 2020 as an independent auditor trustworthy and has no relationship and / or interest in the Company, subsidiaries, directors, executives, major shareholders or related persons which has the list of auditors as follows

| | |
|-------------------------------|---------------|
| Mr. Narong Luktharn | CPA No. 4700 |
| Miss Maliwan Phahuwattanakorn | CPA No. 4701 |
| Mr. Chaikrit Warakitjakorn | CPA No. 7236 |
| Miss Kamontat Jitkarnka | CPA No. 10356 |

In 2020 the Company and its subsidiaries the audit fee is as follows:

| Name of company paying the audit fees | Audit fee |
|---------------------------------------|----------------|
| Asia Biomass PCL | 1,580,000 Baht |
| Sataporn Thanapat Co.,Ltd | 112,500 Baht |
| Paprapat Co.,Ltd | 112,500 Baht |
| ABM Pellet Co., Ltd | 25,500 Baht |

Note : In Annual General Meeting 2020. The company has approved the remuneration of the company's auditor for the year 2020 in the amount not exceeding

1,580,000 baht

Non-Audit Fee

| Company | Audit fee |
|---------------------------|-------------|
| Asia Biomass PCL | 78,893 Baht |
| Sataporn Thanapat Co.,Ltd | 6,545 Baht |
| Paprapat Co.,Ltd | 9,935 Baht |
| ABM Pellet Co., Ltd | - Baht |

Evaluation of Corporate Governance Compliance

Board of Directors commits to follow the good corporate governance to ensure the transparent and efficient management and responsibility for all stakeholders. The company participated the Corporate Governance Report of Thai listed companies in the past year. The company developed the Corporate Governance score from Good in 2019 to Very good in 2020

The company disclose the Corporate Governance which unaccomplished as follow:

| Group | | Issues | Reasons |
|--------------------------|-----|---|---|
| The Role of Stakeholders | C01 | Does the company have a separate corporate responsibility report/section or a sustainability report/section? | The company does not have a separate corporate responsibility base on GRI. |
| Board Responsibilities | E21 | Does the board of directors have an internal audit (I/A) operation established as a separate unit in the company? | The company does not have an internal audit department within the company but the company hired an external department which department is directly with the audit committee. |
| | E42 | Does the company require a minimum quorum of at least 2/3 for board decisions? | Currently, the meeting of the board of directors requires that must be at least 1/2 of directors in accordance with the principles of the Department of Business Development. |
| | E46 | Are there any meeting of non-executive directors in the absence of the management? | In the previous year, the company are not have meeting of non-executive directors because no cause of meeting. |
| | E69 | Is the Chairman of the board an independent director? | The Chairman of board is not an independent director but the Chairman does not have any relationship with the major shareholders group including executive committee. |

Corporate Social Responsibilities

Policy overview

The company recognizes the importance of running a sustainable business under the corporate social responsibilities, focusing on caring for the stakeholders, economy, society and environment with moral and ethics. The company hopes to conduct its business under the corporate social responsibilities to be beneficial to public and at the same time create the company's growth.

Operations

The company's corporate social responsibilities have been managed in a concrete way. The company has set up a CSR Working Group. The roles and responsibilities are as follows.

- (1) Declare company's corporate social responsibility policy in line with company policy.
- (2) Communicate to all levels of employees, contractors, and all stakeholders to be aware of corporate social responsibilities.
- (3) Formulate appropriate plans in line with the business strategy plan and achieve the corporate social responsibility indicators set in a consistent and supportive way.
- (4) Budget, evaluate the performance and report on the performance of the social responsibilities of the departments and review the plans and budgets regularly.
- (5) Issue the rules, orders and announcements of corporate social responsibilities.
- (6) Visit the agency to identify problems, make suggestions and correct them to meet the corporate social responsibility standards.
- (7) Encourage exchange of knowledge, success and social responsibilities between internal and external agencies.
- (8) Appointment, change the person responsible and the corporate social responsibilities committee at the agency level.
- (9) Arrange working group meeting and corporate social responsibility report at least once a month.

Corporate social responsibilities can be divided into two parts: the operation or social and environmental activities in a normal business operation and social and environmental activities which are not under normal business operations. The company has set up a corporate social responsibility policy in 8 categories, which are in line with the corporate social responsibility guidelines set by the Stock Exchange of Thailand.

CSR in Process

Businesses with Fairness

The company is committed to operating its business with honesty, fairness, ethics, and determination to compete commercially in accordance with the Code of Conduct on Trade, Law and Competition. Equally, it also denies any behavior that obstructs fair competition, such as the pursuit of confidential information by competitors, the receipt and non-commercialization of merchandise in the purchase of goods. The company also respects the intellectual property rights of others. The company has a policy to allow personnel to comply with laws and regulations on intellectual property rights, such as the use of copyrighted computer programs. The company also has a campaign to encourage and empower the personnel of the company at all levels to have a responsibility to society.

Respect for Human Rights

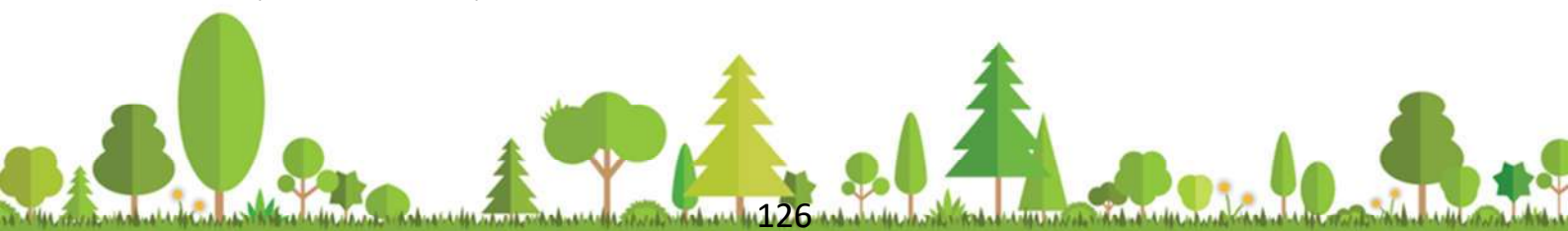
The company supports and respects the protection of human rights by dealing with those involved, whether employees, communities and society around with respect to the value of humanity. Consider equality and equal freedom. Do not violate basic rights and do not discriminate on the basis of race, nationality, religion, language, skin color, sex, age, physical condition or social status. In addition, care should be taken to ensure that the company's business is not involved in human rights abuses such as child labor, sex harassment etc. In addition, the company promotes the monitoring of compliance with human rights requirements. Organize the participation in the forum and the channels of complaints for those who have been damaged by the infringement caused by the business of the company and take appropriate remedies.

In order to respect human rights effectively, the company has built up human rights awareness and awareness of its human rights practices.

Fair Labor Practices

The company recognizes the importance of human resource development and fair labor practices. This will help to increase the value of the business and enhance the company's competitiveness and sustainable growth in the future. The company has set policies and guidelines as follows:

1. Respect the rights of employees based on human rights principles and comply with labor laws.
2. Provide employment process, the fairness of terms of employment, including compensation and considering the merit of the work under the fair evaluation process.
3. Promote human resources development, training, seminars related to the development of knowledge, capability of personnel including good attitude, ethics and teamwork.
4. Provide welfare for employees as required by law, such as social security, etc., and other legal requirements, such as provident fund and accident insurance, as well as providing various types of assistance to employees, such as money for funeral.



5. Provide annual health check-ups to all levels of the company. The risk factors are based on the age, gender, and working environment of the individual.

6. Keep employees safe and good workplace. Accident prevention measures must be provided and strengthen for staff security awareness. Provide training and encourage employees to have good hygiene and to keep the workplace hygienic for their safety.

7. Allow employees to express their opinions or complaints about unfair practices or wrong actions in the company and protect employees who report such matters.

Customer Responsibility

The company is committed to developing products and services of the company and its affiliates for the utmost satisfaction and benefit of its customers and adhering to its customers' responsibilities with honesty and customers' care as if they are under same family as follows:

The company is committed to providing quality products and services, quality inspection for accurate and timely delivery to comply with the terms and conditions to be transparent and equal to customers with the attention to the customers' needs in various ways for customers in each industry.

The company adheres to fair market. The policy is to provide customers with information about the company's products and services that are accurate, not distort, obscure or over-advertised. Provide customers with accurate and sufficient information to make decisions.

Provide a process whereby customers can report the problem of the use of goods or the inappropriate service through email or website so that the company will prevent and solve problems for customers quickly and appropriately and take that information to continuously improve the goods and services.

Company will maintain confidentiality of customer information. It will not use such information in the wrong way.

The company provides various activities to strengthen the relationship among customers and between customers and the company for sustainable relationship.

Environmental Care

environmental education and training

The company attaches great importance to its social responsibility for environmental protection. The company operates and controls its business operations without affecting the society and surrounding communities. Pay attention to environmental policy, society and community and encourage all employees to use resources economically by campaigning on energy saving, the use of consumable materials such as the use of recycled paper (Re-used), switching off air conditioner during rest and strictly follow the laws related to environmental protection.

The company also operates under the Forest Stewardship Council (FSC) concept. Sustainable forest management systems are applied to the company's products, such as woodchips, biomass pellet and so on. As a



distributor, the company has complied with FSC's requirements from the selection of FSC certified wood sources and the company's business practices to focus on environmental sustainability.

FSC has several types, such as FSCFM (Forest Management Certification), which refers to sustainable forest management standards as defined by the FSC. 10 of the certified wooded area must be reserved in order to protect ecosystems and restore biodiversity to keep the environment sustainable.

FSC CoC (Chain of Custody) complies with the requirements of the organization to identify the wood products that are produced or sold from certified wood starting from the raw material sourcing process, receiving and storing raw materials, quantity control as well as sales and delivery must be clearly sort out clear at all stages to ensure there is no mixing of unapproved materials until the end of process.

Applicants must adhere to the FSC rules and criteria to confirm that the plantation does not come from deforestation. It must comply with the FSC's 3-balance policy: economy, community, society and environment.

"It is based on the principle of legality of the country where the forest is located regarding the right to use the land on the forest, the right of indigenous peoples living in the forest and utilization of forest in most effective cost, environmental impact and biodiversity treatment, establishment of a proper forest management plan including the forest management system and the replacement forest plan must be operated".

The company is committed to being socially and environmentally responsible in every aspect and recognizing the potential problems of its business operations for present or future to take environmental protection measures to be put in place. The environmental protection measures within the company are as follows:

Warehouse

1. There is a closed warehouse system for wood shaving, sawdust and wood pellets.
2. Provide a canvas cover for biomass.
3. Provide water spray at the warehouse entrance.
4. Planting trees around the warehouse.
5. Provide a dust-proof protection.
6. Provide a water vehicle to spray the yard floor to reduce the spread of dust.
7. Provide a vacuum cleaner car at the warehouse.
8. Have employees regularly sweep the yard.
9. Keep water around the factory by using EM Ball to adjust the water every 2 months.
10. Air, noise and water are measured once a year.



Shipping Advice at Ports

1. Cargo ship docked without a canvas opening before permission.
2. Provide a canvas stretch between the berth and the cargo vessel.
3. Control the amount of luggage of the backhoe.
4. The cargo truck must cover the canvas.
5. Control of the load to the edge of the truck.
6. Port area cleaners
7. Provide a mobile Check the goods during loading and unloading.



The process of transporting goods before bringing trucks to public roads

1. Vehicle Inspection from QC department to check availability of the car and the readiness of the driver before taking the truck to the warehouse.
2. Take a truck to weigh the empty car.
3. Take the truck through the QC system to check the receipt document.
4. Take the truck into the building, the closed system or the cargo yard.
5. Weighing products to control weight not to exceed the legal limit.
6. Properly cover the truck with canvas for anti-fall to comply with the law.
7. Take the truck to weighing scale to check weight before delivery. Receive shipping documents from the staff at the weighing machine.
8. After documents have been received, the security guard inspects the trucks and truck drivers at last stage before going to public road.

Community or Social Development

The company is aware of the community and social responsibility. The company has a policy to support and develop the society with the policy that the company has supported the public sector in surrounding and nearby areas, such as the water and firefighting of the company to help sprinkler the water to

prevent dust caused by the road to support the activities of government agencies. Support the activities for children and the elderly such as donating computers for schools including activities regarding religions. Moreover, the company provides recruitment to the locals for their job opportunities. It will give priority to those who are domiciled in the area to create jobs for the local community and support those who live in nearby areas to bring income and prosperity to the community including responding to events that affect the community, society and the environment as a result of the company's operations. The company also encourages its employees to have a sense of responsibility and environmental and social responsibility.

Innovation and Dissemination of Innovation from a Society Responsibility Operation and Stakeholders

The company has promoted the participation of stakeholders to develop innovations that balance the values and values of the community, society and the environment, along with sustainable business growth.

CSR after process

The company provide the continuous support for social and environmental benefits as follow :

On January 8, 2020, Asia Biomass Public Co., Ltd. supports water truck to organize activities Big Cleaning Day to get rid of dust, organized by Bang Nam Chuet Sub-District Administration in collaboration with entrepreneurs in Soi Klongpananpol and volunteer people.



Asia Biomass Public Co., Ltd. participates in organizing the National Children's Day 2020 at Ban Bang Nam Chuet School, Samut Sakhon Province and Ban Santisuk School, Surat Thani Province, including the Child Development Center, Bang Pakong Municipality, Distribute educational equipment, sports equipment and snacks to the children. Students in school on January 11, 2020

Ban Santisuk School, Surat Thani Province



Ban Bang Nam Chuet School, Samut Sakhon Province





Child Development Center, Bang Pakong Municipality



Give a doll a gift to Tha Chin Subdistrict Municipality,
Samut Sakhon Province



Give a doll a gift to Office of Natural Resources and
Environment Samut Sakhon Province



Give a fan a gift for childrens day to
Krokkarak Subdistrict Municipality, Samut Sakhon Province



Give a doll a gift for childrens day to
Sub-Div4th, Marine Police Division, Samut Sakorn



On February 19th, 2020, the company provided water truck to support Big Cleaning Day (2nd) to Bangnamchud's subdistrict administrative organization together with business operator in the area.



On March 24th, 2021, the company together with community leaders and Tha Chin Tambon health promoting hospital's staffs helped clean the street around Wat Yai Chom Prasart temple to prevent COVID-19 as the area is the community central and also distribute face masks.







Asia Biomass Plc.'s Suratthaini office distributed face mask for community close proximity to its warehouse and also advertise information related to COVID-19.



On May 7, 2021 the company distributed facemasks to its staffs to help prevent the spread of COVID-19 and continuously take care of staffs while support government policy to suppress the spread of virus.



On July 13, 2020, the company and staffs join lent candle parade at Wat Yai Chom Prasart, Samut Sakorn Province





On August 16, 2021, the company and its staffs joined a merit ceremony at Wat Yai Chom Prasart, Samut Sakorn province.



On October 11, 2021, Asia Biomass Plc.'s staff was a lead in Kathin Ceremony at Wat Keaw, Tumbon Maela, Ampoue Nakornluang, Phra Nakhon Si Ayutthaya Province





Overview of CSR Activities

For an overview of CSR activities, the company has been cooperating with all employees and stakeholders for project's implementation. There is exchange of ideas with the people involved to improve and enhance for business growth and sustainably take responsibility for the society forever.

Anti-Corruption Policy

Asia Biomass Public Company Limited has managed its business on a transparent, ethical basis, adhering to the principles of corporate governance and comply with the law relating to prevention and anti-corruption: giving or accepting bribes to government officials or the private sector

In which the company has established an organizational structure to divide responsibilities work process and the chain of command in each department to be clear In order to have a balance of power and have the tightness in checking between each other appropriately



Duties and Responsibility

1. The Board of Directors is responsible for consideration, and approval of policies, Support fraud prevention and supervise so that everyone in the company understands and recognizes the importance of problems arising from corruption., If the Audit Committee has reported fraudulent practices that affecting the Company, the Board of Directors is responsible for providing advice, recommendations for penalties, and jointly finding solutions for the Managing Director.
2. The Audit Committee has the duties and responsibilities as follows:
 - 2.1 Consider the anti-corruption policy received from the managing director to be suitable for the business model, company environment, corporate culture and present to the Board of Directors for approval.
 - 2.2 Consider and review the appropriateness of the change in the anti-corruption policy provided by the managing director, company secretary and present to the Board of Directors for approval.
 - 2.3 Review the audit report of internal control system and assess of fraudulent risks as proposed by the Risk Management Committee to minimize the system risk for opportunities of fraud that effect on the company's financial position and results of operations to suited with the company's business model.
 - 2.4 Receive reports of fraudulent actions involving people in the organization and investigate the facts as received and present the matters to the Board of Directors to jointly consider the punishment or corrections on such problems.
3. Risk Management Committee has duties and responsibilities as follows:
 - 3.1 Perform duties in accordance with the specified risk management plan and report to the Board of Directors for checking and acknowledgement.
 - 3.2 Perform the work as assigned by the Audit Committee concerning the investigation of Corruption related to the organization besides to the risk management plan set.
4. Managing Director has duties and responsibilities as follows:
 - 4.1 Formulate fraud prevention policies and propose to the Audit Committee.
 - 4.2 Communicate with personnel in the organization and related persons about the anti-corruption policy.
 - 4.3 Review the appropriateness of the anti-corruption policy to meet with the change of business or legal requirements and submit to the audit committee
 - 4.4 Assist the Audit Committee to investigate the facts as notified or assigned from the Audit Committee on investigation of corruption by assigning works to the executives that could help with the investigation.

Policies and General Practices

Director, executives and employees of the company must strictly comply with the anti-corruption policy and business ethics whether he or she directly or indirectly involved in a corruption.

Practices guideline of directors, executives and employees of the company and its subsidiaries as follows:

1. Prohibit the committee, executives and employees of the company operate or accept bribes in all forms both directly or indirectly, included all relevant departments and regularly review the compliance of this anti-corruption policy.
2. Directors, executives and employees of the company has the duty of reporting to the company of the actions that are considered fraudulent related to the company by notifying the supervisor Or the person in charge and cooperate in the fact finding investigation.
3. The company will be fairness and provide protection to the complainants who report corruption, including those who cooperate in a report and in the process of investigating corruption.
4. The Board of Directors and executives must act as a role model in the fight against corruption and he or she is responsible for promoting and supporting resources in accordance with the anti-corruption policy and communicate to employees and all related parties to ensure compliance. It includes reviewing the appropriateness of policies and measures to meet with changes in business conditions, regulations, and legal requirements.
5. Those who commit corruption are subject to disciplinary action in accordance with the regulations described by the company, and may be punishable under the law If it is and criminal act.
6. The company will provide training and knowledge to directors, executives and employees of the company to have an understanding in the compliance of anti-corruption policy, and promote morality, honesty responsibility and commitments.
7. The company encourages contractors, trade partners, or other parties to perform duties related to the company to report violations of the company's anti-corruption policy.
8. The company has a policy for recruiting or selecting personnel, promotion, training, performance appraisal and the set remuneration for employees and staffs of the company fairly and satisfactorily to prevent corruption within the company. This is a guarantee for staffs and employees of the company.
9. The company will be transparent in running its business, contacting, negotiation, bidding and other operations with government or private organizations. In addition, the company's directors, executives, staff and employees must not give or receive bribes at all stages of the business operation.

Policies and Guidelines for Political Supports

The company will not support the activities of any political party, and it will remain neutral and not support any political party or group. It will not help any particular political candidate, either directly or indirectly.

The company considers that employees have the rights and duties in the democratic system to freely participate in or support various political activities outside the business hours and he or she shall not use the company's property for such supports.

Policies and Guidelines for Charitable Donations

The company will exercise caution in donate money or things or other benefits to any other parties or juristic person established that is founded without any hidden objectives and such a donation will be for the public, social, environmental benefits such as charities, foundations or non-profit funds. If the donations do not create benefits for the overall economy or society, it is considered a fraud.

The company has a review process. And approval from the management Including tracking To ensure that charitable donations are not used as an excuse for corruption.

Policies and Guidelines on Funding

The company has set up an audit process and approval of executives and monitor to ensure that the donation is not a justification for corruption. There is a process for approval and use of funds to meet with the internal control process.

The company is careful to donate money or things or other benefits. To any other person or juristic person established With no hidden objectives and is a donation for the public, society, environment for charities Foundation or fund Non-profit If donations do not create benefits for the economy or society, it is considered fraud.

Policies and Guidelines on Financials Supports

Company funding has an objectives of running a business or create a company reputation that is beneficial in creating trade credibility, help to strengthen business relationship. It should be in accordance with company policy, with transparency and correct. The funding must have documentation for recording in accounting entry, and specify the relevant person, with clear business objectives. It also describes the details of that activity and specifies the payment amount including pictures of the mentioned activities.

The company has set up an audit process to ensure that funding is not used as an excuse for corruption. There is a process for approval and use of funds to meet with the internal control process.



Policies and Guidelines on Gift Values, Hospitality and Other Expenses

Directors, executives, and employees can give and accept gifts under the following conditions:

1. Giving or accepting gifts and the reception must be transparent. It shall not be an act that intended to dominate, influence or reward any parties to obtain any advantages through improper actions or explicit or hidden exchange for assistance or benefits.
2. It is not an illegal act.
3. It is in the name of the company and is not on behalf of the employee.
4. The gift is not in the form of cash or cash equivalents (such as gift certificate or gift voucher).
5. It is suited with the situations such as small gifts for the New Year, Chinese New Year, and Songkran Festival etc.
6. The type and value are appropriate and it is given according to the places and occasion.
7. It is given and accepted openly and not in secret.

If it cannot be refused, he or she must notify the supervisor and send the said gift to the company secretary to be used as a reward to employees or to donate to charity as appropriated. Also, a notification must be given to the audit committee at least once a year.

Risk Assessment to Develop Measures Against Corruption

The company requires the management to regularly assess the risk of giving or accepting bribes and corruption that may occur (at least once a year) and review of existing risk management measures. Moreover, the company has a risk management committee responsible for monitoring and investigating risks occurs consistently within the company.

Auditing Process, Internal control and Data Recording

Internal audit and control of the company is a joint operation process of the directors, executives, and employees to gain confidence in the process or operational process as specified. It will help the organization achieve its objectives and is a tool to prevent fraud in the operation process of every department. The details are as follows:

1. All departments have designed internal controls and create written work procedures or work processes for the management in each department to review and the Board of Directors for approval. It will describe duties and responsibilities clearly. Moreover, Including the said documents will be kept in a manner that employees can access.
2. Each department will review the operational procedures or work process. When changes have a significant impact on operations to meet with good control practices. The company also monitors the operations of all departments to comply with rules and regulations and identify faults including giving recommendations for the development of an efficient

operational system for efficiency and effectiveness in accordance with good corporate governance policy.

3. The Audit Committee is responsible for overseeing the process of the preparation of financial reports, accounts, record keeping. The internal audit department is responsible for monitoring the compliance with the internal control system, including a review of compliance with the anti-corruption policy process. When the inspection found any flaws a report will be submitted to Corporate Governance Committee and the audit committee. The management is responsible for the improvement and ongoing development.
4. The Audit committee is responsible for overseeing the preparation of financial reports, internal control system, and internal audit, compliance with the regulations, related laws and policies pertaining to anti-corruption.

Monitor and review

The company requires directors, executives and employees to understand, comply with the policy and practices described in the anti-corruption policy strictly. All levels of in the company executives are responsible for monitor the operation and it is considered an important mission to ensure that employees under the chain of command are aware, understand and strictly comply with the anti-corruption policy.

Moreover, the Board of Directors set that all involved parties based on duty and responsibilities structure must monitor and review their own operations. If in questions about the operation related to corruption, he or she must report such information to the channels or report the complaints of corruption immediately.

The company has monitored and reviewed the policy and guidelines regularly to ensure that the said policy meet with the good corporate governance policy including various regulations, rules and related laws.

Channels for Receiving Reports of Complaints or Corruption

The Board of Directors has assigned the Audit Committee to consider accepting reports of information, complaints and advised about suspicious acts of corruption that occurred in the company directly or indirectly immediately through the complaints channels as specified in this policy. The complainant must give the information to report or the complaint together with the name, address and telephone and sent to the following channels:

- | | |
|---|--|
| 1. Chairman of the Audit Committee | Email : ac@asiabiomass.com |
| 2. Managing Director | Email : tiyada@asiabiomass.com |
| 3. Deputy Managing Director | Email : pongtham@asiabiomass.com |
| 4. Company Secretary | Email : secretary@asiabiomass.com |
| 5. Human Resources and Administration Manager | Email : hr_manager@asiabiomass.com |
| | Tel. 02-415-0054 ext. 2619 |

6. Notify via suggestion box

If the informants or the complainants have a complaint against Company director, senior executives or company secretary, he or she sends the complaint to the Chairman of the Audit Committee. (Independent Director).

The persons who can report information or complaints about corruption are all stakeholders of the company, including shareholders, customers, competitors, creditors, government, community, society, executives and employees of the company. The company will keep the complaint information confidential.

Measures on Confidentiality

To protect the rights of the complainants and informants, the company will conceal names, addresses, or any information that can identify the complainants or informants and keep the information of the complainants and informants confidential. This information will be restricted to those who are responsible for conducting investigations of complaints, and they can access such information.

The recipient of information obtained from the performance of the duties related to the complaint, he or she is responsible for keeping the information of the complaint and the evidentiary documents of the complainant and the informant confidential. Do not disclose information to uninvolved parties, except as required by law.

However, the company will not demote, punish or give negative outcome to those who reject the corruption, even if such action causes the company to lose business opportunities and communicate these measures to relevant parties.

Investigative Procedure and Punishment

The investigative procedures and punishment will be effective to the management and employees. The company's investigation procedures as follows:

1. when receiving a report, the Managing Director, Company Secretary and the Audit Committee will screen and investigate the facts.
2. During the fact finding investigation, the Managing Director, Company Secretary and the Audit Committee may assign representatives (executives) inform the progress periodically to the informer(s) or complainer(s).
3. After completed an investigation, it is found that the information or evidence has reasonable grounds to believe that the accused has committed fraud, the company will give the right to the accused to acknowledge the allegation and the right of the accused to prove himself by finding information or additional evidence indicating no involvement in the alleged fraud.
4. If the accused has actually committed corruption, he or she shall be subjected to disciplinary action

in accordance with the company regulations and if the act of corruption is illegal under the laws, the offender will be punished according to laws. The decision of the Managing Director shall be final.

If there is a complaint against the member of committee, senior executives or company secretary, the Chairman of the Audit Committee will be responsible for receiving information and checking facts and report to the Board of Director to jointly investigate the facts and impose the punishment in accordance with company regulations.

Dissemination of anti-corruption policy

To create understanding for all directors, executives and employees in the company to be informed of the anti-corruption policy and support adherence of anti-corruption measures. The company will proceed as follows:

1. The company will post a notice of anti-corruption policy in a prominent location where everyone in the company can read.
2. The company will publish the anti-corruption policy through the company's communication channels such as the website of the company both internal and external, annual disclosure report (56-1) and annual report (56-2).
3. The company will communicate and publicize the anti-corruption policy to trade partners by preparing in various document formats.
4. The company will provide anti-corruption policy training for new and current employee's ongoing basis.

The Board of Director's opinion on the Company's internal control system

The Company recognize the importance of a good internal control system which will improve the business more efficiency and effectiveness. The company has an audit committee to assess the appropriate of internal control system in accordance with the principles of good corporate governance. In the audit committee meeting, has approve transactions relating to the Company's internal control system of the Company and its subsidiaries. (Hereinafter referred to as the "Company"), there will be auditors and internal auditors attending the meeting. To present to the Audit Committee for acknowledgment consider and find the resolution in order to correct promptly.

The Board of Directors continued to emphasize on the importance of the internal control system. By appoint the Committee consisting of independent directors Review the assessment of the internal control system. By appointing a company Dharmniti Internal Audit Company Limited performs the duties of the Company's internal auditors, reporting directly to the Audit Committee and assigned Ms. Samjaree Kaewkhomdee, the position of Executive Director and Internal Audit Manager as the Company's internal auditors.

The Audit Committee has considered the qualifications of Ms. Samjaree Kaewkhomdee and is of the opinion that it is appropriate and sufficient to perform such duties with independent, Ms. Somjaree Kaewkhomdee has more than 10 years of experience in performing internal auditing and has attended training courses related to the practice of internal auditing and the internal auditor course, class 1-2, risk assessment courses, COSO 2013.

In the Board of Directors Meeting No. 4/2020 on November 12, 2020, in which the Chairman of the Audit Committee and the 3 Audit Committee members attended the meeting. The Board of Directors has considered and assessed the adequacy of the current internal control system. By asking for information from the management And related agencies Including referring to the assessment of the sufficiency of the internal control system prepared by Dharmniti dated 30 October 2020, Dharmniti has assessed the internal control system of the company in 5 different topics. The results of the assessment can be summarized as follows:

1. Control environment: The Company has set up an organizational structure, corporate ethics Policies, working procedures, defined job description and appropriate follow-up steps.
2. Risk assessment: The Company has set up an organizational risk assessment, identified risk factors, Risk analysis also control activities to reduce the risk level, and communicate to all employees to understand and comply with the established policies and guidelines.
3. Control activities: The Company has established an internal control system. At the process level The internal controls are designed for various processes. At an adequate level
4. Information & communication system: The Company has designed adequate and appropriate general information technology controls.
5. Monitoring activities: The Company appointed internal auditors from external to assess the adequacy of the internal control system and follow up. And communication the results to the Audit Committee.

The Board of Directors is of the opinion that The Company's internal control system is adequate and appropriate. The company has provided sufficient personnel to operate the system efficiently, internal control system regarding to monitoring, control and supervision of the operations of the subsidiary, it is possible to protect the assets of the Company and its subsidiaries from improper or powerless use by directors or executives. Including transactions with connected persons who may have a conflict nd connected persons sufficiently. For other internal control topic, The Board of Directors has opinion that the Company has sufficient internal control.

Dharmniti evaluate the adequate of its internal control system and monitor the implementation of recommendations. In the report of Dharmniti has identified various internal control system issues and providing suggestion that the company should improve. This is to provide the good support for the Company's business in the future. The company realizes the importance of internal control so established the policies and continuously revised and improved the operating process according to the recommendations from Dharmniti, especially those issues with high risk and moderate risks.

The significant observations of the Company's internal control system from Dharmniti were summarize in the Internal Audit Report dated 2 November 2017 in the scope of audit relate to the information systems control and the company has completely improve as recommendations. And the opinion given on our internal control system was that Asia BioMass Public Company Limited has the proper and adequate internal control system that suited its business and conformed to SEC's evaluation form dated 30 October 2020 on internal control adequacy, thereby enabling fulfillment of its objectives.

Opinion of the Audit Committee in case there is a different opinion from the Board of Directors or the auditor.

- None -

Connected Transactions

1. Summary of connected transaction of the Company with potential conflicts of interest in 2018 and 2020

The Company and its subsidiaries have connected transactions with persons and entities that may have conflicts. The relationship between the parties can be summarized as follows:

| Persons who may have conflict of interest | relationship |
|--|---|
| 1. Paprapat Co.,Ltd ("PPP") Biomass fuel trader (Exempt from VAT) | <ul style="list-style-type: none"> - PPP is a wholly-owned subsidiary of the Company holding 99.98% of paid-up capital. - The Company and PPP have 2 common directors: <ol style="list-style-type: none"> 1) Mrs. Natpapha Kuansataporn 2) Miss Tiyaada Kuansataporn |
| 2.Sataporn Thanapat Co., Ltd. ("STP") Truck service mainly to ABM and PPP | <ul style="list-style-type: none"> - STP is a wholly-owned subsidiary of the Company holding 99.99% of paid-up capital. - The Company and STP have 1 common director: <ol style="list-style-type: none"> 1) Mrs. Natpapha Kuansataporn |
| 3. ABM Pellets Co.Ltd. ("ABP") | <ul style="list-style-type: none"> - ABP is a wholly-owned subsidiary of the Company holding 99.99% of paid-up capital. - The Company and ABP have one common director: <ol style="list-style-type: none"> 1) Miss Tiyaada Kuansataporn |
| 4.PT Asia Biomass Indonesia ("ABI") Biomass fuel trader in Indonesia | <ul style="list-style-type: none"> - ABI is a wholly owned subsidiary of the Company holding 99.00% of paid-up capital. - The Company and ABI have one common director: <ol style="list-style-type: none"> 1) Miss Tiyaada Kuansataporn |
| 5. Asia Biomass Energy SDN. BHD. ("ABE") Biomass fuel trader in Malaysia | <ul style="list-style-type: none"> - ABE is a wholly-owned subsidiary of 55.00% of registered and paid-up capital. The Company holds shares with 1 other major shareholders. <ul style="list-style-type: none"> ○ Mr. Law Hieng Chai holds shares in percentage 45% of registered and paid-up capital - The Company and ABE have one mutual director: Miss Tiyaada Kuansataporn |
| 6. Asia Biomass Resources SDN. BHD. ("ABR") Biomass fuel trader in Malaysia | <ul style="list-style-type: none"> - ABR is a wholly-owned subsidiary of 55.00% of paid-up capital. The Company holds shares with the other major shareholders as follows: |

| Persons who may have conflict of interest | relationship |
|---|---|
| | <ul style="list-style-type: none"> ○ Mr. Law Hieng Chai holds shares 22.5% of registered and paid-up capital ○ Mr. Ho Kim Hee holds a percentage of shares. 11.25 of registered and paid-up capital ○ Mr. Lai Che Sieng holds a percentage of shares. 11.25 of registered and paid-up capital <p>The Company and ABR have one mutual director: Miss Tiya Kuansataporn</p> |
| <p>7. Asia Green Energy Plc. ("AGE")</p> <p>Engaging in coal distribution</p> | <ul style="list-style-type: none"> - AGE is a related party of the Company since its shares are held by persons related to the Company as follows: <ul style="list-style-type: none"> ○ Mr. Panom Kuansataporn (ABM Director) holding 17.92% of the registered and paid-up capital ○ Mrs. Natpapha Kuansataporn (ABM Director) holding 6.57% of the registered and paid-up capital ○ Miss Tiya Kuansataporn (ABM Director and Managing Director) holding 3.74% of the registered and paid-up capital ○ Miss Pimyada Kuansataporn, Mr. Nataphat Kuansataporn, Miss Pimchaya Kuansataporn, Mr. Atipat Kuansataporn and Mrs. Panita Kuansataporn (sons and daughters of Mr. Panom and Mrs. Natpapha Kuansataporn who both are ABM Directors) altogether holding 25.57% of the registered and paid-up capital ○ Mrs. Panida Kuansataporn (mother of Mr. Panom Kuansataporn, ABM Director) holding 0.78% of the registered and paid-up capital ○ Close relatives of Mrs. Natpapha Kuansataporn, ABM Director, altogether |

| Persons who may have conflict of interest | relationship |
|---|---|
| | <p>holding 2.70% of the registered and paid-up capital</p> <p>○ Mr. Apisit Rujikeatkamjorn (ABM Director) holding 0.73% of the registered and paid-up capital</p> <p>- The Company and AGE have two mutual directors:</p> <p>1) Mr. Panom Kuansataporn</p> <p>2) Mr. Apisit Rujikeatkamjorn</p> |
| <p>8. AGE Transport Co., Ltd. ("AGET")</p> <p>Providing transport service by trucks</p> | <p>- AGET is a related party of the Company since it is a subsidiary of AGE, which holds 99.00% of its registered and paid-up capital, and has the Kuansataporn Family hold 0.99% of its registered and paid-up capital.</p> <p>- The Company and AGET have one mutual director:</p> <p>1) Mr. Panom Kuansataporn</p> |
| <p>9. AGE Terminal Co., Ltd. ("AGETM")</p> <p>Providing coal handling and screening service and water transport service</p> | <p>- AGETM is a related party of the Company since it is a 100%-owned subsidiary of AGE.</p> <p>- The Company and AGETM have one mutual director:</p> <p>1) Mr. Panom Kuansataporn</p> |
| <p>10. Multi Energy Trading (2020) Co., Ltd. ("MET")</p> <p>Consulting Business</p> | <p>- MET is a related party of the company which hold by common director.</p> <p>- The company and MET have one mutual director</p> <p>1) Mr. Panom Kuansataporn</p> |
| <p>11. AGE Marine logistics Co., Ltd (AGEM)</p> <p>Providing services related to water transportation.</p> | <p>- AGEM is a related party of the Company since it is a 100%-owned subsidiary of AGE.</p> <p>- The Company and AGEM have one mutual director:</p> <p>1) Mr. Panom Kuansataporn</p> |
| <p>12. K.H. Development Co., Ltd. ("KHD")</p> <p>Engaging in sales and lease-out of properties and providing properties for car parking</p> | <p>- KHD is a related party of the Company since its shares are held by persons related to the Company as follows:</p> <p>○ Mr. Panom Kuansataporn (ABM Director) holding 51.00% of the registered and paid-up</p> |

| Persons who may have conflict of interest | relationship |
|--|---|
| | <p>capital</p> <ul style="list-style-type: none"> ○ Mrs. Natpapha Kuansataporn (ABM Director) holding 7.00% of the registered and paid-up capital ○ Miss Tiyaada Kuansataporn (ABM Director and Managing Director) holding 7.00% of the registered and paid-up capital ○ Miss Pimyada Kuansataporn, Mr. Nataphat Kuansataporn, Miss Pimchaya Kuansataporn, Mr. Atipat Kuansataporn and Mrs. Panita Kuansataporn (sons and daughters of Mr. Panom and Mrs. Natpapha Kuansataporn who both are ABM Directors) altogether holding 35.00% of the registered and paid-up capital <p>- The Company and KHD have three mutual directors:</p> <ul style="list-style-type: none"> 1) Mr. Panom Kuansataporn 2) Mrs. Natpapha Kuansataporn 1) Miss Tiyaada Kuansataporn |
| <p>13. K.H. Development Co., Ltd. ("KHP")</p> <p>Engaging in sales and lease-out of properties</p> | <p>- KHD is a related party of the Company since its shares are held by persons related to the Company as follows:</p> <ul style="list-style-type: none"> - Mr. Panom Kuansataporn (ABM Director) holding 99.89% of the registered and paid-up ○ Miss Pimchaya Kuansataporn and, Mr. Atipat Kuansataporn (sons and daughters of Mr. Panom and Mrs. Natpapha Kuansataporn who both are ABM Directors) altogether holding 0.11% of the registered and paid-up capital <p>- The Company and KHD has a mutual directors:</p> <ul style="list-style-type: none"> 3) Mr. Panom Kuansataporn |
| <p>14. VIVI HOME DECORATIVE CO.,LTD. ("VWH")</p> | <p>- VWH is a juristic person related to the Company, namely, Mrs. Mrs.Pojanee</p> |

| Persons who may have conflict of interest | relationship |
|--|--|
| Home & Decoration Business | Tangsubkul, the sister of Mr. Panom Kuansataporn (the Company's director), as a director and shareholder. 25.00 of registered and paid-up capital |
| 15. DTC Enterprise Co., Ltd., ("DTC") Sales of vehicle rental services, vehicle tracking equipment through the network | - DTC is a company-related entity, Mr. Apisit Rujikeatkamjorn (Director) |
| 16. Jinsolid SDN. BHD. ("JSD") Biomass Fuel Trader | - JSD is a legal entity that is related to the Company, holding 60.00% of the registered and paid up capital of DHSB and there is a joint shareholder with ABE and ABR, a subsidiary of the Company. |
| 17. Destiny Holdings (M) SDN. BHD. ("DHSB") | - DHSB is a legal entity that is related to the Company and there is a joint shareholder with ABE, a subsidiary of the Company |
| 18. Destiny Integrated Logistics Services SDN. BHD. ("DILS") | - DILS is a legal entity that is related to the Company, holding 51% of the registered and paid up capital of DHSB |
| 19. AJ Biomass SDN. BHD. ("AJB") | - AJB is a legal entity that is related to the Company and there is a joint shareholder with ABE and ABR, a subsidiary of the Company |
| 20. Teck Yien Construction SDN. BHD. ("TYC") | - TYC is a legal entity that is related to the Company and there is a joint shareholder with ABE, a subsidiary of the Company |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|--|-----------------------|------------|------------|--|
| | | 2018 | 2019 | 2020 | |
| 1. Paprapat Co.,Ltd (“PPP”) | <u>Sale</u> | 121.32 | 112.85 | - | <p>- Palm kernel shell trading between the company and PPP has been operated as normal. When there are purchase orders to be delivered but no supply of that product to deliver, then both companies need purchasing and selling to each other to be able to supply customers the products of their requirements. Trading price between the company and PPP is same rate as sold to other customers is mutually agreed by both parties. Purchasing and selling products between both parties are for efficient inventory management.</p> <p>- The Company provides management services to PPP, which is managed by the amount of the nature of work and the number of hour by the conditions and rates specified in the contract.</p> <p>- The Company leases PPP space, which is based on the cost of the leased space allocated to the PPP, which corresponds to the market price.</p> |
| | - The company sells palm kernel shell to PPP | | | | |
| | <u>Purchase</u> | 150,813.32 | 267,758.72 | 367,258.88 | |
| | - The company purchases palm kernel shell from PPP | | | | |
| | <u>Management fee income</u> | 1,176.93 | 936.00 | 1,176.00 | |
| | -The company provides management services to PPP in some parts overlap to maximize the efficiency of the group management. | | | | |
| | <u>Other income</u> | - | - | 299.99 | |
| | Gain on sales of fix asset | | | | |
| | <u>Rental income</u> | 180.00 | 912.00 | 983.75 | |
| | - The company provides PPP space for offices. The rental terms are agreed upon in the lease | | | | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|--|---|---|--|
| | | 2018 | 2019 | 2020 | |
| | <p>agreement.</p> <p><u>Trade receivables</u></p> <p>- Occurred from the sale of goods by the terms of the agreement.</p> <p><u>Other receivables</u></p> <p>- Occurred from management fee and space rental by the terms of the agreement.</p> <p><u>Trade payables</u></p> <p>- caused by purchase by terms and conditions under the agreement.</p> | <p>-</p> <p>1,558.18</p> <p>72,295.21</p> <p>-</p> | <p>120.75</p> <p>3,471.70</p> <p>98,701.00</p> <p>-</p> | <p>4,775.05</p> <p>-</p> <p>121,521.80</p> <p>-</p> | <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and to manage the product inventory, human resources and operational areas of the Group. The price of goods, management fees and the rental rates will take into account the cost of the company and its subsidiaries.</p> <p>- The Company is required to provide PPP loans in order to increase liquidity in the short term to PPP. The loan interest is based on the financial costs that the Company borrows from financial institutions.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is because of liquidity management within the group. Interest is calculated based on the company's financial costs.</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--|--|-----------------------|-------------------|------------------------|--|
| | | 2018 | 2019 | 2020 | |
| | | | | | <ul style="list-style-type: none"> - The Company has invested in PPP by holding 99.98% of its paid-up capital and paid up in 2016, and PPP declared dividend payment since there are enough retained earnings to pay dividends and this dividend is considered normal. - The Audit Committee is of the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment. |
| 2. Sataporn Thanapat Co., Ltd. ("STP") | <u>Revenue from sales</u> <ul style="list-style-type: none"> - The company sales oil to STP <u>Interest income</u> <ul style="list-style-type: none"> - The Company received interest from short-term loans from STP for liquidity management within the Group. <u>Rental Income</u> | - 1,316.00 | - 1,289.50 | 1,832.29 512.54 | <ul style="list-style-type: none"> - The Company is required to provide STP loans in order to increase its short-term liquidity to STP. The loan interest is based on financial costs that the Company borrows from financial institutions. - The Audit Committee is of the opinion that the transaction is reasonable. This is because of liquidity management within the group. Interest is calculated based on the company's financial costs. |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|--|--|--|--|
| | | 2018 | 2019 | 2020 | |
| | <p>- The company let STP lease space for its offices and parking space. The rental terms are agreed upon in the lease agreement.</p> <p><u>Delivery cost</u></p> <p>- The company hired STP transportation, which is based on the transportation contract, which has the same standard as the contract with other companies.</p> <p><u>Car rental</u></p> <p>-The company leased the loaders from STP for use in the company. The rental terms are agreed upon in the lease agreement.</p> <p><u>Spare parts and supplies</u></p> <p>- The company paid for oil, spare parts and supplies from STP's car rental as agreed in the lease agreement.</p> <p><u>Other receivables</u></p> | <p>1,018.80</p> <p>38,490.34</p> <p>625.57</p> <p>1,011.91</p> | <p>712.80</p> <p>33,733.94</p> <p>546.90</p> <p>377.14</p> | <p>712.80</p> <p>32,517.27</p> <p>392.97</p> <p>889.73</p> | <p>- The company provide STP rental space. Rental rates are determined by taking into account the cost of space allocated to STP, which corresponds to the market price.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The rental rates are based on the cost of the space and consistent with the market price.</p> <p>- The company has used STP's transportation service. The company has the standard for considering the commissioning of STP as well as hiring other carriers. The rate of pay is the same as that of the other carriers.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. Service fee And trade terms.</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|-----------|-----------|--|
| | | 2018 | 2019 | 2020 | |
| | - Occurred from management fee and space rental. This is due to the fact that ABM has transferred employees who have liabilities after retirement from STP. | 2,972.11 | 1,816.50 | 1,816.50 | Similarly, the Company entered into a transaction with a third party. |
| | <u>Accrued Interest</u> Arising from short-term loans as the terms of interest payment agreed. | 1,868.41 | 1,289.53 | 1,801.93 | - Truck rental is from STP by paying rental at market price. - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The rent is paid at market price. |
| | <u>Short-term loans</u> - The Company granted STP a short-term loan for liquidity management within the group. | 37,600.00 | 14,600.00 | 14,600.00 | - The cost of fuel, spare parts and consumables is incurred as a regular expense from truck rental. This is comparable to that of a truck rental company with a third party. |
| | <u>Trade and other payables</u> - arising from the commissioning of transport Terms and conditions of payment under the agreement. | 15,680.69 | 2,607.05 | 9,606.37 | - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction. The terms of trade are the same as those made with outsiders. |
| | <u>Transportation costs (PPP)</u> | | | | - The Company has invested in STP by holding |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---------------------------------------|--|--------------------------|--------------------------|--------------------------|---|
| | | 2018 | 2019 | 2020 | |
| | <p>- PPP employs STP transportation, which is based on a transport contract with the same standard conditions as hiring others.</p> <p><u>Accounts Payable (PPP)</u></p> <p>- Arising from the commissioning of transport Terms and conditions of payment under the agreement.</p> | 1,315.77 | 730.88 | 1,454.85 | <p>99.99% of its paid-up capital and paid-up capital in 2016 and STP declared dividend payment since there are enough retained earnings to pay dividends and this dividend is considered normal.</p> <p>- The Audit Committee has the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment.</p> |
| 3. PT. Asia Biomass Indonesia ("ABI") | <p><u>Purchase (including purchase of goods on the way)</u></p> <p>- The company purchased palm kernel shell from ABI, a supplier of palm kernel shell from Indonesian.</p> <p><u>Advance payment for goods</u></p> <p>- Purchase of palm kernel shells from ABI will require advance payment like buying a palm</p> | <p>-</p> <p>5,169.71</p> | <p>-</p> <p>6,834.65</p> | <p>-</p> <p>6,834.65</p> | <p>- The company needs to buy palm kernel shell from ABI because ABI can supply palm kernel shell from Indonesia at the price and quantity that the company need by using expertise from local staff. The purchase of palm kernel shells from ABI is the normal business operation of the company. The prices and conditions, including the payment of goods in advance, are the same as the company made transactions with other</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|---|-----------------------------------|-----------------------------------|---------------------------|---|
| | | 2018 | 2019 | 2020 | |
| | kernel shell from other vendors. | | | | <p>distributors of products of the company.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and prices and terms of trade are similarly made to others.</p> |
| 4. Asia Biomass Energy SDN. BHD.("ABE") | <p><u>Purchase</u></p> <p>The company purchases palm kernel shell from ABE who is the trader contacting trader in Malaysia.</p> <p><u>Advance payment for goods</u></p> <p>- Purchase of palm kernel shells from ABE will require advance payment like buying from other vendors.</p> | <p>47,380.14</p> <p>21,031.47</p> | <p>44,426.55</p> <p>13,756.47</p> | <p>-</p> <p>32,410.25</p> | <p>- The company needs to buy palm kernel shell from ABE because ABE can supply palm kernel shell from Malaysia at the price and quantity that the company needs by using expertise from local staff. The purchase of palm kernel shell from ABE is a normal business operation of the company. The prices and conditions, including the payment of goods in advance, are the same as the company made transactions with other distributors of products of the company.</p> <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and prices and terms of trade are similarly made as transaction with a third</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--|--|--|--------------------------------------|---|---|
| | | 2018 | 2019 | 2020 | |
| | | | | | party. |
| 5. Asia Biomass Resources SDN. BHD.(“ABR”) | <u>Purchase</u> - The company buys palm kernel shell from ABR who contacts palm kernel shell trader in Malaysia. <u>Advance payment for goods</u> - Buying a palm kernel shell from ABR will have to pay for advance purchases like buying from other vendors. <u>sell product</u> - The company sells palm shells to ABR <u>Trade accounts receivable</u> - arising from selling products With conditions and billing periods according to the agreement | 86,921.46 20,720.45 465.58 444.74 6,830.39 | - 14,246.53 - - | - 14,246.53 - 7.50 | The company needs to buy palm kernel shells from ABR because ABR can supply palm kernel shells from Malaysia at the price and quantity that the company need by using expertise from local staff. The purchase of palm kernel shells, ABR is the normal business operation of the company. The prices and conditions. In the purchase of goods, including the payment of goods in advance, the same as the company made transactions with other distributors of products of the company. - The Audit Committee is of the opinion that the transaction is reasonable. This is a normal business transaction and prices and terms of trade are similar to other transaction with a third |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|-----------------------------------|---|---------------------------------------|---------------------------------------|---|---|
| | | 2018 | 2019 | 2020 | |
| | <u>Trade payables</u> - arising from the purchase of palm shells from ABR according to the contract of sale And the value of the product received in excess of advance payment for goods | | | - | party. - The Company has invested in ABR holds 55.00% of its paid-up capital and paid-up capital in 2017, and ABR announced the dividend payment since there are enough retained earnings to pay dividends and this dividend is considered normal. -The Audit Committee has the opinion that the transaction is reasonable. This is due to the dividend payment of the subsidiary with sufficient retained earnings for the dividend payment. |
| 6. Asia Green Energy Plc. ("AGE") | <u>Purchase</u> - The company buys coal from AGE who contacts coal trader. <u>Transportation revenue (STP)</u> - AGE employs STP transportation, with shipping costs in line with the standard AGE contract as | - 3,061.15 | - 8,829.78 | 49,067.91 173.78 | - STP provides transportation services to AGE with the same rates as other shipping services. - The company and PPP have used AGE's transportation service. The company has the standard of AGET commissioning as well as the hire of other carriers. The rate of pay is the same as that of the other service providers. |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|--|--|--|--|---|
| | | 2018 | 2019 | 2020 | |
| | <p>working with external shipping companies.</p> <p><u>Shipping cost (for companies and PPP)</u></p> <p>- Companies and PPPs use AGE's freight services. Shipping costs are in line with the terms and conditions of the contract.</p> <p><u>Other income (STP)</u></p> <p>- STP has revenue from residual sales to AGE.</p> <p><u>Accounts Receivable (STP)</u></p> <p>- caused by transportation services. Terms upon the agreement.</p> <p><u>Accounts payable (for companies and PPPs)</u></p> <p>- Caused by the use of transportation services. Terms of payment and payment period under general transportation contract.</p> | <p>-</p> <p>-</p> <p>982.23</p> <p>-</p> | <p>-</p> <p>-</p> <p>1,409.85</p> <p>-</p> | <p>16,000.79</p> <p>65.45</p> <p>3,275.08</p> <p>14,221.73</p> | <p>- The Audit Committee is of the opinion that the transaction is reasonable. This is a normal STP business transaction and trade terms are the same as that STP applies to other parties.</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|-------------------------------------|--|-----------------------|----------|----------|--|
| | | 2018 | 2019 | 2020 | |
| 7. AGE Transport Co., Ltd. ("AGET") | <u>Shipping cost (for companies and PPP)</u> | 4,557.72 | 3,984.96 | 8,662.12 | <p>- The company and PPP have used AGET's transportation service. The company has the standard of AGET commissioning as well as the hire of other carriers. The rate of pay is the same as that of the other service providers.</p> <p>- STP provides transportation services to AGET. The rate of pay is in line with the STP's commission rate charged to other transportation contractors.</p> <p>- The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Service fee and trade terms. The Company and its subsidiaries entered into transactions with third parties.</p> |
| | - Companies and PPPs use AGET's freight services. Shipping costs are in line with the terms and conditions of the contract. | | | | |
| | <u>Service revenue (STP)</u> | 4.80 | - | 4,449.18 | |
| | - AGET employs STP transportation, which is based on a transportation contract, which is identical to the contract AGET does with the company. | | | | |
| | <u>Other incomes (STP)</u> | | | | |
| | STP has revenue from sales (Fuel) | - | - | 1,058.88 | |
| | STP has revenue from selling assets to AGE | - | 22.56 | - | |
| | <u>Accounts Receivable (STP)</u> | | | | |
| | - caused by transportation services. Terms of payment and payment period under general transportation contract. | 1.50 | 8.10 | 2,743.95 | |
| | <u>Accounts payable (for companies and PPPs)</u> | 479.36 | 943.18 | 524.53 | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|--|-----------------------|--------|--------|---|
| | | 2018 | 2019 | 2020 | |
| | - Caused by the use of transportation services. Terms of payment and payment period under general transportation contract. | | | | |
| 8. AGE Terminal Co., Ltd. ("AGETM") | <u>Other Services</u> - There is a port service. Loaders and weighing equipment from AGETM. The service charge is in accordance with the standard conditions as the contract with other service providers. <u>Accounts Receivable (STP)</u> - caused by transportation services. Terms of payment and payment period under general transportation contract. | - | 218.06 | 447.17 | - The company uses AGETM's port service. The company has a standard for using AGETM services as well as for other service providers. The rates are based on the same rates as service providers. - The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Trade terms are similar to other transaction made with a third party. |
| 9. Multi Energy Trading (2020) Co., Ltd. ("MET") Consulting | <u>Fuel cost (STP)</u> - STP have brought fuel oil from MET | - | 480.07 | - | - STP has refueling trucks oil by the purchase price related to market price - The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Trade terms are similar to other |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|---|-----------------------|----------|----------|---|
| | | 2018 | 2019 | 2020 | |
| Business | | | | | transaction made with a third party. |
| 10. AGE Marine Logistic co.,Ltd. ("AGEM") | <p><u>Shipping cost (for companies and PPP)</u></p> <p>- The Company and PPP have used the freight service from AGEM. The transportation fee is set according to the contract of transportation which has the same standard conditions as the contract that the company made with the company providing external transportation services.</p> <p><u>Trade payables (For companies and PPP)</u></p> <p>- arising from the use of transportation services</p> <p>With conditions for service charge and payment period according to the general transportation contract</p> | 7,725.75 | - | 659.09 | <p>- The Company and PPP have used AGEM's transportation service. The Company has a standard for considering the employment of AGEM, as well as hiring other service providers. another</p> <p>- The Audit Committee is of the opinion that such transaction is reasonable. Because it is a transaction according to normal business operations of the company and its subsidiaries And have a price or service charge And trading conditions The same as the company entered into transactions with external parties</p> |
| 11. K.H. | <u>Office rental</u> | 1227.00 | 1,227.00 | 1,227.00 | - The company has rented office from KHD to use |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--------------------------------|---|-----------------------|--------|--------|--|
| | | 2018 | 2019 | 2020 | |
| Development Co., Ltd. ("KHD") | <u>Electricity bills</u> - Office rental company from KHD by signing the first lease agreement on September 1, 2012, which has been renewed lease. Rental rates have not changed until now. The current lease agreement is signed on October 1, 2017 with lease term 1. The rental rate is 250 baht per square meter, which is comparable to the rental rate of the office building in the same neighborhood. In addition to rent, the company will be obliged to pay utilities to KHD. The expenses will be based on actual consumption at the rate that KHD has to pay to the utilities. | 636.04 | 601.35 | 561.12 | as head office. This is a normal business support transaction with rental rates. Conditions of Renting and utilities services are subject to joint agreements. This can be comparable to the rental of office buildings located in the vicinity of the Company. - The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are comparable to the rental of office buildings in the vicinity of the Company. |
| | <u>Accounts payable and other payables</u> - arising from unpaid office rents | 160.40 | 146.08 | 147.35 | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|--|-----------------------|------|-------|--|
| | | 2018 | 2019 | 2020 | |
| 12. Kok Huad Property Co., Ltd. ("KHP") | <u>Service expense</u> - The company hired a document storage service with KHP by signing the first service agreement on October 1, 2020 with a one-year lease term with a service rate of 2.50 baht per box, a service rate comparable to the service fee in | - | - | 41.31 | The company hired a document storage service with KHP. This is a normal business support transaction with service rates. This can be comparable to the rental of office buildings located in the vicinity of the Company. - The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are comparable to the document storage service in the vicinity of the Company. |
| | <u>Accounts payable and other payables</u> - arising from unpaid the document storage service | - | - | 41.31 | |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|--|-----------------------|--------|--------|--|
| | | 2018 | 2019 | 2020 | |
| 13. VIVI HOME DECORATIVE CO.,LTD. (VVH) | <u>Purchase</u> The company buys wood shaving from VVH for some particular times. The price and conditions are the same as that of the Company makes with others. | 32.00 | 7.60 | - | - The Company purchases goods from VVH, which is the normal business operation of the Company. The prices and conditions. In the same way the company makes transactions with other suppliers of products. |
| 14. DTC Enterprise Co., Ltd., ("DTC") | <u>Installing and Renting a GPS (STP)</u> - GPS and GPS rental fees for STP vehicles. <u>Other payables (STP)</u> | 195.76 | 201.37 | 193.56 | - STP has used vehicle repair service, install and lease a GPS device with the same DTC as other service providers. The rates are based on the same rates as other service providers. - The Audit Committee is of the opinion that such transaction is reasonable. This is a normal business transaction of the Company and its subsidiaries. Trade terms are similar to other transaction made with a third party. |
| | - caused by GPS rentals for vehicles, the terms upon the agreement. | 18.51 | 15.89 | 15.89 | |
| 15. Jinsolid SDN. BHD. ("JSD") | <u>Purchase</u> - The company purchases palm kernel shell from | 432.80 | - | - | - The company has purchased palm kernel shell from JSD, which is importing products from Malaysia before the company set up subsidiaries, |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|---|-----------------------|--------|-------|---|
| | | 2018 | 2019 | 2020 | |
| | <p>JSD, which is purchased from Malaysia for export to overseas and sell domestically. JSD operates the same biomass fuel distribution business as the company but is based in Malaysia. The purchase price and trading conditions are the same as that of the Company makes with other vendors.</p> <p><u>Accounts Payable</u></p> <p>- Occurred from the purchase of palm shell from ABR in accordance with the purchase contract and the value of the goods received more than the advance payment</p> | 102.12 | - | 94.58 | <p>ABE and ABR, in Malaysia then the company is able to procure palm kernel shell in Malaysia through ABE and ABR.</p> <p>JSD's business has been operated in normal manner.</p> <p>- The prices and conditions are similar to other transactions made with other international distributors.</p> <p>- The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others.</p> |
| 16. Destiny Holdings (M) Sdn Bhd ("DHSB") | <p><u>Miscellaneous expenses (ABE)</u></p> <p>Miscellaneous expenses (ABE)</p> <p>- Expenses related to rental utility bills which the price and conditions are in general market</p> | 318.20 | 219.78 | 96.81 | - ABE has leased office space Including paying utility bills and management fees according to the market price |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|---|--|-----------------------|--------|------|--|
| | | 2018 | 2019 | 2020 | |
| | <p>Management fee (ABE)</p> <p>- DHSB runs office management for ABE and charges management fees on a monthly basis.</p> <p>Office supplies supplies (ABE)</p> <p>- is the cost of office supplies used during office rental which the price and conditions are in general market</p> <p><u>Other payables (ABE)</u></p> <p>The expense was from miscellaneous expenses Management fee and office's equipment.</p> | 6.24 | 20.23 | - | <p>- The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others.</p> |
| 17. Destiny Integrated Logistics Services Sdn Bhd("DILS") | <p><u>Expenses for product distribution</u></p> <p>Harbor service charges and operations (ABE)</p> <p>- This is the cost of ABE in relation to the purchase of palm kernel from JSD as mentioned earlier. Which has the same price and conditions as DILS</p> | 1,697.01 | 877.07 | - | <p>- The subsidiary company has rented warehouse and loader service from DIL Service rate calculation is based on the same criteria as other service providers' rates.</p> <p>- The Audit Committee has the opinion that the</p> |

| Persons who may have conflicts | Descriptions | Value (Thousand Baht) | | | Necessity and appropriateness of related party transactions |
|--|---|-----------------------------|------------------------------|------------------------------|--|
| | | 2018 | 2019 | 2020 | |
| | Providing services to third parties | | | | transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others. |
| 18. AJ Biomass SDN. BHD. ("AJB") | <u>Miscellaneous expenses (ABE)</u> - Covering equipment - It is labor cost for storing the goods. <u>Other payables (ABE)</u> The expense was from miscellaneous expenses Management fee And wasting office supplies | 367.88 35.49 | 425.85 173.34 | 273.49 114.11 | - Labor costs for storing ABE's products at wages according to the market price. - The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others. |
| 19. Teck Yien Construction SDN. BHD. ("TYC") | <u>Miscellaneous expenses (ABE)</u> - is an office telephone charge <u>Other payables (ABE)</u> The expense was from the use of office phone services | 35.61 5.75 | 32.00 2.64 | - - | - Office telephone charges will be collected according to actual use. - The Audit Committee has the opinion that the transaction is reasonable. This is a normal business transaction. Prices and terms of trade are similar to other transactions made with others. |

2. Measures or procedures for approval of inter-company transactions

The connected transactions between the company and subsidiaries may have conflict of interest. There may be future conflicts of interest with the company for example major shareholders, directors, executives, controlling persons or the connected persons. The company will comply with the Securities and Exchange Act, regulations, notifications and orders of the Capital Market Supervisory Board. The stakeholders will not be able to participate in the approval process.

In the case where the law requires inter-company transactions to be approved by the Board of Directors, the company will arrange for the Audit Committee to attend the meeting to consider and give opinions on the necessity of the transaction and the reasonableness of the transaction. For the transaction that is a commercial agreement with commercial terms in general and the transaction that is a commercial agreement that is not commercial terms in general shall be obliged to the following principles:

(a) A commercial agreement transaction with general commercial conditions

The Board of Directors has approved the principle that the management can approve intercompany transactions with commercial terms and conditions generally between the company and its subsidiaries, with directors, executives or related persons if such an item has a trade agreement in the same way that a normal person would deal with the counterparty in the same situation, the commercial bargaining power is not influenced by being a director, executive or related person (as the case may be).

The company will prepare a summary report of such transaction for reporting to the Audit Committee and shall every quarterly report to the Board of Directors.

(b) A commercial agreement transaction that is not with general commercial conditions

Any transaction that is a trade agreement that is not a general commercial condition must be considered and commented by the Audit Committee before being presented to the Board of Directors or the shareholders' meeting (as the case may be) for further consideration and approval to comply with the Securities and Exchange Act Including the regulations, notifications and orders of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements of connected transactions.

In the event that the Audit Committee is not proficient in the consideration of related transactions, the company will appoint an independent expert or an auditor of the company to give an opinion on such connected transactions for the Audit Committee, Board of Directors or shareholders (as the case may be) to ensure that the transaction is necessary and reasonable. The company will disclose the related transactions in the annual report and the financial statements that have been audited by the auditor.

1. Future Connected Transaction Policy and Tendency of Future Connected Transactions

For future transactions, the Board of Directors must comply with the Securities and Exchange Act, the Articles of Association, announcements and orders of the Board of Directors regarding the disclosure of information of the company or its subsidiaries in accordance with the accounting standards by the Institute of Certified Accountants and Auditors of Thailand. After listing on the Market for Alternative Investment (MAI), the Company expects to enter into inter-company transactions with related companies and/or connected persons in the normal business operation, regular business support and assistance or financial assistance. This can be summarized as follows:

1. Purchasing or selling products between companies in the group and companies that may have conflicts and the business is operated in a normal manner, the price will be set by the Cost Plus Pricing Method, which is to set the selling price from the biomass fuel cost, plus shipping costs, plus selling expenses, plus gross margin. The pricing policy is the same as the sale price to other parties.

2. The provision or acceptance of freight services between companies within the group and companies that may have conflicts is considered a normal business support. The transportation cost is agreed upon in the contract. The terms and conditions are the same as the company has entered into with other shipping companies.

3. Building space contract from companies that may have conflicts, the space and service charges should be more or less the same as the rental rates in the vicinity. However, rental of accounting room from Mr. Kitichai will not take place in the future. Currently, the company has moved the accounting documents from the area of Mr. Kitichai to the headquarters.

4. Rental or rental of assets used in the business between the company and its subsidiaries and people who may have conflicts is normal business support. By setting rent prices, it takes into account the cost of acquiring property and the suitability of the rental price in the market. There will be a lease contract and the clear and fair conditions comparable to the industry.

5. The provision or acceptance of services between companies within the group and companies that may have conflicts is considered a normal business support. Terms and conditions of trade or other agreements must be similar to the company received or paid to third parties, as the case may be.

If there are transactions between each other, the company will strictly implement the measures or procedures for approving connected transactions as mentioned above.

Management Discussion and Analysis

The analysis of financial information reflects the operating results and financial position of Asia Biomass Public Company Limited and its subsidiaries (Hereinafter referred to as "the Company"). The analysis in this section is based on the consolidated financial statements of the Company for the year ended December 31, 2020.

Operation Performance

The company is principally engaged in the procurement and distribution of biomass fuels, starting with products derived from wood processing such as wood shaving, sawdust. The company has expanded its products such as palm kernel shell, biomass pellet, wood chops and other parts of wood and to streamline the supply and distribution. The company also carries out its own shipments under the management of STP, a subsidiary of the company in conjunction with hiring external transport operators for the most efficient operation of the cargo. In addition to domestic sales, the company has expanded its distribution to overseas and when the demand for biomass fuel both domestically and internationally increases while domestic biomass capacity is limited so the company has been supplying biomass fuel from overseas sources from Indonesia and Malaysia. This will be the source of palm oil for the continued expansion of our biomass fuel distribution business.

Biomass sales volume in 2019 and 2020 was 498.17 and 528.51 thousand tons respectively. 2020's sales volume was increased comparing to those in 2019's due with an increase in oversea sales volume whereas a drop in domestic sales volume from product shortage period.

| Sales Volume | Year ended December 31 | | | | | | % change 2019-2018 | %change 2020-2019 |
|--------------|------------------------|--------|-----------------|--------|-----------------|--------|-----------------------|----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | Thousand ton | % | Thousand ton | % | Thousand ton | % | | |
| - Domestic | 407.38 | 81.68 | 393.34 | 78.96 | 381.99 | 72.65 | (3.45) | (2.89) |
| - Oversea | 91.34 | 18.32 | 104.84 | 21.04 | 143.82 | 27.35 | 14.78 | 37.18 |
| Total | 498.73 | 100.00 | 498.17 | 100.00 | 525.81 | 100.00 | (0.11) | 5.55 |

Domestic sales volume

The main products of the company in 2020 was Palm Kernel Shell, Wood Chips and Other wood products and Wood Shaving respectively, the sales volume slightly declined by 2.89% from Wood Chips and Other wood products which the price was lower than the other products. However, the drop of Wood Chips and other wood products were replaced by increasing sales of the higher-price product such as Palm Kernel Shell.

Oversea sales volume

The main products for exported of the company in 2020 was Wood Chips and other wood products, Palm Kernel Shell and Wood Pellets respectively. The volume significant increased by 37.18% from Wood Chips export volume, while Wood Pellets decreased from lower demand of regional wood pellets market impacted Wood Pellets market price tend to decrease in previous year.

Average Selling Price

The company has a variety type of biomass which has different price levels in terms of selling price and profit. The average selling price of the company during 2018 – 2020 as follows

| Selling Price | Year ended December 31 | | |
|-----------------------|------------------------|----------|----------|
| | 2018 | 2019 | 2020 |
| | Baht | Baht | Baht |
| Average Selling Price | 2,577.85 | 2,590.73 | 2,916.76 |

During 2020, average selling price increased by 11.2% due to the increase in sales volume of wood chip also higher market price of Palm Kernel Shell due to product shortage.

Financial Performance

| Income Statement | Year ended December 31 | | | | | | % change 2019-2018 | %change 2020-2019 |
|--|------------------------|----------|------------|----------|------------|---------|-----------------------|----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| <i>Revenues</i> | | | | | | | | |
| Revenue from sales and services | 1,287.26 | 99.28 | 1,323.67 | 99.37 | 1,548.37 | 99.01 | 2.83 | 16.98 |
| Other incomes | 9.38 | 0.72 | 8.33 | 0.63 | 15.48 | 0.99 | (11.19) | 85.83 |
| Total Revenues | 1,296.64 | 100.00 | 1,332.00 | 100.00 | 1,563.85 | 100.00 | 2.73 | 17.41 |
| <i>Expenses</i> | | | | | | | | |
| Cost of sales and services | (1,081.22) | (83.39) | (1,058.61) | (79.48) | (1,266.92) | (81.01) | (2.09) | 19.68 |
| Distribution costs | (163.59) | (12.62) | (195.69) | (14.69) | (194.23) | (12.42) | 19.62 | (0.75) |
| Administrative expenses | (83.66) | (6.45) | (88.85) | (6.67) | (67.75) | (4.33) | 6.20 | 23.75 |
| Total Expenses | (1,328.47) | (102.45) | (1,343.15) | (100.84) | (1,528.90) | (97.77) | 1.10 | 13.83 |
| Profit (Loss) before interest and tax | (31.83) | (2.45) | (11.15) | (0.84) | 34.95 | 2.23 | (64.97) | 413.51 |
| Financial costs | (11.42) | (0.88) | (12.69) | (0.95) | (11.88) | (0.76) | 11.12 | (6.40) |
| Profit (Loss) before income tax | (43.25) | (3.34) | (23.84) | (1.79) | 23.07 | 1.48 | (44.88) | 196.76 |
| Income tax (expenses) revenues | 7.29 | 0.56 | 1.51 | 0.11 | (5.97) | (0.38) | (79.31) | (495.36) |
| Net Profit (Loss) | (35.96) | (2.77) | (22.33) | (1.68) | 17.10 | 1.09 | (37.90) | 176.57 |
| Net Profit (Loss) attributable to equity holders | (31.15) | (2.40) | (15.66) | (1.18) | 18.60 | 1.19 | (49.74) | 218.80 |

Income

Total revenue of the company is from sales of goods and services and other income. Revenue from sales of goods and services is recognized as revenues from the operations of two groups of companies.

(1) Revenue from sales- This is the main income of the company. This is due to the business operations of ABM and its local subsidiaries, namely PPP and its overseas subsidiaries, namely ABI in Indonesia and ABE and ABR in Malaysia. Overseas subsidiaries will provide and gather palm kernel shells produced in Indonesia and Malaysia to distribute to ABM and PPP according to the distribution plan generated by ABM and PPP, which is the contact and receive orders from both domestic and foreign customers.

(2) Revenue from transportation services, STP will be able to provide freight services to ABM and PPP, transport services to related companies and other companies. In case of available service capacity, STP will provide transportation services to related companies and other companies to achieve maximum operational efficiency

The company's total revenues for the year 2019 and 2020 amounted to 1,332.00 million baht and 1,563.85 million baht, respectively. In 2020, the company had an increase in revenue of 231.85 million baht or an increase of 17.41% from the previous year. The major income is 99% of total revenues, which is the revenue from sales. Moreover, revenue from transportation services to related companies and other companies is approximately 0-1% of total revenues. And others income includes gain on sales of assets, gain on foreign exchange etc.

The total revenue of the company in 2018 - 2020 can be summarized as follows:

| Revenue structure | Year ended December 31 | | | | | | % change 2019-2018 | % change 2020-2019 |
|--|------------------------|---------------|-----------------|---------------|-----------------|--------------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| Revenue from sales of goods and services | | | | | | | | |
| 1. Revenue from sales | 1,283.76 | 99.01 | 1,314.55 | 98.69 | 1,535.06 | 98.16 | 2.40 | 16.77 |
| 2. Revenue from transportation services | 3.51 | 0.27 | 9.13 | 0.69 | 13.31 | 0.85 | 160.25 | 45.78 |
| <i>Total Revenue from sales of goods and services</i> | 1,287.27 | 99.28 | 1,323.67 | 99.37 | 1,548.37 | 99.01 | 2.83 | 16.98 |
| Other Income ^{1/} | 9.38 | 0.72 | 8.33 | 0.63 | 15.48 | 0.99 | (11.19) | 85.80 |
| Total Income | 1,296.64 | 100.00 | 1,332.00 | 100.00 | 1,563.85 | 100 | 2.73 | 17.41 |

Remark: 1 / Other income consists of Income from bad debt recovery, gain on sales of assets, foreign exchange gain and income from insurance claims, etc.

Revenue structure of the company, there are three types of revenue: revenue from sales, the main income of the company, revenue from transportation services and other income.

(1) Revenue from sales

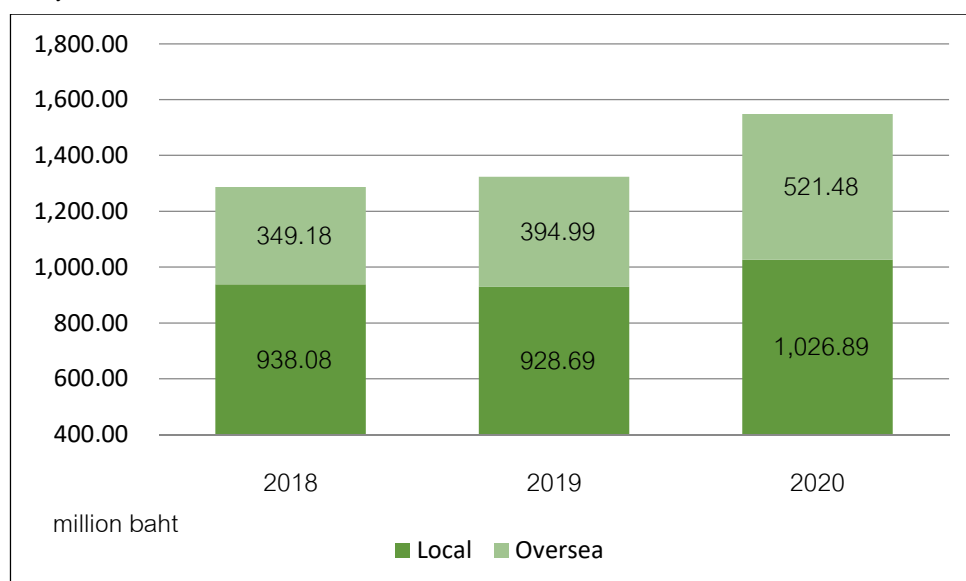
Revenue from sales, most of them are from biomass fuel products. The company's revenue from sales of biomass fuels was 1,314.55 million baht and 1,535.06 million baht in the years 2019 and 2020 respectively. The revenue from sales of the year 2020 increased from the year 2019 was 220.51 million baht, equivalent to 16.77% due to the portion of high price product increased.

Considering the geographical distribution, the company sells products both in the country and also to other countries. The domestic sales accounted for 70% - 91% of total sales. Proportion of domestic and foreign sales for the year 2018-2020 can be shown in the following diagram.

Table showing the distribution of products by geographical area. Based on customer location in 2018 - 2020

| Revenue from sales and service by geographical area | Year ended December 31 | | | | | | % change | % change |
|--|------------------------|--------|----------|--------|----------|--------|-----------|-----------|
| | 2018 | | 2019 | | 2020 | | 2019-2018 | 2020-2019 |
| | MB | % | MB | % | MB | % | | |
| Thailand | 938.083 | 72.87 | 928.69 | 70.16 | 1,026.89 | 66.32 | (1.00) | 10.57 |
| In other countries | | | | | | | | |
| — Countries in Asia | 349.182 | 27.13 | 394.99 | 29.84 | 521.48 | 33.68 | 13.12 | 32.02 |
| Total revenue from sales of goods and services | 1,287.27 | 100.00 | 1,323.67 | 100.00 | 1,548.37 | 100.00 | 2.83 | 16.98 |

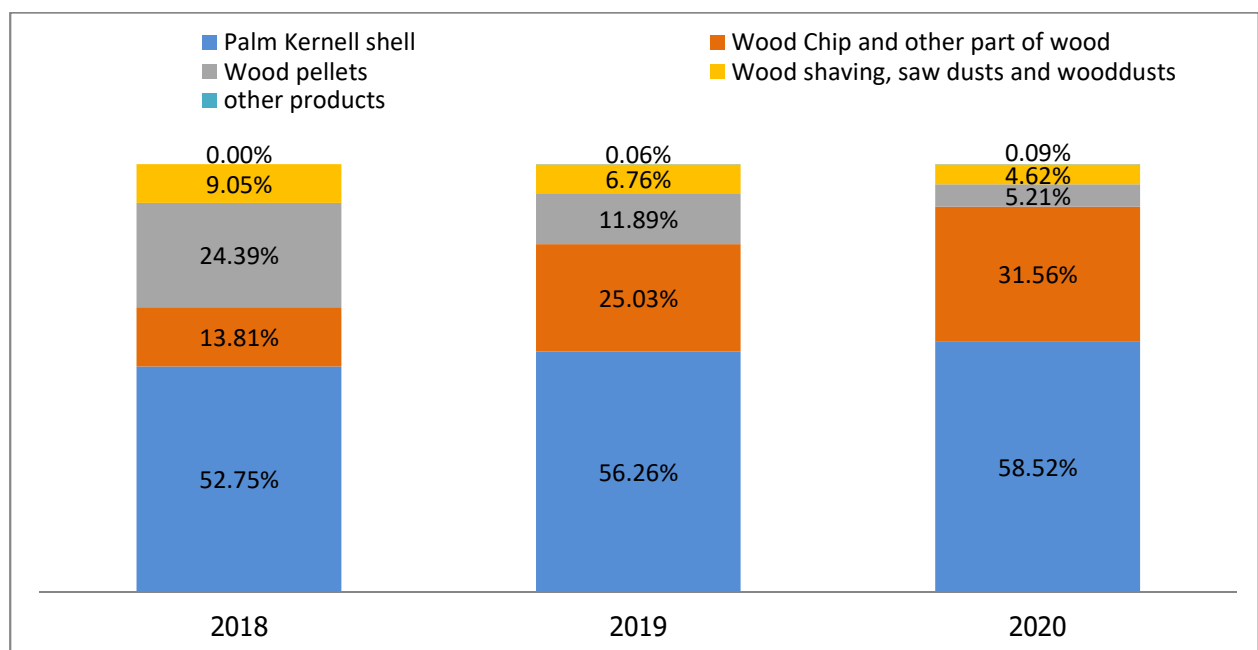
Diagram showing the distribution of products by geographical area the destination of the products shipped in the year 2018 – 2020



The company has started to study and open the export market to overseas since the year 2013. In the year 2020, the company has revenue from shipping to overseas amounting to 521.18 million baht increased from 2019 by 220.51 million baht accounted for 32.02%. In addition, the main exported products of the company in 2020 were wood chips and other parts, palm kernel shell and wood pellets respectively.

In the year 2018 – 2020, the company's main income from the sale of palm kernel shell accounted for 52 - 60% of total sales. Secondly, the group of woodchips and other parts accounted for 13 - 30% of total revenue from the sale of products, followed by biomass pellet 5 - 25 % of total revenues. The proportion of sales of each type of products can be shown in the following diagram.

Chart showing the distribution of each product in 2018 – 2020



Among the biomass fuel products that the company sells palm kernel shells are considered as the by-products of agricultural processing with the highest demand. It is a high-value biomass fuel and there are enough sources to support the current needs. The company is aware of the trend. The company has focused on the relationship with sources of supply and collection of palm kernel shells both domestically and internationally. In addition, the market of palm kernel shells increased from the original focus on the distribution of products, wood shavings and sawdust as can be seen from the proportion of sales of each type of products mentioned above,

In 2017, products of woodchips and other parts of wood are another product that customers turn to use. This is because the fuel is low cost and there are more trees to cut and use as fuel. In addition, the demand for woodchips for fuel has been increased according to the government's policy to promote

alternative energy use and the increasing demand from other industries that use woodchips as a raw material for their production. The company has made relationship with the wood processors.

In 2019, wood pellet accounted for 11.89 percent of total revenue, dropped from 2018 by 24.39% which decreased due to the demand of biomass market in regional was reduced. While the proportion of wood chip and other parts of wood had accounted for 13.81% of total revenue in 2018 to 25.03% in 2019, growing from the export volume of wood chip and other parts wood increased.

In 2020, wood chip products and other parts of wood, especially wood chips, accounted for the total income increasing from 25.03% in 2019 to 31.56%, growing from the export volume of timber and wood chips to foreign countries. While pellet biomass products accounted for 5.21% of total revenue, a decrease from 11.89% in 2019 from the total revenue decreased due to the demand in overseas biomass market are decreased.

(2) Revenue from transportation services

Key factors in the company's business of supplying and distributing biomass fuels, in addition to the source of the product, cargo management is important to maximize business performance. The company has set up a subsidiary company, STP, to carry cargo for the company and its subsidiaries. If the service is available at some time, STP will provide transportation services to related companies and other companies. Revenue from rendering of transportation services to related companies and other companies increased from 2019 at 9.13 million baht to 13.31 million baht in the year 2020 or increased by 4.18 million baht from the number of transportation service from the company and related increased.

(3) Other incomes

Other incomes of the company in the year 2019 and 2020 were 8.33 million baht and 15.48 million baht, respectively. Other incomes consisted of 1) the company gained from exchange rate and financial derivatives total was 2.16 million baht while in the year 2019, the company had gain from exchange rate and financial derivatives total was 2.13 million, respectively.

2) In the year 2020, the company has bad debts recovery as other income of 5.3 million baht

3) Revenue from outsourcing services in the amount of 2.9 million baht.

Cost of goods sold and services and gross profit

(1) Cost of goods sold and services and gross profit

The cost of sales of the company in 2019 and 2020 was 1,051.22 million baht and 1,051.22 million baht, respectively. The cost of goods sold in 2019 decreased slightly by 26.91 million baht or 2.5% by compared with 2018 from focused direct shipment strategy caused cost of carrying declined. While gross profit margin in 2019 and 2020 were 16.02% and 20.03% respectively. The gross profit margin increased from the previous year because in 2018 the company had a lot of inventory in the overseas subsidiaries which has a relatively high value. Regarding 2019, the company was able to solve the problem caused gross profit margin increased.

(2) Cost of services and gross profit

The cost of transportation services were 7.39 million baht and 1023 million baht in 2019 and 2020, respectively. Increase by 38.43% in line with the increase in the volume of transportation services. The gross profit margin accounted for 20.03% and 18.18% respectively as a result of the company has changed and improve the transport trucks that make more efficient on transportation management and provide service for clients, that the reason for the cost increased.

Distribution costs and administrative expenses

(1) Distribution costs

Distribution costs in 2019 and 2020 were at 195.69 million baht and 194.23 million baht respectively. Distribution costs slightly declined compared with 2019 due to shipping cost occur from warehouse to destination, which makes the shipping costs lower, while in 2019 the company focuses on direct sales strategy (Direct shipment), resulting in high distribution costs higher.

(2) Administrative expenses

The company's administrative expenses during 2019 and 2020 were 88.85 and 67.75 million baht accounted for 6.67% and 4.43% of total revenues respectively. In 2020, administrative expenses drop 23.75% compared with 2019 because of last year the company have more allowance on doubtful debt expense and inventory allowance.

Most of the administrative expenses are employee compensation. This accounted for more than 50% of the administrative expenses, followed by rental and service expenses. This includes property operating leases, service fees, such as professional fees, consulting fees, internal audit fees, audit and review financial report and training/seminars fees etc. The next will be the cost of travel, depreciation and amortization expenses are also included in the administrative expenses, such as allowance for diminution in value of inventories, reserve or burn out fire allowance for doubtful accounts and bad debts and other expenses such as foreign exchange losses and financial derivatives.

Financial costs

The company has finance costs of 12.69 million baht and 11.88 million baht in 2019 and 2020, respectively, accounted for 0.95% and 0.76% of the total revenue respectively. The financial cost slightly increased and in line with interest bearing debt decreased.

Corporate Income Tax

In 2019 and 2020, the company had income tax revenue of 1.51 million baht and had income tax expense 5.97 million baht, respectively, resulting from profit from operation.

Net profit (loss)

As a result, in 2020, the net profit attributable to equity holders of the company was 18.60 million baht increased when compared with 2019, which has net loss at 15.66 million baht.

Financial Position Analysis

Asset

| Financial Position | As of 31 December | | | | | | % change 2019-2018 | % change 2020-2019 |
|---|-------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| <u>Assets</u> | | | | | | | | |
| <i>Current Assets</i> | | | | | | | | |
| Cash and cash equivalents | 25.06 | 3.87 | 27.45 | 3.84 | 51.23 | 5.74 | 9.53 | 86.63 |
| Trade and other accounts receivable | 131.03 | 20.23 | 158.30 | 22.14 | 208.60 | 23.36 | 20.81 | 31.78 |
| Inventories | 139.24 | 21.50 | 153.51 | 21.47 | 202.17 | 22.64 | 10.25 | 31.70 |
| Advance payment for purchase of inventories | 21.39 | 3.30 | 4.22 | 0.59 | 4.34 | 0.49 | (80.27) | 2.84 |
| Other current assets | 11.03 | 1.70 | 14.92 | 2.09 | 4.21 | 0.47 | 35.30 | (71.79) |
| Total current assets | 327.75 | 50.61 | 358.40 | 50.13 | 470.55 | 52.69 | 9.35 | 31.29 |
| <i>Non-current Assets</i> | | | | | | | | |
| Deposits at financial institutions under pledge | 10.00 | 1.54 | 40.00 | 5.59 | 40.00 | 4.48 | 300.00 | 0.00 |
| Advance payment for purchase of inventories | - | - | 9.69 | 1.36 | 11.39 | 1.28 | 100.00 | 17.54 |
| Property, plant and equipment and Rights of use | 279.55 | 43.16 | 273.70 | 38.28 | 345.96 | 38.74 | (2.09) | 26.40 |
| Computer software | 1.93 | 0.30 | 1.25 | 0.17 | 0.67 | 0.08 | (35.39) | (46.27) |
| Deferred tax assets | 19.44 | 3.00 | 28.17 | 3.94 | 23.73 | 2.66 | 44.89 | (15.75) |
| Other non-current assets | 8.97 | 1.39 | 3.76 | 0.53 | 0.69 | 0.08 | (58.10) | (81.64) |
| Total non-current assets | 319.89 | 49.39 | 356.56 | 49.87 | 422.44 | 47.31 | 11.46 | 18.48 |
| Total assets | 647.64 | 100.00 | 714.96 | 100.00 | 892.99 | 100.00 | 10.39 | 24.90 |

The total assets of the company as at 31 December 2019 and 2020 amounted to 714.96 million baht and 892.99 million baht, respectively. The company's main assets are trade and other receivables, inventory, and property, plant and equipment. As of 31 December 2019 the company's total assets increased by 178.03 million baht or 24.90% mainly due to the increase in trade and other receivables and inventories which are major assets of the company.

The major components of the Company's assets are as follows:

(1) Trade and other receivables

Trade and other receivables of the company at the end of 2019 and 2020 amounted to 158.30 million baht and 208.60 million baht, respectively, equivalent to 22.14% and 23.36% of total assets of the company, with other accounts receivable less than 1% of total assets. The remaining is trade receivables.

As at the end of 2020, the company's trade receivables was 201.70 million baht increased to 52.25 million baht from 149.46 million baht at the end of 2019 or an increase of 31.32%, mainly due to more sale volume near the last quarter of the year so most of the receivables are not yet overdue or overdue less than 3 months as shown in table below.

- **Trade accounts receivable**

. The company's trade accounts receivable consist of trade accounts receivable from related parties and other entities. Details of trade accounts receivable classified by aging are as follows:

| Trade and other receivables | As of 31 December | | | | | | % change 2019-2018 | % change 2020-2019 |
|---|-------------------|--------|--------|--------|--------|--------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| Notes receivable | 6.30 | 4.81 | 7.10 | 4.48 | 9.94 | 4.77 | 12.70 | 40.00 |
| Trade accounts receivable | | | | | | | | |
| Classified by aging of receivables | | | | | | | | |
| Current | 82.64 | 63.07 | 100.92 | 63.75 | 97.01 | 46.51 | 22.12 | (3.87) |
| Overdue within 3 months | 33.51 | 25.58 | 42.52 | 26.86 | 93.69 | 44.92 | 26.89 | 120.34 |
| Over 3 to 6 months | 4.48 | 3.42 | 0.43 | 0.27 | 1.08 | 0.52 | (90.40) | 151.16 |
| Over 6 to 12 months | 1.01 | 0.77 | 3.55 | 2.24 | 0.13 | 0.06 | 251.49 | (96.34) |
| Over 12 months | 0.70 | 0.53 | 2.48 | 1.57 | 4.32 | 2.07 | 254.29 | 74.19 |
| Total trade accounts receivable | 128.64 | 98.17 | 157.00 | 99.18 | 206.17 | 98.84 | 22.05 | 31.32 |
| <u>Less</u> Allowance for doubtful accounts | (1.70) | (1.30) | (7.54) | (4.76) | (4.46) | (2.14) | 343.53 | (40.85) |
| Trade accounts receivable-net | 126.94 | 96.87 | 149.46 | 94.41 | 201.70 | 96.70 | 17.74 | 34.96 |
| Other receivables | 4.10 | 3.13 | 8.84 | 5.59 | 6.89 | 3.30 | 115.61 | (22.06) |
| Total trade and other receivables | 131.03 | 100.00 | 158.30 | 100.00 | 208.60 | 100.00 | 20.81 | 31.78 |

At the end of 2020, the company's allowance for doubtful accounts decreased to 4.46 million baht from 7.54 million baht at the end of 2019. The company has policy to set allowance for doubtful accounts as follows:

- Overdue receivables less than 180 days No allowance for doubtful accounts
- Overdue receivables 181 - 360 days Allowance for doubtful accounts at 50%
- Overdue more than 360 days Allowance for doubtful accounts is 100%.

Policy on allowance for doubtful accounts, the company has considered the debt repayment history of the past receivables, which is sufficient to manage the company's debtors. However, the allowance for doubtful accounts will also be used with other information. Without allowance for doubtful accounts, reasons must be submitted to the financial director for consideration and approved by managing director. The company will review the allowance for doubtful accounts at least once a quarter. The company also considers the adequacy of the setting the allowance for doubtful accounts for specific to each debtor based on the financial position, historical payment, the amount of debt outstanding against the ability to repay the debt and

other factors. However, debtors who have had a bad history, long overdue or have financial problems, the company will control such receivables allowance for doubtful accounts particularly to that person.

- **Other receivables**

Other receivables are accounts receivable due to operating expenses paid in advance and amortized over the period of expenses incurred, payroll advance, loans to employees, etc. At the end of 2020, the company had other receivables at 6.89 million baht, a decrease of 1.95 million baht from the previous year. Other accounts receivable of the company are less than 1% of total assets.

(2) Inventories

At the end of 2019 and 2020, the company had net inventories (After allowance for decline in value of inventories) of 153.51 million baht and 202.17 million baht or at 21.47% and 22.64% of total assets, respectively. In 2019, the inventories increased by 48.66 million baht or 31.70%. Because of the purchasing products according to the purchase plan during the low price period of palm kernel shell and reserved during the off-season. However, the company currently focuses on efficiency inventory management.

(3) Advance payment for goods

Most of the purchases of the company will be subject to payment terms in advance for the amount specified in the contract. Mostly it is the nature of money transfer to the manufacturer in advance for a certain amount of goods. Once the goods are received, the value of the goods will be deducted to the prepaid balance. Until the money paid in advance is lower than the agreed amount. The company will transfer the advance payment to the manufacturer to the full amount of advance payment as specified in the contract of purchase. The amount of advance payment for each product manufacturer will depend on the volume of goods that the distributor. There are deals to sell to companies. This advance payment policy is typical for the biomass fuel supply and distribution business. This is to ensure that the manufacturer will sell the products manufactured by the manufacturer to the company in accordance with the amount agreed. The company has set up sub-committee to consider the credit line for both accounts receivable and advance payment. It is necessary to review the information of partners who have agreed to pay for goods, such as registration information of partners and financial information as well as other business information, etc. The committee will have the highest management. Financial management is always considered and commented. In addition, the company manages the risk of advance payment by reducing the advance payment limit to the amount that the company has to pay in advance necessary according to the potential of partners as well. The direct purchase from the manufacturer or via a small retailer by subsidiaries of the company in both Indonesia and Malaysia is upon receipt of goods into the warehouse of the subsidiary, the company then prepares the advance payment to the seller under the next purchase contract.

At the end of 2019 and 2020, the company had advance payment for goods amounting to 13.92 million baht and 1315.73 million baht, or 1.94% and 1.70% of total assets, respectively. The company currently focuses on efficiency inventory management. The company should have business partners to ensure that would be enough products.

(4) Property, plant and equipment and Right of Use

The nature of the business of supply and distribution of biomass fuels, key factors that make the company continue to operate today, the company can supply and collect products from various sources to sell to customers throughout the year and deliver the quality products that customers need within the time. The company will be able to do that. The company needs to invest in warehouses to store and maintain the quality of their products to meet the shortage of goods. In addition, the company has invested in production machine such as Wood Chip, wood pellets and wood grinding. At the end of 2019 and 2020, the company's property, plant and equipment (net) and Right of Use were 273.70 million baht and 345.96 million baht or 38.16% and 38.74% of total assets, respectively. In 2020, the company's property, plant and equipment consisted of land and land improvement about 219.74 million baht, building structure and improvement about 37.67 million baht, machinery and equipment about 10.72 million baht, furniture fixtures and office equipment about 1.68 million baht, vehicles about 3.62 million baht, fixed assets under installation about 16.48 million baht, 38.16 Right of Use- .Property about 2.85 million baht, and Right of Use- vehicles about 26.95 million baht,

In 2020, the company's property, plant and equipment (net) increased by 72.26 million baht by compared with 2019. from invested in warehouse in Rayong province, Wood Pellets machine and a fleet of vehicles.

Liabilities

| Financial Position | As of 31 December | | | | | | % change 2019-2018 | % change 2020-2019 |
|--|-------------------|-------|--------|-------|--------|-------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| <u>Liabilities and Shareholders' Equity</u> | | | | | | | | |
| <i>Current Liabilities</i> | | | | | | | | |
| short-term loans from financial institutions | 353.13 | 54.53 | 354.83 | 49.63 | 436.35 | 48.86 | 0.48 | 22.97 |
| Trade and other accounts payable | 46.04 | 7.11 | 34.44 | 4.82 | 82.05 | 9.19 | (25.20) | 138.26 |
| Current portion of finance lease liabilities | 2.03 | 0.31 | 1.63 | 0.23 | 6.79 | 0.76 | (19.94) | 317.80 |
| Long-term loans | 0.00 | 0.00 | 14.93 | 2.09 | 20.65 | 2.31 | 100.00 | 38.33 |
| Income tax payable | 1.12 | 0.17 | 3.93 | 0.55 | 0.57 | 0.06 | 250.81 | (85.49) |
| Accrued expenses and other current liabilities | 2.48 | 0.38 | 3.69 | 0.52 | 4.92 | 0.55 | 48.97 | 33.12 |
| Total current liabilities | 404.80 | 62.50 | 413.44 | 57.83 | 551.33 | 61.74 | 2.14 | 33.35 |
| <i>Non-current Liabilities</i> | | | | | | | | |
| Long-term loans | 0.00 | 0.00 | 78.86 | 11.03 | 88.21 | 9.88 | 100.00 | 11.86 |
| Finance lease liabilities | 1.14 | 0.18 | 4.25 | 0.59 | 19.23 | 2.15 | 273.09 | 352.12 |
| Liability for post-employment benefits | 2.26 | 0.35 | 4.61 | 0.65 | 4.66 | 0.52 | 104.13 | 1.01 |
| Total non-current liabilities | 3.40 | 0.52 | 87.72 | 12.27 | 112.10 | 12.55 | 2,480.13 | 27.79 |
| Total liabilities | 408.20 | 63.03 | 501.17 | 70.10 | 663.43 | 74.29 | 22.78 | 32.38 |

The company's total liabilities as at 31 December 2019 and 2020 amounted to 501.17 million baht and 663.43 million baht respectively increase by 162.26 million baht, 32.38%. The Company's main liabilities were short-term loans from financial institutions, trade and other payables and long-term loans.

The major components of the company's liabilities are as follows:

(1) Bank overdrafts and short-term loans from financial institutions

Short-term loans from financial institutions are considered as principal funds used in the business of the company. Short-term loans from financial institutions include Promissory Note ("P / N"), Trust Receipt ("T / R") and Export Credit (Packing Credit, "P / C"). At the end of 2019 and 2020, the company had short-term loans from financial institutions amounting to 354.83 million baht and 436.35 million baht respectively or 49.63% and 48.86% % of total liabilities and shareholders' equity, respectively.

(2) Trade and other payables

Accounts payable and other payables of the company by the end of 2019 and 2020 was 34.44 million baht and 82.05 million baht respectively or 4.82% and 9.19% of total liabilities and shareholders' equity respectively.

| Trade and other payables | As of 31 December | | | | | | % change 2019-2018 | % change 2020-2019 |
|--------------------------|-------------------|--------|-------|--------|-------|--------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2020 | | | |
| | MB | % | MB | % | MB | % | | |
| Trade accounts payable | 21.81 | 0.47 | 13.04 | 0.38 | 67.62 | 0.82 | (40.21) | (40.19) |
| Other payables | 24.22 | 0.53 | 21.40 | 0.62 | 14.43 | 0.18 | 11.64 | 33.46 |
| Total | 46.03 | 100.00 | 34.44 | 100.00 | 82.05 | 100.00 | (25.18) | 138.24 |

- Trade payables

The company had trade accounts payable amounting to 13.04 million baht and 67.62 million baht at the end of 2019 and 2020, respectively. Typically, the company will have a relatively small proportion of accounts payable in comparison with the volume of purchases each year as most producers will require the company to prepay the goods if producers agree to pay after receiving the goods, credit term is quite short. But in 2020 there was a significant increase in imports of goods at the end of the year.

- Accrued expenses and other payables

Most of the other payables are related to the business operations of the company. It has not paid, such as accrued bonuses, Revenue Department, Accrual accounting service, Accrued shipping charges, Land and building lease payable and other service payable.

(3) Long-term loans

Long-term loans in 2020 increase in amount 15.07 million baht from 2019 due to the company investing in land and warehouse in Ta Pong district, Rayong province.

(4) Liabilities under financial lease

Liabilities under financial leases are liabilities arising from the provision of financial services by financial institutions for the purchase of trucks and other vehicles. At the end of 2019 and 2020, the company has financial lease liabilities amounting to 5.87million baht and 39.88 million baht, respectively or 0.82% and 2.91% of total liabilities and shareholders' equity, respectively

Shareholders' Equity

| Financial Position | As of 31 December | | | | | | % change 2019-2018 | % change 2020-2019 |
|---|-------------------|--------|---------|--------|---------|--------|-----------------------|-----------------------|
| | 2018 | | 2019 | | 2019 | | | |
| | MB | % | MB | % | MB | % | | |
| Shareholders' Equity | | | | | | | | |
| Issued and paid-up share capital | 150.00 | 23.16 | 150.00 | 20.98 | 150.00 | 16.80 | 0.00 | 0.00 |
| Share premium | 90.51 | 13.97 | 90.51 | 12.66 | 90.51 | 10.14 | 0.00 | 0.00 |
| Surplus on business combination under common control | 2.48 | 0.38 | 2.48 | 0.35 | 2.48 | 0.28 | 0.11 | 0.11 |
| Appropriated for legal reserve | 6.10 | 0.94 | 6.10 | 0.85 | 6.10 | 0.68 | 0.00 | 0.00 |
| Unappropriated | 4.30 | 0.66 | (11.93) | (1.67) | 3.36 | 0.38 | (377.43) | (128.17) |
| Other components of shareholders' equity | (10.03) | (1.55) | (12.69) | (1.77) | (12.69) | (1.47) | 26.50 | 3.64 |
| Equity attributable to equity holders of the | 243.36 | 37.58 | 224.47 | 31.40 | 239.30 | 26.80 | (7.76) | 6.61 |
| Parent | (3.92) | (0.61) | (10.69) | (1.49) | (9.74) | (1.09) | 172.58 | (8.85) |
| Non-controlling interest | 239.44 | 36.97 | 213.79 | 29.90 | 229.56 | 25.71 | (10.71) | 7.38 |
| Shareholders' Equity | 647.64 | 100.00 | 714.96 | 100.00 | 892.99 | 100.00 | 10.39 | 24.90 |

Shareholders' Equity (Excluding non-controlling interest) at the end of 2019 and 2020 amounting to 224.47 million baht and 239.30 million baht or 31.40% and 26.80% of total liabilities and shareholders' equity, respectively. At the end of 2020, Shareholders' Equity increased due to the company had net profit.

Liquidity analysis

| Cash Flow | As of 31 December | | |
|--|-------------------|---------|---------|
| | 2018 | 2019 | 2020 |
| Net cash provided by (used in) operating activities | 133.18 | (42.17) | 12.36 |
| Net cash used in investing activities | (36.48) | (36.48) | (66.23) |
| Net cash provided by (used in) financing activities | (121.40) | 81.29 | 78.12 |
| Impact of exchange rate on Cash and cash equivalents | (0.01) | (0.04) | (0.00) |
| Impact of the translation of the financial statements | (1.12) | (0.22) | (0.48) |
| Net increased (decreased) in Cash and cash equivalents | (10.83) | 2.39 | 23.78 |
| Cash and cash equivalents at beginning of the period | 35.89 | 25.06 | 27.45 |
| Cash and cash equivalents at end of the period | 25.06 | 27.45 | 51.23 |

Net cash provided by (used in) operating activities

In 2019, the company's operating activities declined from loss in earning before tax about 23.84 million baht and spent in operating activities consisted of trade and other receivables increased 33.25 million baht inventories increased 19.98 million baht and trade and other payables decreased 11.69 million baht including interest and taxes 11.54 million baht.

In 2020, cash flow came from operating activities of 12.36 million baht due to the company had profit for the year 2020 amounting 17.10 million baht and increase in trade and other payables Baht 54.60 million even though increase in trade receivables and other receivable Baht 47.26 million and significantly increase in inventory amounting to Baht 56.13 million

Net cash used in investing activities

In 2019, the company had cash used in investing activities of 36.48 million baht because of bank deposits with obligation and invest in property, plant and equipment about 12.60 million baht.

In 2020, the company has cash flow used for investing activities of 66.23 million baht, due to the invest in land and buildings in Rayong province approximately 46.5 million baht and production machine for the biomass pellet plant. And wood grinding in Bang Nam Chued warehouse.

Net cash provided by (used in) financing activities

In 2019, the company received cash from financing activities of 81.29 million baht due to long-term loans from financial institutions for investing in warehouse and production plant at Bang Kung, Surat Thani.

In 2020, the company had cash flow from financing activities of 78.12 million baht from short-term loans working capital for buying inventory in the 4th quarter compared to the previous year in order to support market demand and increase in long-term loans from financial institutions for investing in land and warehouse in Rayong province.

Financial Ratios

| Financial Ratios | | As of 31 December | | |
|--|---------|-------------------|--------|--------|
| | | 2018 | 2019 | 2020 |
| <u>LIQUIDITY RATIO</u> | | | | |
| Current ratio | (Times) | 0.81 | 0.89 | 0.85 |
| Quick Ratio | (Times) | 0.47 | 0.52 | 0.49 |
| Cash flows ratio | (Times) | 0.25 | (0.13) | (0.03) |
| Accounts receivable turnover | (Times) | 11.58 | 9.15 | 8.44 |
| Average collection period | (days) | 31.53 | 39.89 | 43.24 |
| Inventory turnover | (Times) | 4.54 | 7.23 | 7.12 |
| Inventory days | (days) | 80.46 | 50.47 | 51.24 |
| Accounts payable turnover | (Times) | 24.22 | 26.31 | 21.75 |
| Accounts payable days | (days) | 15.07 | 13.87 | 16.78 |
| Cash Cycle | (days) | 96.92 | 76.49 | 77.70 |
| <u>PROFITABILITY RATIO</u> | | | | |
| Accounts payable days | (%) | 16.11 | 20.03 | 18.18 |
| Operating profit margin | (%) | (2.45) | (0.84) | 2.23 |
| Other profit margin | (%) | 0.72 | 0.63 | 0.99 |
| Profitability Ratio | (%) | 5.62 | (2.25) | 0.44 |
| Net profit margin | (%) | (2.40) | (1.18) | 1.19 |
| Return on equity | (%) | (15.88) | (6.69) | 8.02 |
| <u>EFFICIENCY RATIO</u> | | | | |
| Return on assets | (%) | (4.37) | (1.64) | 4.35 |
| Return on fixed assets | (%) | (11.46) | (4.03) | 11.85 |
| Assets turnover | (Times) | 1.78 | 1.96 | 1.95 |
| <u>FINANCIAL POLICY RATIO</u> | | | | |
| Debt to equity ratio | (Times) | 1.68 | 2.23 | 2.77 |
| Interest coverage ration ^{1/} | (Times) | 3.44 | 20.09 | 2.54 |
| cash basis | (Times) | 0.55 | (3.96) | (1.91) |
| Dividend payout ratio | (%) | - | - | - |

Note: 1/ calculated by (operating cash flow+ interest expenses from operating taxes)/interest expenses from operating and investing

Liquidity Ratios

The Company's main current assets are trade and other receivables, Inventories and advance payment for goods. Total assets accounted for approximately of 40-50% total asset. The main source of working capital is short-term loans from financial institutions and trade and other payables.

At the end of 2019 and 2020, the company's liquidity ratio was 0.89 times and 0.85 times, respectively decreased due to increasing in stock level in the end of year. As well as the lesser of quick ratio from 0.52 times in year 2019 to 0.49 times in year 2020.

The company had average collection period at 39.89 days and 43.24 days in 2019 and 2020 respectively, increased due to sales order near the end of period also late billing due to long weekend what might cause high trade and other receivables.

Inventory days were at 39.89 days and 43.24 days in 2019 and 2020 respectively. Due to the shortage supply in 2020, so focusing on manage inventory level and higher product prices will increasing the inventory balance.

In term of account payable days of the company was at 13.87 days and 16.78 days in 2019 and 2020 respectively. The increase of account payable days was from buying large lots with long credit term while in the last year the company bought products from the individual suppliers which had short billing period. In this regard, the cash cycle in the year 2019 and 2020 has the cash cycle at 76.49 days and 77.70 days respectively.

Profitability Ratios

In 2019 and 2020 the company had a gross margin for sales of goods and services 20.03% and 18.18% respectively, decrease because the company focused on level of inventory in warehouse. Therefore the cost of goods has increased and the gross margin to be relatively lower.

Efficiency Ratios

In 2019 and 2020, Total asset turnover was at 1.96 and 1.95 respectively, the decrease in total asset turnover was from increase in assets near the end of the year and expected to generate revenue in 2021.

Financial Policy Ratios

Debt to equity ratio of the company in 2019 and 2020 was at 2.23 times and 2.77 times respectively. The major source of working capital is short-term loans from financial institutions. Total liabilities increased in line with total assets increased such as account receivables, Inventory and deposits at financial institutions under pledge while the company had loss in profit caused debt to equity ratio increased significantly by compared with previous year.

Responsibility of the Board of Directors for Financial Reporting

DEAR SHAREHOLDERS,

The Board of Directors recognizes its duties and responsibilities, as directors of a listed company, for the financial statement of Asia Biomass Public company Limited, as well as other financial information appearing in the Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles in Thailand with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. So, that the shareholders, investors and the public obtain sufficient, accurate and timely information.

The Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems to ensure that the reliability and completeness of financial information are in place with ability to protect the Company's assets in order to prevent fraud or materially irregular operation. In this regard, the Board of directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing and working with internal and external auditors on the financial reports, financial statements and a quarterly and yearly basis, internal control, related transactions. To make certain that the information in these financial reports is prepared according to the intended objectives and under the good corporate governance system.

The Board of Directors therefore of the opinion that the Company has adequate and appropriate corporate governance, risk management system and internal control system, thus providing reasonable confidence that financial reports for the year ended December 31, 2020 and information of the Company has been prepared under the financial reporting standards, suitable and consistently-conformed accounting policies, with proper and prudent discretion, as well as with sufficient, accurate and timely information disclosure.

Mr. Apisit Rujikeatkamjorn

Chairman of the Board of Director

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

To Shareholders,

Asia Biomass Public Company Limited has appointed the Nomination and Remuneration Committee which comprises three directors, while the Chairman of the Nomination and Remuneration Committee is an independent director and does not serve on any other committee. The members of the existing Nomination and Remuneration Committee are:

- | | |
|------------------------------|---|
| 1. Mr. Wichai Pornkeratiwat | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Panom Kuansataporn | Member of the Nomination and Remuneration Committee |
| 3. Miss Tiyaada Kuansataporn | Member of the Nomination and Remuneration Committee |

In 2020, the Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors. The Committee held altogether two meetings, 2 members of the Nomination and Remuneration Committee attended in the 1st meeting because it was considered the remuneration of the Managing Director which Ms.Tiyada had to leave the meeting by having the remaining nomination committees consider of the issues. The second meeting, 2 members of the Nomination and Remuneration Committee attended the meeting which the Chairman of the Nomination and Remuneration Committee had to leave the meeting due to he is Directors who retired by rotation. The Nomination and Remuneration Committee is responsible to make a consideration in various The results of the Committees meeting are reported regularly to Board of Director. The essence of the performance of duties in 2020 can be summarized as follows:

- 1) Considered and proposed to the Board of Directors the appointment of three directors that completed their terms of service. The Nomination and Remuneration Committee considered three directors are still fully qualified and have performed their duties with care as well as giving suggestions and opinions that are beneficial to the company and shareholders.
- 2) Considered and proposed to the Board of Directors the remuneration of the directors and sub-committees.
- 3) Considered and proposed to the Board of Directors the remuneration of the Managing Directors.

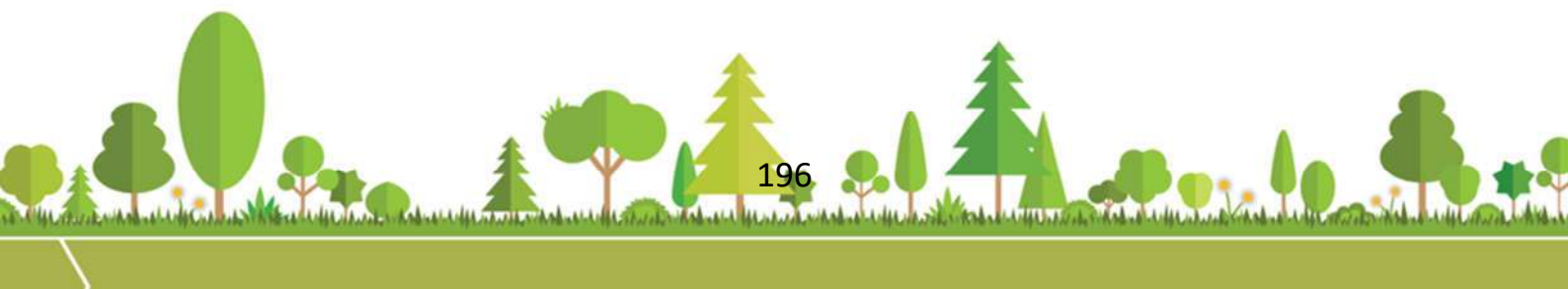
The Nomination and Remuneration Committee has considered remuneration for the Managing Directors that is commensurate with their respective duties and responsibilities, their performance results and the Company's operating outcome.

- 4) evaluate the annual performance of the Board of Directors and the Managing Director. The assessment results is good criteria.

In 2020, the Nomination and Remuneration Committee has fulfilled their duties as assigned by the Board of Directors, by employing their knowledge, ability with due care and independence for the overall benefit of the Company and shareholders appropriately.

(Mr. Wichai Pornkeratiwat)

Chairman of the Normination and Remuneration comittee



The Report of the Audit Committee

Dear Shareholders of Asia Biomass Public Company Limited

The Audit Committee of Asia Biomass Public Company Limited consists of three following independent directors with qualifications and expertise in accounting, finances and management.

- | | |
|-------------------------------|--|
| 1. Ph.D. Sarit Chokchainirand | Chairman of the Audit Committee and Independent Director |
| 2. Mr. Wichai Pornkeratiwat | Audit Committee and Independent Director |
| 3. Miss Patrawan Manutsathit | Audit Committee and Independent Director |

The Company Secretary, acts as the Secretary of the Audit Committee.

The Audit Committee has performed its duties in accordance with the charter of the Audit Committee which is assigned by the Board of Directors. It also complies with the regulation of the Stock Exchange of Thailand. In the accounting period of the year 2020, the Audit Committee convened a total of 4 meetings in order to consider issues. The relevant issues were discussed by the Risk Management , Dharmniti Internal Audit Co.Ltd. and the Auditor, The report of the meeting was submitted to the Board of Directors for acknowledgement every time. The main points of the missions can be summarized as follows:

The Financial Statement Reports

The Audit Committee, together with the auditors, the Management Team, and the Internal Audit Division, reviewed the Company's quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. The auditors gave approval to certify the financial statement unconditionally. The Audit Committee asked and considered the Key Audit Matters (KAMs), auditing standards and financial reporting standards which were changed, information disclosure in the financial statement that were sufficient, in-time, and useful for users of the financial statement, provided useful recommendations in order that the Company's financial statement would be accurate and trustworthy according to financial reporting standards.

The Related Transactions or Potential Conflict of Interest Transactions

The Audit Committee considered and gave opinions about related transactions or transactions that might give rise to a conflict of interest with the Company and its subsidiaries, prior to report to the Board of Directors or shareholders as specified, with the principles of integrity, precautions, rationality, transparency and taking the interest of the Company and stakeholders into account. Information was sufficiently disclosed and consistent with the Good Governance policy and the regulations imposed by the Stock Exchange of Thailand.

The Internal Control and Risk Management

The Audit Committee reviewed the adequacy of the Company's from Dharmniti Internal Audit Co.Ltd its and risk management by considering performance, asset management, prevention of damage or corruption, obedience to law, rules, and regulations. The Audit Committee also reviewed significant reports of the Internal

Audit Division and the auditors, amended the Key Audit Matters according to the audit reports, and acknowledged the organization's key risk management by having a meeting with the risk management unit. The Audit Committee gave opinions about the assessment of the sufficiency, the appropriateness and the efficiency of the Company's internal control system, and its risk management.

The Good Corporate Governance

The Audit Committee reviewed the management, compliance with the policy and measures against corruption in order to ensure stakeholders and conform to regulations stipulated by the Stock Exchange of Thailand.

Considering the Selection of Auditors and Their Remuneration

The Audit Committee selected and considered the remuneration of the auditors of NPS Siam Audit Limited by considering auditors qualifications, knowledge, capabilities, experiences, and independence of the auditors which were in accordance with the regulations of The Stock Exchange of Thailand or any other related agencies, and the quality of auditing in the previous year. The Audit Committee approved that the auditors from NPS Siam Audit Limited had good understanding of the Company's business and regularly delivered their work in a timely manner, thus the Board of Directors proposed to the Annual General Meeting of Shareholders of the year 2021 to appoint NPS Siam Audit Limited as the Company's auditor

Conducted self-assessment of the Audit Committee

The result of the overall assessment is at "Good" This was particularly noticeable how efficiently the audit committees carried out their responsibilities delegated by the Board of Directors, in line with best practices guidelines for Audit Committee. The Audit Committee carried out their duties, as assigned by the Board of Directors, which conformed to the Charter of the Audit Committee, by exercising knowledge, abilities, and precautions, prudence, and independence. The Audit Committee deemed that during the accounting period ended on 31st December 2020, the Company provided the financial statement which was accurate according to the financial reporting standards and sufficient information disclosure. For the Company's business operations, it established the internal control system and proper risk management and complied with the stipulations and related laws.



Ph.D. Sarit Chokchainirand

Chairman of the Audit Committee and Independent Director

**Asia Biomass Public Company Limited and
its Subsidiaries**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Asia Biomass Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Asia Biomass Public Company Limited and its subsidiaries (the Group), and of Asia Biomass Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and 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 our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Asia Biomass Public Company Limited and its subsidiaries and of Asia Biomass Public Company Limited, respectively, as at 31 December 2020, and their financial performance and their 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* paragraph 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 are 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 matter is the matter that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. The matter was 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.

| Key Audit Matters | Audit Responses |
|--|---|
| <p>Revenues recognition from export sales</p> <p>Export sales are recognized when the Company has transferred control over the goods to the customers. In 2020, export sales amounted to Baht 521.48 million and Baht 521.48 million (accounting for 33.97 percent and 44.40 percent of total revenues), in the consolidated and separate financial statements, respectively. Due to the condition of sale and term of transferring the control to customer are different, therefore, the revenues recognition from export sales under different condition terms may affect to the accuracy and completeness of revenues recognition in the proper period.</p> <p>Accounting policies and details of revenues from sales were disclosed in Notes 5 and 35 to the financial statements, respectively.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Understand the process of accounting records, revenue recognition and related matters to apply substantive procedures; • Assess and test revenue recognition system, accounts receivable and settlement by examining the related supporting documents of recording from export sales. • Perform substantive testing as follows: <ul style="list-style-type: none"> - Examine the sale contract, condition of sale and terms of delivery of goods or the term of shipment (Incoterm), delivery of goods evidence, payment evidence and verify documents related to accounting records; - Test cut-off of revenues by selecting transactions prior to and post balance at the ending date to verify to ensure that the Company recognized export sales in the proper period; - Review the adequacy of disclosures in notes to the financial statements. |
| <p>Allowance for expected credit loss</p> <p>For accounting periods beginning on or after 1 January 2020, the Group/the Company adopted the TFRS 9 - Financial Instruments. This standard requires the Group/the Company to recognize impairment loss based on expected credit loss.</p> <p>The allowance for expected credit loss of trade accounts receivables and advance payment for goods, the Group/the Company considered the allowance for expected credit losses by using credit loss method and individual assessment.</p> <ul style="list-style-type: none"> • Consideration on collective assessment basis requires the judgment of the Group/the Company's management to estimate the allowance for expected credit loss. The Company considered to set the allowance for expected credit losses on collective assessment by using simplified approach. | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Perform substantive testing as follows: <ul style="list-style-type: none"> - Assessment the appropriate of considering the impacts of the first time adoption of financial reporting standards; - Examine the evidence supporting management's consideration (including aging analysis reports and historical loss rates) to assess the appropriateness of considering process and key assumptions and information that management of the Group/the Company used in considering the allowance for expected credit loss; |

| Key Audit Matters | Audit Responses |
|---|---|
| <ul style="list-style-type: none"> Consideration on individual assessment basis, the Group/Company considered based on financial position, the payment histories and the ability to make payments in the future of each individual customer. <p>Therefore, the key audit matter is whether the valuation of the trade receivables and advance payment for goods and allowance for expected credit loss are in accordance with TFRS.</p> <p>Accounting policies and details the trade receivables and advance payment for goods and the allowance for expected credit loss were disclosed in Notes 5, 8 and 10 to the financial statements, respectively.</p> | <ul style="list-style-type: none"> Examine the identified indicators of impairment for consideration of allowance for expected credit loss; Assessment the appropriate of recoverable amount of receivable with indications of impairment; Test the calculation of the allowance for expected credit loss and consider the adequacy. |
| <p>The assessment of value of deferred tax assets</p> <p>As at 31 December 2020, the Company has deferred tax assets of Baht 31.29 million in the separate financial statements (most of the deferred tax assets represent temporary differences of cumulative tax losses carried forward not exceeding five accounting years amounting to Baht 19.79 million, the allowance for expected credit loss of trade accounts receivables and advance payment for goods amounting to Baht 7.68 million and allowance for impairment of investments in subsidiaries amounting to Baht 2.36 million). Deferred tax assets are recognized when it is highly probable that the Company taxable profit will be sufficient to allow utilization of the deferred tax assets in the future. Determining whether there will be sufficient future taxable profit available to utilise such temporary differences requires the significant management's judgment with respect to prepare business plans and projections of future taxable profits based on approved business plans. Therefore, there is a risk in value of deferred tax assets.</p> <p>Accounting policies and details of deferred tax asset were disclosed in Notes 5.21 and 17 to the financial statements, respectively.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> Perform substantive testing as follows: <ul style="list-style-type: none"> Assessing and inquiring the management in relation to his judgement and assumptions applied in the Company's projections of future taxable profits; Assessing a reasonableness of projections of future taxable profits based on my understanding obtain from audit including considering how they are consistent with the Company's business plan used in preparing projections of future taxable profits and industry forecasts; Testing the calculation of projections of future taxable profits based on the Company's assumptions; Assessing whether the future taxable profit is utilized sufficiently from such temporary differences and disclosure in notes to the financial statements. |

Emphasis of Matters

I draw attention to 1) the information according to note 37 to the financial statements, which explains the outcome of the lawsuit that the Court of First Instance has already ruled and the Court of Appeal a verdict standing by the judgment of the Court of First Instance that is currently in the process of petition. However, the opinion of Company's management and legal advisors are likely that the debt obligations are still highly uncertain and be unable to estimate the contingent liabilities. The Company has not recorded provision for contingent liabilities in the financial statements. And 2) the information according to note 39 to the financial statements, which explains the correction of an error from calculating non-controlling interests in the prior year. My opinion is not modified in respect of these matters.

Other matters

The consolidated and separate statements of financial position of Asia Biomass Public Company Limited and its subsidiaries, and of Asia Biomass Public Company Limited, respectively, for the year ended 31 December 2019, which are included as comparative information, were audited by another auditor who expressed an unqualified opinion on those financial statements in his report dated 26 February 2020.

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 there in, I am required to communicate the matter to those charged with governance and request further appropriate corrections.

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 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 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.

(Maliwan Phahuwattanakorn)
Certified Public Accountant
Registration Number 4701

NPS Siam Audit Limited
Bangkok
24 February 2021

Asia Biomass Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2020

| Assets | Note | Consolidated | | Separate | |
|--|-------------------|----------------------|-------------|----------------------|-------------|
| | | financial statements | | financial statements | |
| | | 2020 | 2019 | 2020 | 2019 |
| (in Baht) | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 51,229,805 | 27,449,384 | 25,463,001 | 11,328,746 |
| Trade accounts receivables | 6, 8 | 201,711,495 | 149,460,343 | 141,475,074 | 105,801,530 |
| Other current receivables | 6, 9 | 6,886,569 | 8,841,447 | 13,324,726 | 12,941,232 |
| Advance payment for goods | 6, 10 | 4,340,773 | 4,223,412 | 34,075,950 | 14,515,029 |
| Short-term loans | 6 | - | - | 14,600,000 | 14,600,000 |
| Inventories | 11 | 202,017,172 | 153,507,158 | 25,033,453 | 17,142,453 |
| Other current assets | | 4,265,594 | 14,801,942 | 144,500 | 6,671,727 |
| Non-current assets classified as held for sale | | 100,000 | 114,677 | - | - |
| Total current assets | | 470,551,408 | 358,398,363 | 254,116,704 | 183,000,717 |
| Non-current assets | | | | | |
| Investment in subsidiaries | 12 | - | - | 5,999,570 | 8,496,026 |
| Non-current advance payment for goods | 10 | 11,389,040 | 9,692,800 | 11,389,040 | 9,692,800 |
| Property, plant and equipment | 4, 14, 19, 23, 36 | 316,178,890 | 273,698,042 | 289,912,529 | 239,012,787 |
| Right-of-use assets | 4, 15 | 29,798,110 | - | 4,515,801 | - |
| Other intangible assets | 16 | 672,863 | 1,246,979 | 647,828 | 1,205,296 |
| Deferred tax assets | 17 | 23,730,390 | 28,166,482 | 31,293,667 | 33,703,315 |
| Bank deposit pledged as collateral | 19, 23 | 40,000,000 | 40,000,000 | 40,000,000 | 40,000,000 |
| Other non-current assets | 18 | 672,842 | 3,753,272 | 671,501 | 1,232,047 |
| Total non-current assets | | 422,442,135 | 356,557,575 | 384,429,936 | 333,342,271 |
| Total assets | | 892,993,543 | 714,955,938 | 638,546,640 | 516,342,988 |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2020

| | | Consolidated | | Separate | |
|--|-------|----------------------|--------------------|----------------------|--------------------|
| | | financial statements | | financial statements | |
| Liabilities and equity | Note | 2020 | 2019 | 2020 | 2019 |
| <i>(in Baht)</i> | | | | | |
| Current liabilities | | | | | |
| Short-term borrowings from | | | | | |
| financial institutions | 19 | 436,348,335 | 354,829,453 | 142,757,311 | 107,091,951 |
| Trade accounts payables | 6, 20 | 67,619,738 | 13,044,011 | 167,709,700 | 105,597,289 |
| Other current payables | 6, 21 | 14,432,778 | 21,394,124 | 10,461,444 | 16,418,003 |
| Current portion of long-term liabilities | 23 | 20,652,000 | 14,928,000 | 20,652,000 | 14,928,000 |
| Current portion of leases liabilities | 4, 24 | 6,786,078 | 1,625,176 | 1,578,022 | - |
| Corporate income tax payable | | 572,454 | 3,929,106 | - | - |
| Derivatives liabilities | 22 | 4,923,283 | 2,913,291 | 3,075,262 | 2,913,291 |
| Other current liabilities | | - | 781,078 | - | 719,877 |
| Total current liabilities | | 551,334,666 | 413,444,239 | 346,233,739 | 247,668,411 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 23 | 88,206,000 | 78,858,000 | 88,206,000 | 78,858,000 |
| Lease liabilities | 4, 24 | 19,232,499 | 4,253,258 | 2,903,215 | - |
| Non-current provisions for employee benefits | 25 | 4,662,282 | 4,613,315 | 2,390,728 | 2,345,829 |
| Total non-current liabilities | | 112,100,781 | 87,724,573 | 93,499,943 | 81,203,829 |
| Total liabilities | | 663,435,447 | 501,168,812 | 439,733,682 | 328,872,240 |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2020

| | | Consolidated | | Separate | |
|---|--------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | financial statements | | financial statements | |
| Liabilities and equity | Note | 2020 | 2019 | 2020 | 2019 |
| <i>(in Baht)</i> | | | | | |
| Equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | 26 | <u>150,000,000</u> | <u>150,000,000</u> | <u>150,000,000</u> | <u>150,000,000</u> |
| Issued and paid-up share capital | 26 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Share premium | 27 | 90,507,012 | 90,507,012 | 90,507,012 | 90,507,012 |
| Others surpluses | | 2,482,778 | 2,482,778 | - | - |
| Retained earnings (deficits) | | | | | |
| Appropriated | | | | | |
| Legal reserve | 27 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| Unappropriated retained earnings (deficits) | 4, 39 | 3,365,115 | (11,929,666) | (44,926,532) | (56,805,631) |
| Other components of equity | 27 | <u>(13,151,815)</u> | <u>(12,687,759)</u> | <u>(2,867,522)</u> | <u>(2,330,633)</u> |
| Equity attributable to owners | | 239,303,090 | 224,472,365 | 198,812,958 | 187,470,748 |
| Non-controlling interests | 13, 39 | <u>(9,744,994)</u> | <u>(10,685,239)</u> | <u>-</u> | <u>-</u> |
| Total Equity | | <u>229,558,096</u> | <u>213,787,126</u> | <u>198,812,958</u> | <u>187,470,748</u> |
| Total liabilities and equity | | <u>892,993,543</u> | <u>714,955,938</u> | <u>638,546,640</u> | <u>516,342,988</u> |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

| | | Consolidated | | Separate | |
|--|-------|----------------------|---------------|----------------------|---------------|
| | | financial statements | | financial statements | |
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | (in Baht) | | | |
| Revenues | | | | | |
| Revenues from sales of goods | 6 | 1,535,057,049 | 1,314,546,195 | 1,174,494,078 | 1,004,888,711 |
| Revenues from rendering of services | 6 | 13,314,334 | 9,126,922 | - | - |
| Other income | 6, 28 | 14,805,672 | 8,225,168 | 16,126,008 | 7,566,195 |
| Total revenues | | 1,563,177,055 | 1,331,898,285 | 1,190,620,086 | 1,012,454,906 |
| Expenses | | | | | |
| Cost of sales of goods | 6 | 1,256,689,877 | 1,051,219,152 | 931,043,567 | 800,440,443 |
| Cost of rendering of services | 6 | 10,235,308 | 7,386,226 | - | - |
| Distribution costs | 6, 29 | 194,231,307 | 195,692,477 | 175,886,308 | 164,745,756 |
| Administrative expenses | 6, 30 | 70,337,119 | 76,596,683 | 52,130,309 | 64,337,091 |
| Other expenses | | - | - | - | 492,296 |
| Other (profit) losses | 22 | 1,338,881 | - | (509,140) | - |
| Total expenses | | 1,532,832,492 | 1,330,894,538 | 1,158,551,044 | 1,030,015,586 |
| Profit (loss) from operating activities | | 30,344,563 | 1,003,747 | 32,069,042 | (17,560,680) |
| Finance income | 6 | 672,563 | 103,373 | 1,177,632 | 1,458,378 |
| Finance costs | 33 | 11,881,118 | 12,692,618 | 6,676,961 | 7,071,325 |
| Impairment loss on investments in subsidiaries | 12 | - | - | 2,496,456 | - |
| Doubtful accounts | | - | 12,254,196 | - | 39,501,022 |
| Expected credit loss of receivables (reversal) | 8, 38 | (3,935,194) | - | 9,458,782 | - |
| Profit (loss) before income tax expenses | | 23,071,202 | (23,839,694) | 14,614,475 | (62,674,649) |
| Tax expense (income) | 17 | 5,967,474 | (1,508,376) | 2,543,870 | (13,998,377) |
| Profit (loss) for the year | | 17,103,728 | (22,331,318) | 12,070,605 | (48,676,272) |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

| | | Consolidated | | Separate | |
|--|------|----------------------|--------------|----------------------|--------------|
| | | financial statements | | financial statements | |
| | Note | 2020 | 2019 | 2020 | 2019 |
| | | (in Baht) | | | |
| Other comprehensive income (loss) | | | | | |
| Items that will be reclassified subsequently | | | | | |
| to profit or loss: | | | | | |
| Exchange differences on translating | | | | | |
| financial statements | | (450,490) | (420,205) | - | - |
| Loss on cash flow hedges | 22 | (671,111) | (2,913,291) | (671,111) | (2,913,291) |
| Income tax relating to items that will be | | | | | |
| reclassified subsequently to profit or loss | 15 | 134,222 | 582,658 | 134,222 | 582,658 |
| Total items that will be reclassified subsequently | | | | | |
| to loss - net of tax | | (987,379) | (2,750,838) | (536,889) | (2,330,633) |
| Items that will not be reclassified subsequently | | | | | |
| to profit or loss: | | | | | |
| Losses on remeasurements of defined benefit plans | 25 | - | (718,421) | - | (515,266) |
| Income tax relating to items that will not be | | | | | |
| reclassified subsequently to profit or loss | 15 | - | 143,684 | - | 103,053 |
| Total items that will not be reclassified subsequently | | | | | |
| to loss - net of tax | | - | (574,737) | - | (412,213) |
| Comprehensive loss for the year- net of tax | | | | | |
| Total comprehensive income (loss) for the year | | | | | |
| Profit (loss) attributable to:- | | | | | |
| Owners of the Company | | 18,616,743 | (15,656,349) | 12,070,605 | (48,676,272) |
| Non - controlling interests | | (1,513,015) | (6,674,969) | - | - |
| Profit (loss) for the year | | | | | |
| Total comprehensive income (loss) attributable to :- | | | | | |
| Owners of the parent | | 18,152,687 | (18,888,311) | 11,533,716 | (51,419,118) |
| Non - controlling interests | | (2,036,338) | (6,768,582) | - | - |
| Total comprehensive income (loss) for the year | | | | | |
| Earnings (loss) per share | | | | | |
| Basic | 34 | 0.06 | (0.05) | 0.04 | (0.16) |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

| Consolidated financial statements | | | | | | | | | | | | |
|--|----------------------------------|---------------|------------------|--|----------------|--|--------------------------|---|--------------|-------------------------------|---------------------------|--------------|
| Other components of equity | | | | | | | | | | | | |
| Other comprehensive income (loss) | | | | | | | | | | | | |
| Exchange differences on translating financial statements (in Baht) | | | | | | | | | | | | |
| Losses on remeasurements of defined benefit plans | | | | | | | | | | | | |
| Equity attributable to owners | | | | | | | | | | | | |
| Non-controlling interests | | | | | | | | | | | | |
| Total equity | | | | | | | | | | | | |
| Note | Issued and paid-up share capital | Share premium | Others surpluses | Retained earnings (deficits) Legal reserve | Unappropriated | Exchange differences on translating financial statements (in Baht) | Loss on cash flow hedges | Losses on remeasurements of defined benefit plans | Total | Equity attributable to owners | Non-controlling interests | Total equity |
| For the year ended 31 December 2019 | | | | | | | | | | | | |
| Balance at 1 January 2019 | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | 4,301,420 | (10,030,534) | - | - | (10,030,534) | 243,360,676 | (3,916,657) | 239,444,019 |
| Change in equity :- | | | | | | | | | | | | |
| Comprehensive income for the year | | | | | | | | | | | | |
| Loss | - | - | - | - | (15,656,349) | - | - | - | - | (15,656,349) | (6,674,969) | (22,331,318) |
| Other comprehensive loss | - | - | - | - | - | (326,592) | (2,330,633) | (574,737) | (3,231,962) | (3,231,962) | (93,613) | (3,325,575) |
| Total comprehensive loss for the year | - | - | - | - | (15,656,349) | (326,592) | (2,330,633) | (574,737) | (3,231,962) | (18,888,311) | (6,768,582) | (25,656,893) |
| Transfer to deficits | - | - | - | - | (574,737) | - | - | 574,737 | 574,737 | - | - | - |
| Balance at 31 Decenber 2019 | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | (11,929,666) | (10,357,126) | (2,330,633) | - | (12,687,759) | 224,472,365 | (10,685,239) | 213,787,126 |

Asia Biomass Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

| Consolidated financial statements | | | | | | | | | | | | | |
|---|------|---------------|------------|------------------------------|-----------|----------------|----------------------|-------------|----------------|--------------|--------------|-----------------|-------------|
| Other components of equity | | | | | | | | | | | | | |
| Other comprehensive income (loss) | | | | | | | | | | | | | |
| | | Issued and | | Retained earnings (deficits) | | Exchange | | Losses on | | | Equity | | |
| | Note | paid-up | Share | Others | Legal | | differences on | Loss on | remeasurements | | attributable | Non-controlling | Total |
| | | share capital | premium | surpluses | reserve | Unappropriated | financial statements | cash flow | of defined | Total | to owners | interests | equity |
| | | | | | | | (in Baht) | | benefit plans | | | | |
| For the year ended 31 December 2020 | | | | | | | | | | | | | |
| Balance at 1 January 2020-as reported | | | | | | | | | | | | | |
| in prior year | | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | (11,929,666) | (10,357,126) | (2,330,633) | - | (12,687,759) | 224,472,365 | (10,685,239) | 213,787,126 |
| Impact of changes in accounting policy | 4 | - | - | - | - | (345,379) | - | - | - | - | (345,379) | - | (345,379) |
| Correction of an error from calculating | | | | | | | | | | | | | |
| in prior year | 39 | - | - | - | - | (2,976,583) | - | - | - | - | (2,976,583) | 2,976,583 | - |
| Balance at 1 January 2020-restated | | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | (15,251,628) | (10,357,126) | (2,330,633) | - | (12,687,759) | 221,150,403 | (7,708,656) | 213,441,747 |
| Change in equity :- | | | | | | | | | | | | | |
| Comprehensive income for the year | | | | | | | | | | | | | |
| Profit (loss) | | - | - | - | - | 18,616,743 | - | - | - | - | 18,616,743 | (1,513,015) | 17,103,728 |
| Other comprehensive income (loss) | | - | - | - | - | - | 72,833 | (536,889) | | (464,056) | (464,056) | (523,323) | (987,379) |
| Total comprehensive income (loss) | | | | | | | | | | | | | |
| for the year | | - | - | - | - | 18,616,743 | 72,833 | (536,889) | - | (464,056) | 18,152,687 | (2,036,338) | 16,116,349 |
| Balance at 31 Decenber 2020 | | 150,000,000 | 90,507,012 | 2,482,778 | 6,100,000 | 3,365,115 | (10,284,293) | (2,867,522) | - | (13,151,815) | 239,303,090 | (9,744,994) | 229,558,096 |

Asia Biomass Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

| Separate financial statements | | | | | | | | |
|---------------------------------------|--|------------------|------------------------------|----------------|-----------------------------------|-----------------------------|-------------|--------------|
| Note | Issued and paid-up share capital | Share premium | Retained earnings (deficits) | | Other components of equity | | | Total equity |
| | | | Legal reserve | Unappropriated | Other comprehensive income (loss) | | | |
| | | | | | Loss on cash flow hedges | Losses on remeasurements | | |
| | | | | | | of defined benefit plans | Total | |
| | | | | | | | | |
| (in Baht) | | | | | | | | |
| For the year ended 31 December 2019 | | | | | | | | |
| Balance at 1 January 2019 | 150,000,000 | 90,507,012 | 6,100,000 | (7,717,146) | - | - | - | 238,889,866 |
| Change in equity :- | | | | | | | | |
| Comprehensive income for the year | | | | | | | | |
| Loss | - | - | - | (48,676,272) | - | - | - | (48,676,272) |
| Other comprehensive loss | - | - | - | - | (2,330,633) | (412,213) | (2,742,846) | (2,742,846) |
| Total comprehensive loss for the year | - | - | - | (48,676,272) | (2,330,633) | (412,213) | (2,742,846) | (51,419,118) |
| Transfer to deficits | - | - | - | (412,213) | - | 412,213 | 412,213 | - |
| Balance at 31 December 2019 | 150,000,000 | 90,507,012 | 6,100,000 | (56,805,631) | (2,330,633) | - | (2,330,633) | 187,470,748 |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

| | | Separate financial statements | | | | | | | |
|--|------|--|---------------|------------------------------|----------------|--------------------------|--------------------------|-------------|--------------|
| | | <div>Other components of equity</div> <div>Other comprehensive income (loss)</div> <div>Losses on remeasurements</div> | | | | | | | |
| | | Issued and paid-up share capital | Share premium | Retained earnings (deficits) | | Loss on cash flow hedges | of defined benefit plans | Total | Total equity |
| | Note | | | Legal reserve | Unappropriated | | | | |
| (in Baht) | | | | | | | | | |
| For the year ended 31 December 2020 | | | | | | | | | |
| Balance at 1 January 2020-as reported | | | | | | | | | |
| in prior year | | 150,000,000 | 90,507,012 | 6,100,000 | (56,805,631) | (2,330,633) | - | (2,330,633) | 187,470,748 |
| Impact of changes in accounting policy | 4 | - | - | - | (191,506) | - | | - | (191,506) |
| Balance at 1 January 2020-restated | | 150,000,000 | 90,507,012 | 6,100,000 | (56,997,137) | (2,330,633) | | (2,330,633) | 187,279,242 |
| Change in equity :- | | | | | | | | | |
| Comprehensive income for the year | | | | | | | | | |
| Profit (loss) | | - | - | - | 12,070,605 | - | - | - | 12,070,605 |
| Other comprehensive loss | | - | - | - | - | (536,889) | - | (536,889) | (536,889) |
| Total comprehensive income (loss) | | | | | | | | | |
| for the year | | - | - | - | 12,070,605 | (536,889) | - | (536,889) | 11,533,716 |
| Balance at 31 Decenber 2020 | | 150,000,000 | 90,507,012 | 6,100,000 | (44,926,532) | (2,867,522) | - | (2,867,522) | 198,812,958 |

Asia Biomass Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2020

| | Consolidated | | Separate | |
|--|----------------------|--------------|----------------------|--------------|
| | financial statements | | financial statements | |
| Note | 2020 | 2019 | 2020 | 2019 |
| | (in Baht) | | | |
| Cash flows from operating activities | | | | |
| Profit (loss) for the year | 17,103,728 | (22,331,318) | 12,070,605 | (48,676,272) |
| <i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i> | | | | |
| Doubtful debt | - | 12,254,196 | - | 30,229,961 |
| Expected credit loss of receivables (reversal) | (6,108,206) | - | 7,285,772 | - |
| Impairment losses on investment in subsidiary | - | - | 2,496,456 | 9,512,108 |
| Other (profit) loss | 1,338,881 | - | (509,140) | - |
| Depreciation | 17,126,865 | 17,773,936 | 12,085,345 | 11,716,208 |
| Depreciation of right-of-use assets | 4,898,062 | - | 1,603,513 | - |
| Amortisation of intangible assets | 578,652 | 657,719 | 561,967 | 627,033 |
| Loss on inventories devaluation (reversal) | 297,188 | (5,338,173) | 100,000 | (4,843,962) |
| Loss on write-off of damaged inventories due to fire | 511,335 | - | 511,335 | - |
| Adjust loss (excess) of inventories from the stock report | 6,813,669 | 10,953,453 | (225,564) | 458,020 |
| Employee benefits expense | 1,527,601 | 1,795,245 | 1,096,874 | 1,027,988 |
| Unrealised (gains) loss on exchange | (9,545) | 125,237 | 17,273 | 135,955 |
| Gain on disposal and written off of equipments | (349,984) | (582,086) | (94,406) | (709,815) |
| Adjust the right-of-use on land lease contract | (452,619) | - | (271,571) | - |
| Loss on written off of intangible assets | - | 46,234 | - | 43,554 |
| Interest income | (672,563) | (103,373) | (1,177,632) | (1,458,378) |
| Finance costs | 11,881,118 | 11,423,602 | 6,676,961 | 5,999,023 |
| Income tax expense (revenues) | 5,967,474 | (1,508,376) | 2,543,870 | (13,998,377) |
| | 60,451,656 | 25,166,296 | 44,771,658 | (9,936,954) |
| Changes in operating assets and liabilities | | | | |
| Trade accounts receivables | (49,213,384) | (28,356,972) | (33,388,105) | (11,113,379) |
| Other current receivables | 1,954,801 | (4,892,837) | 162,246 | (7,562,893) |
| Advance payment for goods | 1,218,168 | 1,866,933 | (30,867,043) | 11,504,620 |
| Inventories | (56,132,206) | (19,883,514) | (8,276,771) | 36,233,583 |
| Other current assets | 10,536,347 | (3,773,129) | 6,527,227 | (5,362,720) |
| Other non-current assets | 2,930,430 | 5,290,931 | 560,547 | 5,219,029 |
| Trade accounts payables | 54,626,171 | (8,766,352) | 62,136,037 | 16,889,668 |
| Other current payables | (6,997,153) | (2,924,199) | (5,817,402) | (15,638,898) |
| Other current liabilities | (781,078) | (1,702,632) | (719,877) | (1,667,402) |
| Payment of provision employee benefits | (1,478,228) | (157,096) | (1,051,975) | (963,158) |
| Net cash generated from (used in) operating activities | 17,115,524 | (38,132,571) | 34,036,542 | 17,601,496 |
| The accompanying notes are an integral part of these financial statements. | | | | |

Asia Biomass Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2020

| | | Consolidated | | Separate | |
|---|-------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | | financial statements | | financial statements | |
| | <i>Note</i> | 2020 | 2019 | 2020 | 2019 |
| | | <i>(in Baht)</i> | | | |
| Taxes paid | | (4,753,809) | (4,318,404) | (33,339) | (35,086) |
| Tax received | | - | 282,907 | - | - |
| Net cash from (used in) operating activities | | 12,361,715 | (42,168,068) | 34,003,203 | 17,566,410 |
| <i>Cash flows from investing activities</i> | | | | | |
| Interest received | | 672,562 | 103,373 | 665,232 | 2,037,249 |
| Increased of bank deposit pledged as collateral | | - | (30,000,000) | - | (30,000,000) |
| Proceeds from short-term loans to subsidiaries | | - | - | - | 23,000,000 |
| Proceeds from sale of equipment | | 1,291,608 | 6,247,789 | 451,608 | 1,112,140 |
| Acquisition of property, plant and equipment | | (68,013,344) | (12,598,370) | (63,342,289) | (11,559,174) |
| Acquisition of right-of-use assets | | (172,500) | - | (103,500) | - |
| Acquisition of other intangible assets | | (4,500) | (5,773) | (4,500) | (5,773) |
| Acquisition of deposit on machinery | | - | (223,255) | - | - |
| Net cash used in investing activities | | (66,226,174) | (36,476,236) | (62,333,449) | (15,415,558) |
| <i>Cash flows from financing activities</i> | | | | | |
| Interest paid | | (11,588,395) | (11,535,683) | (6,751,968) | (6,114,952) |
| Proceeds from short-term loans from financial institutions | | 664,295,254 | 1,016,383,011 | 239,695,667 | 565,109,482 |
| Payment of short-term loans from financial institutions | | (582,776,372) | (1,014,685,985) | ##### | ##### |
| Proceeds from long-term borrowings | | 30,000,000 | 95,030,000 | 30,000,000 | 95,030,000 |
| Repayment of long-term borrowings | | (14,928,000) | (1,244,000) | (14,928,000) | (1,244,000) |
| Repayment of lease liabilities | | (6,878,034) | (2,654,524) | (1,518,661) | - |
| Net cash from (used in) financing activities | | 78,124,453 | 81,292,819 | 42,466,731 | (4,082,965) |
| Net increased (decreased) in cash and cash equivalents | | | | | |
| before effects of exchange rates | | 24,259,994 | 2,648,515 | 14,136,485 | (1,932,113) |
| Effects of exchange rates changes on cash | | | | | |
| and cash equivalents | | (2,230) | (37,930) | (2,230) | (46,889) |
| Effects of translating financial statements | | (477,343) | (220,893) | - | - |
| Net increased (decreased) in cash and cash equivalents | | 23,780,421 | 2,389,692 | 14,134,255 | (1,979,002) |
| Cash and cash equivalents at 1 January | 7 | 27,449,384 | 25,059,692 | 11,328,746 | 13,307,748 |
| Cash and cash equivalents at 31 December | 7 | 51,229,805 | 27,449,384 | 25,463,001 | 11,328,746 |

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

Asia Biomass Public Company Limited and its Subsidiaries

Statements of cash flows

For the year ended 31 December 2020

| | <i>Note</i> | Consolidated | | Separate | |
|---|-------------|-----------------------------|-----------|-----------------------------|-----------|
| | | financial statements | | financial statements | |
| | | 2020 | 2019 | 2020 | 2019 |
| <i>(in Baht)</i> | | | | | |
| Non-cash transactions | | | | | |
| Payable on property for equipment | | - | 214,634 | - | 214,634 |
| Acquisition right-of-use assets under lease liabilities | 24 | 19,897,961 | 5,355,029 | 1,740,268 | - |
| Transferred vehicles to non-current assets | | | | | |
| classified as held for sale | | - | 114,677 | - | - |
| Transferred assets to deposit | | - | 254,813 | - | - |
| Loss on derivative recognized in | | | | | |
| other comprehensive income | | - | 2,913,291 | - | 2,913,291 |

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

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| Note | Contents |
|-------------|--|
| 1 | General information |
| 2 | Basis of preparation of financial statements |
| 3 | The impact of the situation of Corona virus disease 2019 pandemic (“COVID-19”) |
| 4 | Changes in accounting policies |
| 5 | Significant accounting policies |
| 6 | Related parties |
| 7 | Cash and cash equivalents |
| 8 | Trade accounts receivables |
| 9 | Other current receivables |
| 10 | Advance payment for goods |
| 11 | Inventories |
| 12 | Investments in subsidiaries |
| 13 | Non-controlling interests |
| 14 | Property, plant and equipment |
| 15 | Right-of-use assets |
| 16 | Other intangible assets |
| 17 | Deferred tax assets |
| 18 | Other non-current assets |
| 19 | Short-term borrowings from financial institutions |
| 20 | Trade accounts payables |
| 21 | Other current payables |
| 22 | Derivatives liabilities |
| 23 | Long-term borrowings |
| 24 | Lease liabilities |
| 25 | Non-current provisions for employee benefit |
| 26 | Share capital |
| 27 | Share premium and reserves |
| 28 | Other income |
| 29 | Distribution costs |
| 30 | Administrative expenses |
| 31 | Employee benefit expenses |
| 32 | Expenses by nature |
| 33 | Finance costs |
| 34 | Earnings (losses) per share |
| 35 | Business segment information |
| 36 | Commitments with non-related parties |
| 37 | Lawsuits and litigation |
| 38 | Financial instruments |
| 39 | Correction of an error from calculating in prior year |
| 40 | Event after the reporting period |
| 41 | Reclassification of accounts |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 24 February 2021.

1 General information

Asia Biomass Public Company Limited (“the Company”) is incorporated in Thailand and has its registered head office at No. 273/2 Rama II Road, Samae Dam Sub-District, Bang Khun Thian District, Bangkok and has 3 branches as follows:

Branch 1 122 Moo 1, Tambol Bang Nam Chuet, Amphur Mueang Samut Sakhon, Samut Sakhon Province.

Branch 2 155/1 Moo 14, Tambol Bangpakong, Amphur Bangpakong, Chachoensao Province.

Branch 3 113/1 Moo 3, Kanjanavithi Road, Tambol Bangkung, Amphur Mueang Surat Thani, Surat Thani Province.

The Company was listed on the Market for Alternative Investment (MAI) as at 27 February 2018.

The Company’s major shareholders who hold 10% or higher than of total paid-up share capital during the year were as follows:

| | |
|---------------------|---|
| | <i>(% of total paid – up share capital)</i> |
| Kuansataporn family | 66.10 |

The principal activities of the Group are trading of biomass, manufacturing wood chip and biomass pellet, and transportation.

Details of the Company’s subsidiaries as at 31 December 2020 and 2019 are given in note 12 to the financial statements.

2 Basis of preparation of financial statements

2.1 Statement of compliance

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

2.2 New financial reporting standards

2.2.1 Financial reporting standards that became effective in the current period

The new and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS have resulted in changes in certain of the Group/Company’s accounting policies.

The Group/Company has initially applied TFRS - Financial instruments standards which comprise TFRS 9 Financial Instruments and relevant standards and interpretations and TFRS 16 Leases and disclosed impact from changes to significant accounting policies in note 4.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

2.2.2 Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2021 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Group/Company has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| <u>Items</u> | <u>Measurement bases</u> |
|---------------------------|---|
| Defined benefit liability | Present value of non-current provisions for defined benefit as explained in note 25 |

2.4 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group/Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

2.5.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

- 5.11 and 15 Leases :
- whether an arrangement contains a lease;
 - whether the Group/Company is reasonably certain to exercise extension options;
 - whether the Group/Company exercise termination options;
 - whether the Group/Company has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.

2.5.2 Assumptions and estimation uncertainties

- Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognized in the financial statements is included in the following notes:

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

| | |
|-----------------|--|
| 5.11, 15 and 24 | Determining the incremental borrowing rate to measure lease liabilities. |
| 12, 14, 15 | Impairment test: key assumptions underlying recoverable amounts. |
| 17 | Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized. |
| 25 | Measurement of defined benefit obligations: key actuarial assumptions. |
| 8 and 38 | Measurement of ECL allowance for trade receivables: key assumptions in determining the ECL rate. |

Significant accounting judgments and estimates are summarized as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognized assets or liabilities, the management is required to make judgment on whether the Group's/Company's significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

From the situation as described in Note 3, resulting in estimation uncertainty, the Group/Company elected to apply accounting guidance on temporary accounting relief measures for additional accounting options, issued by the Federation of Accounting Professions, in response to impact from the situation of COVID – 19 outbreaks on the following:

Impairment of assets

The Group/Company elected to consider impairment of trade accounts receivables under simplified approach using historical loss to estimate for expected credit losses and did not take forward - looking information about situation of COVID – 19 to be uncertainty for consideration.

Cost of building and equipments and depreciation

In calculating of depreciation of cost of building and equipments, the management estimates useful lives and salvage values when unused of such that assets and reviews estimated useful lives and salvage values it there are any changes.

Litigation

The Group/Company has contingent liabilities as a result of litigation. The management has used judgment to assess the outcome of the litigation and believes that no loss will be incurred, therefore, no contingent liabilities are recorded as at the end of reporting period. However, actual results may differ from the estimates.

2.5.3 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group/Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's/the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

When one is available, the Group/Company measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group/Company use valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group/Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group/Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When measuring the fair value of an asset or a liability, the Group/Company uses market observable 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:

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group/Company can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

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.

The Group/Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 22

Derivatives liabilities

Note 38

Financial instruments

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

2.6 Significant financial information of the Company and foreign subsidiaries

As shown in the financial statements as at 31 December 2020, the Group/Company had current liabilities exceeding than current assets in the amount of Baht 81 million and Baht 92 million in consolidated and separate financial statements, respectively. The three foreign subsidiaries have no major revenues from the operating business, which some subsidiaries have ceased their operations and the Company has provided financial support to the subsidiaries. In addition, the auditors of three foreign subsidiaries provided unqualified opinions but they reported material uncertainty in relation to going concern due to the above subsidiaries had deficit in the amount of Baht 13.67 million, Baht 14.67 million and Baht 14.75 million, respectively, current liabilities exceeding than current assets in the amount of Baht 4.05 million, Baht 11.49 million and Baht 10.63 million, respectively and had deficit of equity in the amount of Baht 4.06 million, Baht 10.13 million and Baht 10.60 million, respectively, these etc.

3 The impact of the situation of Coronavirus disease 2019 Pandemic (“COVID-19”)

The Coronavirus disease 2019 pandemic, currently still in impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group/Company operate. The Group/Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgment in respect of various issues as the situation has evolved.

4 Changes in accounting policies

From 1 January 2020, the Group/Company has applied the new and revised financial reporting standards (TFRS), as discussed in Note 2.2 to the financial statements, is summarized as follows:

4.1 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. The details of accounting policies are disclosed in notes 5.3 and 38. The impact from adoption of TFRS - Financial instruments standards are as follows:

4.1.1 Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives are measured at FVTPL. It replaces accounting policies of the Group/Company on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The classification - Financial assets under TFRS 9 has no material effect on the financials statements of the Group/Company.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

4.1.2 Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the financial statements of the Group/Company.

4.1.3 Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The classified other financial liabilities according to TFRS 9 has no material effect on the financial statements of the Group/Company.

4.1.4 Hedge accounting

TFRS 9 introduces guidance on hedge accounting while previous TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group/Company is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategies and to apply a more qualitative and forward-looking approach to assess hedge effectiveness

Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. The Group/Company has entered into interest rate swap contracts as discussed in Note 22 to the financial statements.

4.1.5 Impairment - Financial assets

TFRS 9 introduces forward-looking "expected credit loss" (ECL) model of financial assets whereas previously the Group/Company estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost or fair value to other comprehensive income, except for investments in equity instruments.

The Group/Company made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the financial statements of the Group/Company.

4.2 TFRS 16 Leases

Previously, the Group/Company, as a lessee, recognized payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. When TFRS 16 is effective from 1 January 2020, it introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases or leases of low-value items.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

The Group/Company has initially adopted the above financial reporting standard by using the modified retrospective approach of which the cumulative effect is recognized as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated. Impact from the adoption of those financial reporting standards was summarized as follows:

| Consolidated financial statements | | | |
|--|------------------------|-------------------------|--------------|
| | Previously reported | Adjustment (in Baht) | Restated |
| Statement of financial position | | | |
| At 1 January 2020 | | | |
| Property, plant and equipment | 273,698,042 | (7,505,170) | 266,192,872 |
| Right-of-use assets | - | 16,423,861 | 16,423,861 |
| Other non-current assets | 3,753,272 | (150,000) | 3,603,272 |
| Current portion of lease liabilities | 1,625,176 | 3,078,737 | 4,703,913 |
| Leases liabilities | 4,253,258 | 6,035,332 | 10,288,590 |
| Deficits | (11,929,666) | (345,379) | (12,275,045) |

| Separate financial statements | | | |
|--|------------------------|-------------------------|--------------|
| | Previously reported | Adjustment (in Baht) | Restated |
| Statement of financial position | | | |
| At 1 January 2020 | | | |
| Right-of-use assets | - | 5,354,435 | 5,354,435 |
| Other non-current assets | 1,232,047 | (90,000) | 1,142,047 |
| Current portion of lease liabilities | - | 1,337,856 | 1,337,856 |
| Leases liabilities | - | 4,118,085 | 4,118,085 |
| Deficits | (56,805,631) | (191,506) | (56,997,137) |

Upon initial application of TFRS 16 the Group/Company recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's/the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group/Company recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

| | Consolidated financial statements | Separate financial statements |
|---|--|--|
| | (in Baht) | |
| Operating lease commitments at 31 December 2019 | 10,697,613 | 6,532,200 |
| Less: Short-term leases and leases of low-value assets | (397,000) | (397,000) |
| Less: Others | 160,041 | (139,800) |
| Less: Deferred interest expenses | (1,346,585) | (539,459) |
| Increase in lease liabilities due to TFRS 16 adoption | 9,114,069 | 5,455,941 |
| Liabilities under finance lease agreements at 31 December 2019 | 5,878,434 | - |
| Lease liabilities at 1 January 2020 | 14,992,503 | 5,455,941 |
| Classified to: | | |
| Current | 4,703,913 | 1,337,856 |
| Non-current | 10,288,590 | 4,118,085 |
| Total | 14,992,503 | 5,455,941 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | Separate financial statements |
|--------------------------------|--|--|
| Incremental borrowing rate (%) | <u>2.39 – 9.38</u> | <u>2.39 – 3.85</u> |

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 were summarized as follows:

| | Consolidated financial statements | Separate financial statements |
|--|--|--|
| | <i>(in Baht)</i> | |
| Land | 5,486,242 | 3,291,745 |
| Building | 1,369,759 | - |
| Vehicle | 9,567,861 | 2,062,690 |
| Total right-of-use assets at 1 January 2020 | <u>16,423,862</u> | <u>5,354,435</u> |

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except the changes in accounting policies as described in Note 4 related to financial instruments and leases.

5.1 Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

5.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group/Company at the 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 rates at the reporting date, foreign currency translation gains or losses are recognized as income or expense operation during the year.

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.

Foreign exchange differences arising on translation are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the end of the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions and using the weighted average method (the average rates during the year).

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

5.3 Financial instruments

Accounting policies applicable from 1 January 2020

5.3.1 Recognition and initial measurement

Trade receivable and trade payables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group /the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognized at fair value.

5.3.2 Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Financial assets are not reclassified subsequent to their initial recognition unless the Group/Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group/Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment;

“Principal” is defined as the fair value of the financial asset on initial recognition.

“Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group/Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group/Company consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Financial assets - subsequent measurement and gains and losses

| | |
|---------------------------------------|--|
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
|---------------------------------------|--|

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5.3.3 *Derecognition*

Financial assets

The Group/Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group/Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group/Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group/Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group/Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5.3.4 *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group/Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

5.4 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

5.5 Trade and other current receivables

Receivables are recognized when the Group/Company has an unconditional right to receive consideration.

Trade account receivable is measured at transaction price less allowance for expected credit loss (2019: allowance for doubtful accounts).

Trade and other current receivables are stated at their invoice value less allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments.

Bad debts are written off when they occur.

5.6 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs of goods are calculated using the weighted average method. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, includes an appropriate share of production overheads.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow moving inventories.

5.7 Non-current assets classified as held for sale

Non-current assets classified as held for sale are stated at book value or net fair value, whichever is the lower.

5.8 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are accounted for using the cost method less an allowance for impairment.

5.9 Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

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 labor, any other costs, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs of qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for major components of property, plant and equipment.

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 recognized net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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:

| | |
|---|--------------|
| Land improvements | 5 - 20 years |
| Building and building improvements | 5 - 20 years |
| Machinery and equipment | 5 - 20 years |
| Furniture, fixture and office equipment | 3 - 5 years |
| Vehicles | 5 - 10 years |

The Group/Company no depreciation is provided on freehold land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.10 Intangible assets

Intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is calculated over the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

The estimated useful lives for the current and comparative periods are as follows:

| | | |
|-------------------|--------|-------|
| Software licenses | 5 - 10 | years |
|-------------------|--------|-------|

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.11 Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group/Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group/Company uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group /the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group/Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group/Company recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group/Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group/Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's/the Company's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable amount under purchase, extension or termination option if the Group/Company is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognized as expenses in the accounting period in which they are incurred.

The Group/Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting policies applicable before 1 January 2020

As a lessee, leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized 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.

Assets held under other leases were classified as operating leases and lease payments are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, 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/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment 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/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/Company 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/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized 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 recognized using the Group's/the Company's incremental borrowing rate.

5.12 Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Group/Company recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables, debt investments and contract assets).

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group/Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group/Company recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group/Company is exposed to credit risk.

The Group/Company assumes that the credit risk on a financial asset has increased significantly, significant deterioration in financial instrument's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group/Company.

The Group/Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group/Company in full, without recourse by the Group/Company to actions such as realizing security (if any is held); or
- the financial asset is more than 365 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognized as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Credit-impaired financial assets

At each reporting date, the Group/Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 365 days past due, probable the debtor will enter bankruptcy, etc.

Write-off

The gross carrying amount of a financial asset is written off when the Group/Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Accounting policies applicable before 1 January 2020

The carrying amounts of the Group/Company’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.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Reversal 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 recognized in profit or loss. For financial assets carried at amortized cost, the reversal is recognized in profit or loss.

5.13 Impairment of non-financial assets

The carrying amounts of the Group/Company’s assets are reviewed at each reporting period 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 recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other 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 amortization, if no impairment loss had been recognized.

5.14 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at cost less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

5.15 Trade and other current payables

Trade and other current payables are stated at cost.

5.16 Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognized when the Group/Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Group/Company recognizes the related revenue.

5.17 Employee benefits

a) Short-term employee benefits

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group/Company 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.

b) Post-employment benefits

The Group/Company records post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

- Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

- *Defined benefit plan*

The Group's/the Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's/the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group/Company recognized immediately all actuarial gains or losses arising from defined benefit plans are recognized in other comprehensive income.

c) *Other long-term employee benefits*

The Group's/the Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

d) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group/Company can no longer withdraw the offer of those benefits and when the Group/Company recognized costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of reporting period, then they are discounted.

5.18 Provisions

A provision is recognized if, as a result of past event, the Group/Company has a present legal or constructive obligation that can be estimate reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.19 Revenue

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group/Company expects to be entitled, excluding those amounts collected on behalf of third parties, values added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Sale of goods and rendering of services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue from investment

Revenue from investments comprises of rental income and interest income from bank deposits.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Interest income

Interest income is recognized in profit or loss on an accrual basis.

Other income

Other income is recognized on an accrual basis.

5.20 Finance costs

Finance costs comprise interest expense on borrowings and unwinding of discount on provisions and contingent consideration.

Accounting policies applicable from 1 January 2020

Effective interest rate (EIR)

Interest expense is recognized using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability.

Accounting policies applicable before 1 January 2020

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 capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes substantial periods of time to be prepared for its intended use or sale

5.21 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences : 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.

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.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

The measurement of deferred taxes assets and liabilities must reflect the tax consequences that occur from the manner in which the Group/Company is expected to benefit from the asset or settlement of liabilities along carrying value at the end of the reporting period.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company 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 judgments about future events. New information may become available that causes the Group/Company to change its judgment 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 realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group/Company. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.22 Basic earnings (losses) per share

The Group/Company presents basic earnings (losses) per share which is calculated by dividing the profit (loss) of ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

5.23 Business 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.

6 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Relationships with related parties were as follows:

| Name of related parties | Country of incorporation/ nationality | Nature of relationships |
|---------------------------------------|--|--|
| Subsidiaries | | |
| 1. Sathaporn Tanapat Co., Ltd. | Thailand | Subsidiary, 99.99% shareholding |
| 2. Paprapat Co., Ltd. | Thailand | Subsidiary, 99.98% shareholding |
| 3. ABM Pellets Co., Ltd. | Thailand | Subsidiary, 99.99% shareholding |
| 4. PT Asia Biomass Indonesia | Indonesia | Subsidiary, 99.00% shareholding |
| 5. Asia Biomass Energy SDN. BHD. | Malaysia | Subsidiary, 55.00% shareholding |
| 6. Asia Biomass Resources SDN. BHD. | Malaysia | Subsidiary, 55.00% shareholding |
| Related companies | | |
| 7. Asia Green Energy Public Co., Ltd. | Thailand | Common director and shareholder |
| 8. A.G.E. Transport Co., Ltd. | Thailand | Common director and shareholder |
| 9. K.H. Development Co., Ltd. | Thailand | Common director and shareholder |
| 10. AGE Marine Logistics Co., Ltd. | Thailand | Common director and shareholder |
| 11. Kok Huad Property Co., Ltd. | Thailand | Common director and shareholder |
| 12. Pornpreecha Co., Ltd. | Thailand | Common director and shareholder |
| 13. Nadee Asset Co., Ltd. | Thailand | Common director and shareholder |
| 14. D.T.C. Enterprise Co., Ltd. | Thailand | Common director |
| 15. Jinsolid SDN. BHD. | Malaysia | Common director and shareholder of subsidiary |
| 16. AJ Biomass SDN. BHD. | Malaysia | Common director and shareholder of subsidiary |
| 17. Teck Yien Construction SDN. BHD. | Malaysia | Common director and shareholder of subsidiary |
| 18. Destiny Holding (M) SDN. BHD. | Malaysia | Common director and shareholder of subsidiary |
| 19. 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 of the Group/Company (whether executive of otherwise) |

The pricing policies for particular types of transactions are explained further below:

| Transactions | Pricing policies |
|---|--|
| Revenues from sales of goods | Comparable to market price |
| Revenues from services | Actual cost of goods plus margin |
| Interest income | Rate as mutually agreed with reference interest rates quoted by financial institutions |
| Other income | Contract price or negotiable price |
| Purchase of goods/raw materials | Actual cost of goods and raw materials plus margin |
| Cost of services | Contract price or negotiable price |
| Distribution costs | Contract price or negotiable price |
| Administrative expenses | Contract price or negotiable price |
| Director's remunerations represent meeting allowance, salary, bonus and other | The amounts approved by the Company's directors and shareholders |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Significant transactions with related parties for the years ended 31 December were summarized as follows:

| | Consolidated financial statements | | Separate financial statement | |
|--|--|-------------------|---|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiaries | | | | |
| Revenues from sales of goods | - | - | 1,832,294 | 112,853 |
| Interest income | - | - | 512,400 | 1,289,534 |
| Other income | - | - | 3,172,546 | 2,563,300 |
| Cost of sale | - | - | 373,562,743 | 320,097,816 |
| Distribution costs | - | - | 25,494,491 | 26,563,044 |
| Administrative expenses | - | - | 546,768 | 182,400 |
| Other related parties | | | | |
| Revenues from sales of goods | 769,540 | - | - | - |
| Revenues from rendering of services | 12,789,588 | 8,829,778 | - | - |
| Other income | 3,039,898 | 22,562 | 3,039,898 | - |
| Cost of sale | 56,065,222 | 2,247,134 | 54,627,653 | 7,600 |
| Cost of services | 193,563 | 899,516 | - | - |
| Distribution costs | 7,942,792 | 4,172,842 | 6,329,554 | 2,187,255 |
| Administrative expenses | 1,936,738 | 2,080,131 | 1,826,108 | 1,828,351 |
| Directors and key management personnel | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefits | 15,183,518 | 12,700,423 | 15,183,518 | 12,700,423 |
| Post-employment benefits | 328,081 | 962,199 | 328,081 | 962,199 |
| Total directors and key management personnel compensation | 15,511,599 | 13,662,622 | 15,511,599 | 13,662,622 |

Balances with related parties as at 31 December were as follows:

Trade accounts receivable - related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------|--|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiaries | | | | |
| Asia Biomass Energy SDN.BHD. | - | - | 250,379 | 246,310 |
| Paprapat Co., Ltd. | - | - | - | 120,753 |
| Sathaporn Tanapat Co., Ltd. | - | - | 456,032 | - |
| Other related parties | | | | |
| Asia Green Energy Public Co., Ltd. | 3,275,397 | - | 70,309 | - |
| A.G.E. Terminal Co., Ltd. | 379,503 | - | - | - |
| A.G.E. Transport Co., Ltd. | 2,743,946 | - | 2,171,078 | - |
| Total | 6,398,846 | - | 2,947,798 | 367,063 |
| Less Allowance for expected credit losses | - | - | (250,379) | - |
| Net | 6,398,846 | - | 2,697,419 | 367,063 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--|------|--|------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| For the year ended 31 December | | | | |
| Expected credit loss | - | - | 250,379 | - |

Other current receivables - related parties

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--|-----------|--|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiaries | | | | |
| Accrued interest income | | | | |
| Sathaporn Tanapat Co., Ltd. | - | - | 1,801,934 | 1,289,534 |
| Other receivables | | | | |
| Sathaporn Tanapat Co., Ltd. | - | - | 2,529,300 | 1,816,500 |
| Paprapat Co., Ltd. | - | - | 4,775,053 | 3,471,700 |
| Other related parties | | | | |
| Other receivables | | | | |
| Asia Green Energy Public Co., Ltd. | - | 1,409,846 | - | - |
| A.G.E. Transport Co., Ltd. | - | 8,102 | - | - |
| Destiny Holding (M) SDN. BHD. | - | 1,849 | - | - |
| Total | - | 1,419,797 | 9,106,287 | 6,577,734 |

Advance payment for goods - related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------|--|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiaries | | | | |
| PT Asia Biomass Indonesia (1) | - | - | 8,484,534 | 6,834,652 |
| Asia Biomass Resources SDN. BHD. (1) | - | - | 14,246,532 | 14,246,532 |
| Asia Biomass Energy SDN. BHD. (2) | - | - | 42,410,258 | 13,756,465 |
| | - | - | 65,141,324 | 34,837,649 |
| Less Allowance for expected credit losses | | | | |
| (2019: allowance for doubtful accounts) | - | - | (32,731,066) | (21,081,184) |
| Net | - | - | 32,410,258 | 13,756,465 |

For the year ended 31 December

| | | | | |
|--|---|---|------------|------------|
| Expected credit loss (2019: allowance for doubtful accounts) | - | - | 11,649,882 | 21,081,184 |
|--|---|---|------------|------------|

(1) Recording allowance for expected credit losses in full in 2020 and 2019.

(2) Recording allowance for expected credit losses in the amount Baht 10 million in 2020.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Short term loans - related parties

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--|----------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiary | | | | |
| Sathaporn Tanapat Co., Ltd. | - | - | 14,600,000 | 14,600,000 |
| Total | <u>-</u> | <u>-</u> | <u>14,600,000</u> | <u>14,600,000</u> |

Movements of short - term loans to related parties during the year ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|----------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| At 1 January | - | - | 14,600,000 | 37,600,000 |
| Decreased | - | - | - | (23,000,000) |
| Balance at 31 December | <u>-</u> | <u>-</u> | <u>14,600,000</u> | <u>14,600,000</u> |

Investments in subsidiaries were detailed in Note 12 to the financial statements.

Trade accounts payables - related parties

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--|----------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Subsidiaries | | | | |
| Sathaporn Tanapat Co., Ltd. | - | - | 8,362,244 | 404,300 |
| Paprapat Co., Ltd. | - | - | 121,521,798 | 98,701,005 |
| Asia Biomass Energy SDN. BHD. | - | - | - | 928,625 |
| Other related parties | | | | |
| Jinsolid SDN. BHD. | 94,577 | 94,967 | 94,577 | 94,967 |
| AJ Biomass Sdn Bhd. | 540,000 | - | 540,000 | - |
| Asia Green Energy Public Co., Ltd. | 14,221,736 | - | 14,221,736 | - |
| A.G.E. Transport Co., Ltd. | 254,071 | 125,220 | 213,404 | - |
| Total | <u>15,110,384</u> | <u>220,187</u> | <u>144,953,759</u> | <u>100,128,897</u> |

Other current payables – related parties

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--|---------|--|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Other current payables | | | | |
| Subsidiary | | | | |
| Sathaporn Tanapat Co., Ltd. | - | - | 392,972 | 2,202,750 |
| Other related parties | | | | |
| A.G.E. Transport Co., Ltd. | - | 574,823 | - | 340,849 |
| K.H. Development Co., Ltd. | 147,350 | 146,078 | 147,350 | 146,079 |
| AGE Marine Logistics Co., Ltd. | - | 178,818 | - | 179,819 |

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--|------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Destiny Holding (M) SDN. BHD. | - | 20,229 | - | - |
| D.T.C. Enterprise Co., Ltd. | 15,890 | 15,890 | - | - |
| Teck Yien Construction SDN. BHD. | - | 2,636 | - | - |
| AJ Biomass SDN. BHD. | - | 173,342 | - | - |
| Kokhuad Property Co., Ltd. | 41,310 | - | 27,489 | - |
| Accrued expenses | | | | |
| Other related parties | | | | |
| A.G.E. Transport Co., Ltd. | 270,464 | 243,142 | 228,028 | 138,144 |
| Total | 475,014 | 1,354,958 | 795,839 | 3,007,641 |

Directors' remunerations

The Ordinary General Meeting of Shareholders held on 23 June 2020 and 26 April 2019 approved to pay the directors' remuneration for 2020 and 2019 in the amount not exceeding of Baht 5 million. Please also see note 40 to the financial statements.

Guarantee and commitment

As at 31 December 2020 and 2019, the Company had contingent liabilities for guaranteed bank credit facilities of a subsidiary (Papapat Co., Ltd.) amounting to Baht 440 million and Baht 370 million, respectively.

As at 31 December 2020, the Company issued the letter of financial support to 3 foreign subsidiaries (Asia Biomass Resources SDN. BHD., Asia Biomass Energy SDN. BHD. and PT Asia Biomass Indonesia)

7 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Cash | 159,871 | 109,079 | 75,000 | 80,000 |
| Cheque on hand | 4,462,466 | 3,643,691 | 4,457,466 | 3,364,463 |
| Cash at banks – current accounts | 41,813,502 | 21,431,503 | 19,657,677 | 6,861,330 |
| Cash at banks – savings accounts | 4,793,966 | 2,265,111 | 1,272,858 | 1,022,953 |
| Total | 51,229,805 | 27,449,384 | 25,463,001 | 11,328,746 |

8 Trade accounts receivable

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Trade notes receivable - other parties | 9,943,242 | 7,098,271 | 9,281,882 | 5,099,910 |
| Trade accounts receivable | | | | |
| Related parties | 6,398,846 | - | 2,947,798 | 367,063 |
| Other parties | 189,830,261 | 149,899,363 | 132,158,500 | 105,571,773 |
| | <u>196,229,107</u> | <u>149,899,363</u> | <u>135,106,298</u> | <u>105,938,836</u> |
| Total | 206,172,349 | 156,997,634 | 144,388,180 | 111,038,746 |

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------------------|--|---------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| <i>Less</i> Allowance for expected credit losses (2019: allowance for doubtful accounts) | <u>(4,460,854)</u> | <u>(7,537,291)</u> | <u>(2,913,106)</u> | <u>(5,237,216)</u> |
| Net | <u>201,711,495</u> | <u>149,460,343</u> | <u>141,475,074</u> | <u>105,801,530</u> |
| <i>For the year ended 31 December</i> | | | | |
| (Reversal) Expected credit loss | | | | |
| (2019: (reversal) doubtful accounts) | <u>(3,076,437)</u> | <u>5,834,522</u> | <u>(2,324,110)</u> | <u>3,534,447</u> |

Aging analyses for trade accounts receivable were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------------------|--|---------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Trade notes receivable | 9,943,242 | 7,098,271 | 9,281,882 | 5,099,910 |
| Trade accounts receivable | | | | |
| Within credit term | 97,015,377 | 100,915,285 | 70,821,863 | 63,538,442 |
| Overdue :- | | | | |
| 1 months – 3 months | 93,686,347 | 42,515,032 | 60,353,414 | 38,231,422 |
| 3 months – 6 months | 1,078,082 | 434,995 | 1,029,468 | 141,069 |
| 6 months – 12 months | 121,215 | 3,551,499 | 121,215 | 1,545,351 |
| More than 12 months | 4,328,086 | 2,482,552 | 2,780,338 | 2,482,552 |
| Total overdue | <u>99,213,730</u> | <u>48,984,078</u> | <u>64,284,435</u> | <u>42,400,394</u> |
| | <u>196,229,107</u> | <u>149,899,363</u> | <u>135,106,298</u> | <u>105,938,836</u> |
| Total | 206,172,349 | 156,997,634 | 144,388,180 | 111,038,746 |
| <i>Less</i> Allowance for expected credit losses (2019: allowance for doubtful accounts-reversal) | <u>(4,460,854)</u> | <u>(7,537,291)</u> | <u>(2,913,106)</u> | <u>(5,237,216)</u> |
| Net | <u>201,711,495</u> | <u>149,460,343</u> | <u>141,475,074</u> | <u>105,801,530</u> |

The normal credit term granted by the Group/Company ranges from 7 days to 60 days.

9 Other current receivables

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--|-------------------------|--|--------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Related parties | - | 1,419,797 | 9,106,287 | 6,577,734 |
| Other parties | 6,886,569 | 7,421,650 | 4,218,439 | 6,363,498 |
| Net | <u>6,886,569</u> | <u>8,841,447</u> | <u>13,324,726</u> | <u>12,941,232</u> |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| <i>Other current receivables-other parties</i> | | | | |
| Other receivables | 79,009 | 5,346,007 | 24,227 | 5,181,561 |
| Prepaid expenses | 2,882,182 | 2,030,441 | 1,165,752 | 1,166,234 |
| Advance payable | 68,255 | 39,336 | 34,114 | 9,837 |
| Withholding tax | 1,081,049 | - | 276,826 | - |
| Prepaid VAT | 2,095,963 | - | 2,037,409 | - |
| Revenue department receivable | 680,111 | - | 680,111 | - |
| Others | - | 5,866 | - | 5,866 |
| Total | 6,886,569 | 7,421,650 | 4,218,439 | 6,363,498 |

10 Advance payment for goods

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Related parties | - | - | 65,141,324 | 34,837,649 |
| Other parties | 19,007,275 | 20,225,443 | 15,818,962 | 15,255,594 |
| Total | 19,007,275 | 20,225,443 | 80,960,286 | 50,093,243 |
| Less Allowance for expected credit losses (2019: allowance for doubtful accounts) | (3,277,462) | (6,309,231) | (35,495,296) | (25,885,414) |
| Net | 15,729,813 | 13,916,212 | 45,464,990 | 24,207,829 |
| Classify:- | | | | |
| Current | 4,340,773 | 4,223,412 | 34,075,950 | 14,515,029 |
| Non-Current (as disclosed in note 36) | 11,389,040 | 9,692,800 | 11,389,040 | 9,692,800 |
| Net | 15,729,813 | 13,916,212 | 45,464,990 | 24,207,829 |

For the year ended 31 December

| | | | | |
|--------------------------------------|--------------------|------------------|------------------|-------------------|
| (Reversal) Expected credit loss | | | | |
| (2019: (reversal) doubtful accounts) | (3,031,769) | 5,434,583 | 9,609,882 | 25,710,425 |

11 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Finished goods | 152,884,048 | 133,291,777 | 24,853,954 | 17,229,653 |
| Raw material | 149,285 | - | 149,285 | - |
| Spare parts and supplies | 1,258,034 | 953,594 | 235,414 | 22,800 |
| Goods in transit | 48,387,485 | 19,626,279 | 4,800 | - |
| Total | 202,678,852 | 153,871,650 | 25,243,453 | 17,252,453 |
| Less allowance devaluation of inventories | (661,680) | (364,492) | (210,000) | (110,000) |
| Net | 202,017,172 | 153,507,158 | 25,033,453 | 17,142,453 |

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| <i>For the year ended 31 December</i> | | | | |
| Loss on inventories devaluation (reversal) | <u>297,188</u> | <u>(5,338,173)</u> | <u>100,000</u> | <u>(4,843,962)</u> |

As at 31 December 2020 and 2019, inventories of the Group/Company of Baht 202.02 million and Baht 153.51 million, respectively, in the consolidated financial statement, and Baht 25.03 million and Baht 17.14 million, in the separate financial statement statements, respectively were expected to utilize within one year.

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------------|--|---------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Cost of inventories recognized as an expense in cost of sales | 1,249,067,685 | 1,045,603,782 | 930,657,796 | 804,826,385 |
| Adjust loss (excess) of inventories from the stock report | 6,813,669 | 10,953,543 | (225,564) | 458,020 |
| Loss on write-off of damaged inventories due to fire | 511,335 | - | 511,335 | - |
| Loss on write-down to net realizable value (reversal) | <u>297,188</u> | <u>(5,338,173)</u> | <u>100,000</u> | <u>(4,843,962)</u> |
| Total | <u>1,256,689,877</u> | <u>1,051,219,152</u> | <u>931,043,567</u> | <u>800,440,443</u> |

12 Investment in subsidiaries

Movements during the year ended 31 December were as follows:

| | Separate financial statements | |
|--|--|-------------------------|
| | 2020 | 2019 |
| | <i>(in Baht)</i> | |
| Cost method :- | | |
| At 1 January | 20,293,356 | 20,293,356 |
| No change during the period | - | - |
| At 31 December | <u>20,293,356</u> | <u>20,293,356</u> |
| Less allowance devaluation of investments | <u>(14,293,786)</u> | <u>(11,797,330)</u> |
| Net | <u>5,999,570</u> | <u>8,496,026</u> |
| <i>For the year ended 31 December</i> | | |
| Impairment losses on investments | <u>2,496,456</u> | <u>9,512,108</u> |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Investments in subsidiaries as at 31 December 2020 and 2019 and dividend income for the year ended 31 December 2020 and 2019 were as follows:

| Separate financial statements | | | | | | | | | | | | |
|---------------------------------|--|--------------------------|--------------------|-------|--------------------------------|--------------------------------|-------------------|-------------------|---------------------|---------------------|------------------|------------------|
| | Type of business | Country of incorporation | Ownership interest | | Paid-up capital | | Cost | | Impairment | | At cost, net | |
| | | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | | (%) | | (in Baht) | | | | | | | |
| Subsidiaries | | | | | | | | | | | | |
| Sathaporn Tanapat Co., Ltd. | Transportation | Thailand | 99.99 | 99.99 | 4,000,000 | 4,000,000 | 3,999,800 | 3,999,800 | - | - | 3,999,800 | 3,999,800 |
| Paprapat Co., Ltd. | Trading of biomass | Thailand | 99.98 | 99.98 | 1,000,000 | 1,000,000 | 999,800 | 999,800 | - | - | 999,800 | 999,800 |
| ABM Pellets Co., Ltd. (*) | Manufacturing wood chip and Biomass pellet | Thailand | 99.99 | 99.99 | 1,000,000 | 1,000,000 | 999,970 | 999,970 | - | - | 999,970 | 999,970 |
| PT Asia Biomass Indonesia | Trading of biomass | Indonesia | 99.00 | 99.00 | 300,000 (in USD currencies) | 300,000 (in USD currencies) | 9,512,108 | 9,512,108 | (9,512,108) | (9,512,108) | - | - |
| Asia Biomass Energy SDN. BHD. | Trading of biomass | Malaysia | 55.00 | 55.00 | 500,000 (in MYR currencies) | 500,000 (in MYR currencies) | 2,496,456 | 2,496,456 | (2,496,456) | - | - | 2,496,456 |
| Asia Biomass Resources SDN.BHD. | Trading of biomass | Malaysia | 55.00 | 55.00 | 500,000 (in MYR currencies) | 500,000 (in MYR currencies) | 2,285,222 | 2,285,222 | (2,285,222) | (2,285,222) | - | - |
| Total | | | | | | | 20,293,356 | 20,293,356 | (14,293,786) | (11,797,330) | 5,999,570 | 8,496,026 |

* Not commercial operation yet and immateriality operating performance.

** In 2020, the said subsidiaries have no major revenues from their business operations due to going concern issue.

In 2020 and 2019, the Company had no dividend receiving from subsidiaries.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

13 Non-controlling interests

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest (before any intra-group eliminations).

| | 31 December 2020 | | |
|--|-------------------------------------|--|----------------|
| | Asia Biomass Energy SDN. BHD. | Asia Biomass Resources SDN. BHD. <i>(in million Baht)</i> | Total |
| Non-controlling interest percentage | 45% | 45% | |
| Current assets | 34.03 | 2.92 | 36.95 |
| Non-current assets | 1.36 | 0.03 | 1.39 |
| Current liabilities | (45.52) | (13.55) | (59.07) |
| Net assets | (10.13) | (10.60) | (20.73) |
| Carrying amount of non-controlling interest | (4.56) | (4.77) | (9.33) |
| Revenue | 0.11 | 0.24 | 0.35 |
| Profit (loss) | (3.41) | 0.11 | (3.30) |
| Other comprehensive income | - | - | - |
| Total comprehensive income | (3.30) | 0.35 | (2.95) |
| Profit (loss) allocated to non-controlling interest | (1.53) | 0.05 | (1.48) |
| Other comprehensive income allocated to non-controlling interest | (1.53) | 0.05 | (1.48) |
| Cash flows from operating activities | 1.20 | 1.93 | 3.13 |
| Cash flows from investing activities | - | - | - |
| Cash flows from financing activities (dividends to non-controlling interest: nil) | - | - | - |
| Net increase in cash and cash equivalents | 1.20 | 1.93 | 3.13 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

14 Property, plant and equipment

| | Consolidated financial statements | | | | | | | Total |
|--|-----------------------------------|------------------------------------|-------------------------|---|--------------------|---------------------------|-------------------------------|--------------------|
| | Land and improvement | Building structure and improvement | Machinery and equipment | Furniture fixture and office equipment (in Baht) | Vehicles | Assets under construction | Assets under financial leases | |
| Cost | | | | | | | | |
| At 1 January 2019 | 182,247,289 | 64,280,349 | 16,922,583 | 14,335,043 | 115,594,867 | 7,076,080 | 14,634,289 | 415,090,500 |
| Additions | 1,034,220 | 1,433,679 | 825,172 | 562,777 | 751,084 | 13,561,101 | - | 18,168,033 |
| Disposal and write-off | - | (143,758) | (1,534,845) | (1,292,337) | (20,622,007) | - | - | (23,592,947) |
| Transfers | 2,551,500 | 4,779,580 | - | - | - | (7,331,080) | - | - |
| Transfer to non-current assets classified as held for sale | - | - | - | - | (1,102,000) | - | - | (1,102,000) |
| Transfer to advance deposit | - | - | (254,813) | - | - | - | - | (254,813) |
| Currency translation differences | - | - | (248,052) | (7,665) | (47,293) | - | - | (303,010) |
| At 31 December 2019 and 1 January 2020 | 185,833,009 | 70,349,850 | 15,710,045 | 13,597,818 | 94,574,651 | 13,306,101 | 14,634,289 | 408,005,763 |
| Reclassified as right-of-use assets | - | - | - | - | (2,775,701) | (5,355,029) | - | (8,130,730) |
| At 1 January 2020 -as adjusted | 185,833,009 | 70,349,850 | 15,710,045 | 13,597,818 | 91,798,950 | 7,951,072 | 14,634,289 | 399,875,033 |
| Additions | 44,206,410 | 401,186 | 613,004 | 647,010 | 1,014,020 | 21,131,714 | - | 68,013,344 |
| Disposal and write-off | (32,010) | (175,600) | (857,058) | (1,146,754) | (7,716,932) | - | - | (9,928,354) |
| Transfers | 283,281 | 127,508 | 9,793,534 | 9,095 | 16,979,464 | (12,558,593) | (14,634,289) | - |
| Currency translation differences | - | - | 36,445 | (230) | 11,106 | - | - | 47,321 |
| At 31 December 2020 | 230,290,690 | 70,702,944 | 25,295,970 | 13,106,939 | 102,086,608 | 16,524,193 | - | 458,007,344 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| Consolidated financial statements | | | | | | | | |
|---|----------------------------|---|-------------------------------|--|-------------------|---------------------------------|--|--------------------|
| | Land and improvement | Building structure and improvement | Machinery and equipment | Furniture fixture and office equipment (in Baht) | Vehicles | Assets under construction | Assets under financial leases | Total |
| <i>Accumulated depreciation</i> | | | | | | | | |
| At 1 January 2019 | 5,447,960 | 23,485,039 | 8,255,207 | 11,758,210 | 82,466,948 | - | 4,130,208 | 135,543,572 |
| Depreciation charge for the year | 2,185,386 | 4,587,714 | 2,024,746 | 931,144 | 6,727,860 | - | 1,317,086 | 17,773,936 |
| Disposal and write-off | - | (143,755) | (561,344) | (1,275,917) | (15,926,904) | - | - | (17,907,920) |
| Transfer to non-current assets classified as held for sale | - | - | - | - | (987,323) | - | - | (987,323) |
| Currency translation differences | - | - | (74,174) | (4,641) | (35,729) | - | - | (114,544) |
| At 31 December 2019 and 1 January 2020 | 7,633,346 | 27,928,998 | 9,644,435 | 11,408,796 | 72,244,852 | - | 5,447,294 | 134,307,721 |
| Reclassified as right-of-use assets | - | - | - | - | (625,559) | - | - | (625,559) |
| At 1 January 2020 -as adjusted | 7,633,346 | 27,928,998 | 9,644,435 | 11,408,796 | 71,619,293 | - | 5,447,294 | 133,682,162 |
| Depreciation charge for the year | 2,926,670 | 4,774,907 | 2,995,386 | 551,661 | 5,878,241 | - | - | 17,126,865 |
| Disposal and write-off | (9,852) | (32,545) | (674,967) | (1,136,852) | (7,147,192) | - | - | (9,001,408) |
| Transfers | - | - | - | - | 5,447,294 | - | (5,447,294) | - |
| Currency translation differences | - | - | 11,355 | (190) | 9,670 | - | - | 20,835 |
| At 31 December 2020 | 10,550,164 | 32,671,360 | 11,976,209 | 10,823,415 | 75,807,306 | - | - | 141,828,454 |
| <i>Net book value</i> | | | | | | | | |
| At 31 December 2019 | 178,199,663 | 42,420,852 | 6,065,610 | 2,189,022 | 22,329,799 | 13,306,101 | 9,186,995 | 273,698,042 |
| At 31 December 2020 | 219,740,526 | 38,031,584 | 13,319,761 | 2,283,524 | 26,279,302 | 16,524,193 | - | 316,178,890 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Separated financial statements | | | | | | | Total |
|---|--------------------------------|------------------------------------|-------------------------|---|-------------------|---------------------------|-------------------------------|--------------------|
| | Land and improvement | Building structure and improvement | Machinery and equipment | Furniture fixture and office equipment (in Baht) | Vehicles | Assets under construction | Assets under financial leases | |
| Cost | | | | | | | | |
| At 1 January 2019 | 182,247,289 | 63,244,921 | 13,478,599 | 12,665,179 | 30,583,452 | 7,076,080 | - | 309,295,520 |
| Additions | 1,034,220 | 1,017,268 | 778,311 | 489,526 | 248,411 | 8,206,072 | - | 11,773,808 |
| Disposal and write-off | - | (143,758) | (336,308) | (1,101,100) | (2,581,552) | - | - | (4,162,718) |
| Transfers | 2,551,500 | 4,779,580 | - | - | - | (7,331,080) | - | - |
| At 31 December 2019 and 1 January 2020 | 185,833,009 | 68,898,011 | 13,920,602 | 12,053,605 | 28,250,311 | 7,951,072 | - | 316,906,610 |
| Additions | 44,206,410 | 401,186 | 515,634 | 604,065 | 16,000 | 17,598,994 | - | 63,342,289 |
| Disposal and write-off | (32,010) | (154,200) | (857,058) | (1,033,067) | (4,044,182) | - | - | (6,120,517) |
| Transfers | 283,281 | 127,508 | 8,162,321 | - | 498,400 | (9,071,510) | - | - |
| At 31 December 2020 | 230,290,690 | 69,272,505 | 21,741,499 | 11,624,603 | 24,720,529 | 16,478,556 | - | 374,128,382 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2019 | 5,447,960 | 22,451,097 | 7,508,737 | 10,443,446 | 24,070,124 | - | - | 69,921,364 |
| Depreciation charge for the year | 2,185,386 | 4,566,416 | 1,823,627 | 842,923 | 2,297,856 | - | - | 11,716,208 |
| Disposal and write-off | - | (143,755) | (308,740) | (1,084,920) | (2,206,334) | - | - | (3,743,749) |
| At 31 December 2019 and 1 January 2020 | 7,633,346 | 26,873,758 | 9,023,624 | 10,201,449 | 24,161,646 | - | - | 77,893,823 |
| Depreciation charge for the year | 2,926,670 | 4,733,300 | 2,675,066 | 766,961 | 983,348 | - | - | 12,085,345 |
| Disposal and write-off | (9,852) | (11,146) | (674,967) | (1,023,176) | (4,044,174) | - | - | (5,763,315) |
| At 31 December 2020 | 10,550,164 | 31,595,912 | 11,023,723 | 9,945,234 | 21,100,820 | - | - | 84,215,853 |
| Net book value | | | | | | | | |
| At 31 December 2019 | 178,199,663 | 42,024,253 | 4,896,978 | 1,852,156 | 4,088,665 | 7,951,072 | - | 239,012,787 |
| At 31 December 2020 | 219,740,526 | 37,676,593 | 10,717,776 | 1,679,369 | 3,619,709 | 16,478,556 | - | 289,912,529 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

The gross amount of the Group/Company's fully depreciated building and equipment that was still in use as at 31 December 2020 in the amount of Baht 73.42 million and Baht 35.53 million in consolidated and separate financial statements, respectively.

Guarantee

As at 31 December 2020, the Company's land with structure and machinery with a net book value of Baht 142.55 million were mortgaged as collateral for loans from financial institutions and please see notes 19 and 23 to the financial statements.

Depreciation was included in

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | | | (in Baht) | |
| Cost of sales of goods | 11,038,785 | 15,446,466 | 11,129,271 | 9,813,165 |
| Cost of rendering of services | 4,816,583 | - | - | - |
| Administrative expenses | 1,271,497 | 2,327,470 | 956,074 | 1,903,043 |
| Total | 17,126,865 | 17,773,936 | 12,085,345 | 11,716,208 |

During year 2020, the Company had asset under construction in the amount of Baht 16.48 million in consolidated and separate financial statements that was summarized as follows:

| Construction project | Budget | Accumulated actual cost at 31 December 2020 (in million Baht) | Obligation at 31 December 2020 |
|--|--------------|--|-----------------------------------|
| • Wood Pellet factory at Samut Sakhon province | 13.66 | 12.22 | 1.44 |
| • Warehouse at Rayong province | 18.30 | 2.71 | 15.59 |
| • Others | 1.55 | 1.55 | - |
| Total | 33.51 | 16.48 | 17.03 |

15 Right-of-use assets

| | Consolidated financial statements | | | |
|---|--|------------------|-------------------|-------------------|
| | Land | Buildings | Vehicle | Total |
| | | | (in Baht) | |
| At cost | | | | |
| Adjustments of right-of-use assets due to TFRS 16 adoption (as disclosed in note 4) | 7,264,989 | 3,717,912 | 4,059,887 | 15,042,788 |
| Transfer from property, plant and equipment (as disclosed in note 4) | - | - | 8,130,730 | 8,130,730 |
| At 1 January 2020 | 7,264,989 | 3,717,912 | 12,190,617 | 23,173,518 |
| Additions | - | - | 20,070,461 | 20,070,461 |
| Adjustments | (4,169,814) | - | - | (4,169,814) |
| At 31 December 2020 | 3,095,175 | 3,717,912 | 32,261,078 | 39,074,165 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | | | |
|---|--|------------------|-------------------|-------------------|
| | Land | Buildings | Vehicle | Total |
| | <i>(in Baht)</i> | | | |
| <i>Accumulated depreciation</i> | | | | |
| Adjustments of right-of-use assets due to TFRS 16 adoption (as disclosed in note 4) | 1,778,747 | 2,348,153 | 1,997,197 | 6,124,097 |
| Transfer from property, plant and equipment (as disclosed in note 4) | - | - | 625,559 | 625,559 |
| At 1 January 2020 | 1,778,747 | 2,348,153 | 2,622,756 | 6,749,656 |
| Depreciation charge for the year | 836,472 | 1,369,759 | 2,691,831 | 4,898,062 |
| Adjustments | (2,371,663) | - | - | (2,371,663) |
| At 31 December 2020 | 243,556 | 3,717,912 | 5,314,587 | 9,276,055 |
| <i>Net book value</i> | | | | |
| At 31 December 2020 | 2,851,619 | - | 26,946,491 | 29,798,110 |

| | Separate financial statements | | |
|---|--------------------------------------|------------------|------------------|
| | Land | Vehicle | Total |
| | <i>(in Baht)</i> | | |
| <i>At cost</i> | | | |
| Adjustments of right-of-use assets due to TFRS 16 adoption (as disclosed in note 4) | 4,358,993 | 4,059,888 | 8,418,881 |
| At 1 January 2020 | 4,358,993 | 4,059,888 | 8,418,881 |
| Additions | - | 1,843,768 | 1,843,768 |
| Adjustments | (2,501,888) | - | (2,501,888) |
| At 31 December 2020 | 1,857,105 | 5,903,656 | 7,760,761 |
| <i>Accumulated depreciation</i> | | | |
| Adjustments of right-of-use assets due to TFRS 16 adoption (as disclosed in note 4) | 1,067,248 | 1,997,198 | 3,064,446 |
| At 1 January 2020 | 1,067,248 | 1,997,198 | 3,064,446 |
| Depreciation charge for the year | 501,884 | 1,101,629 | 1,603,513 |
| Adjustments | (1,422,999) | - | (1,422,999) |
| At 31 December 2020 | 146,133 | 3,098,827 | 3,244,960 |
| <i>Net book value</i> | | | |
| At 31 December 2020 | 1,710,972 | 2,804,829 | 4,515,801 |

Depreciation for the year 2020 was included in:

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--|----------|--------------------------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Cost of sales | 836,472 | - | 501,884 | - |
| Cost of rendering of service | 1,590,201 | - | - | - |
| Administrative expenses | 2,471,389 | - | 1,101,629 | - |
| Total | 4,898,062 | - | 1,603,513 | - |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

16 Other intangible assets

| | Consolidated financial statements | Separate financial statements |
|---|--|--|
| | Computer Software (in Baht) | |
| Cost | | |
| At 1 January 2019 | 5,902,930 | 5,750,056 |
| Additions | 5,773 | 5,773 |
| Write-off | (964,170) | (964,170) |
| Currency translation difference | (3,273) | - |
| At 31 December 2019 and 1 January 2020 | 4,941,260 | 4,791,659 |
| Additions | 4,500 | 4,500 |
| Disposal | (4,500) | (4,500) |
| Currency translation difference | (709) | - |
| At 31 December 2020 | 4,940,551 | 4,791,659 |
| Accumulated amortization | | |
| At 1 January 2019 | 3,976,565 | 3,896,590 |
| Amortization charge for the year | 657,719 | 627,033 |
| Write-off | (937,260) | (937,260) |
| Currency translation difference | (2,743) | - |
| At 31 December 2019 and 1 January 2020 | 3,694,281 | 3,586,363 |
| Amortization charge for the year | 578,652 | 561,967 |
| Disposal | (4,499) | (4,499) |
| Currency translation difference | (746) | - |
| At 31 December 2020 | 4,267,688 | 4,143,831 |
| Net book value | | |
| At 31 December 2019 | 1,246,979 | 1,205,296 |
| At 31 December 2020 | 672,863 | 647,828 |

Amortization charge for the year was included in:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|----------------|--|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | (in Baht) | | | |
| Cost of sales | 5,776 | 5,776 | 5,776 | 5,776 |
| Administrative expenses | 572,876 | 651,943 | 556,191 | 621,257 |
| Total | 578,652 | 657,719 | 561,967 | 627,033 |

17 Deferred tax assets

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | (in Baht) | | | |
| Deferred tax assets | 23,730,390 | 28,166,482 | 31,293,668 | 33,703,315 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Movements of deferred tax assets during the year ended 31 December were as follows:

For the year ended 31 December 2020

| | | Consolidated financial statements (Charged) / Credited to | | |
|--|----------------------|--|--|------------------------|
| | At 1 January 2020 | Profit (loss) | Other comprehensive income (loss) (in Baht) | At 31 December 2020 |
| Deferred tax assets | | | | |
| Tax rate of 20% | | | | |
| Trade account receivables | 1,507,457 | (613,774) | - | 893,683 |
| Advance payment for goods | 960,846 | (408,000) | - | 552,846 |
| Guarantees of inventories | 150,000 | | - | 150,000 |
| Unrealized loss from forward exchange contracts | - | 267,777 | - | 267,777 |
| Loss from hedging of derivatives | 582,658 | | 134,222 | 716,880 |
| Inventories | 60,336 | 72,000 | - | 132,336 |
| Long-term operating lease | 31,500 | (11,616) | - | 19,884 |
| Lease liabilities | 258,697 | (16,323) | - | 242,374 |
| Non-current provisions for employee benefits | 720,654 | 235,273 | - | 955,927 |
| Cumulative losses brought forward not more than 5 accounting periods | 23,869,776 | (4,076,831) | - | 19,792,945 |
| Total | 28,141,924 | (4,551,494) | 134,222 | 23,724,652 |
| Tax rate of 24% | | | | |
| Inventories | 15,075 | (15,075) | - | - |
| Total | 15,075 | (15,075) | - | - |
| Tax rate of 22% (as from the 3rd quarter of 2020) | | | | |
| Difference of accounting depreciation and taxable depreciation | 3,539 | (2,475) | - | 1,064 |
| Non-current provisions for employee benefits | 5,944 | (1,270) | - | 4,674 |
| Total | 9,483 | (3,745) | - | 5,738 |
| Total | 28,166,482 | (4,570,314) | 134,222 | 23,730,390 |

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

| | At 1 January 2020 | Separate financial statements (Charged) / Credited to | | At 31 December 2020 |
|--|----------------------|--|--|------------------------|
| | | Profit (loss) | Other comprehensive income (loss) (in Baht) | |
| Deferred tax assets | | | | |
| Tax rate of 20% | | | | |
| Trade account receivables | 1,047,444 | (464,823) | - | 582,621 |
| Advance payment for goods | 5,177,083 | 1,921,976 | - | 7,099,059 |
| Guarantees of inventories | 150,000 | - | - | 150,000 |
| Inventories | 22,000 | 20,000 | - | 42,000 |
| Investment in subsidiaries | 2,359,466 | - | - | 2,359,466 |
| Long-term operating lease | 18,900 | (3,593) | - | 15,307 |
| Unrealized gains from forward exchange contracts | - | (101,828) | - | (101,828) |
| Loss from hedging of derivatives | 582,658 | - | 134,222 | 716,880 |
| Lease liabilities | 9,134 | (8,259) | - | 875 |
| Non-current provisions for employee benefits | 466,854 | 169,487 | - | 636,341 |
| Cumulative losses brought forward not more than 5 accounting periods | 23,869,776 | (4,076,830) | - | 19,792,946 |
| Total | 33,703,315 | (2,543,870) | 134,222 | 31,293,667 |

For the year ended 31 December 2019

| | At 1 January 2019 | Consolidated financial statements (Charged) / Credited to | | At 31 December 2019 |
|--|----------------------|--|--|------------------------|
| | | Profit (loss) | Other comprehensive income (loss) (in Baht) | |
| Deferred tax assets | | | | |
| Tax rate of 20% | | | | |
| Trade account receivables | 340,553 | 1,166,904 | - | 1,507,457 |
| Advance payment for goods | 34,998 | 925,848 | - | 960,846 |
| Guarantees of inventories | 31,200 | 118,800 | - | 150,000 |
| Inventories | 1,024,785 | (964,449) | - | 60,336 |
| Investment in related companies | 1,500,000 | (1,500,000) | - | - |
| Unrealized loss on forward exchange contracts | 14,599 | (14,599) | - | - |
| Loss from hedging of derivatives | - | - | 582,658 | 582,658 |
| Long-term operating lease | 24,167 | 7,333 | - | 31,500 |
| Lease liabilities | 362,472 | (103,775) | - | 258,697 |
| Non-current provisions for employee benefits | 446,428 | (110,078) | 384,304 | 720,654 |
| Cumulative losses brought forward not more than 5 accounting periods | 15,717,046 | 8,152,730 | - | 23,869,776 |
| Total | 19,496,248 | 7,678,714 | 966,962 | 28,141,924 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | At 1 January 2019 | Consolidated financial statements (Charged) / Credited to | | At 31 December 2019 |
|--|----------------------|--|--|------------------------|
| | | Profit (loss) | Other comprehensive income (loss) (in Baht) | |
| Tax rate of 24% | | | | |
| Inventories | 138,898 | (123,823) | - | 15,075 |
| Difference of accounting depreciation and taxable depreciation | (205,005) | 205,005 | - | - |
| Total | (66,107) | 81,182 | - | 15,075 |
| Tax rate of 25% | | | | |
| Difference of accounting depreciation and taxable depreciation | 3,992 | (453) | - | 3,539 |
| Non-current provisions for employee benefits | 6,151 | (207) | - | 5,944 |
| Total | 10,143 | (660) | - | 9,483 |
| Total | 19,440,284 | 7,759,236 | 966,962 | 28,166,482 |
| | At 1 January 2019 | Separate financial statements (Charged) / Credited to | | At 31 December 2019 |
| | | Profit (loss) | Other comprehensive income (loss) (in Baht) | |
| Deferred tax assets | | | | |
| Tax rate of 20% | | | | |
| Trade account receivables | 340,553 | 706,891 | - | 1,047,444 |
| Advance payment for goods | 34,998 | 5,142,085 | - | 5,177,083 |
| Guarantees of inventories | 31,200 | 118,800 | - | 150,000 |
| Inventories | 990,792 | (968,792) | - | 22,000 |
| Investment in subsidiaries | - | 2,359,466 | - | 2,359,466 |
| Investment in related companies | 1,500,000 | (1,500,000) | - | - |
| Unrealized loss on forward exchange contracts | 6,341 | (6,341) | - | - |
| Loss from hedging of derivatives | - | - | 582,658 | 582,658 |
| Long-term operating lease | 14,500 | 4,400 | - | 18,900 |
| Lease liabilities | 30,650 | (21,516) | - | 9,134 |
| Non-current provisions for employee benefits | 353,147 | (150,482) | 264,189 | 466,854 |
| Cumulative losses brought forward not more than 5 accounting periods | 15,717,046 | 8,152,730 | - | 23,869,776 |
| Total | 19,019,227 | 13,837,241 | 846,847 | 33,703,315 |

Asia Biomass Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

Income tax expense (income) of the Company and subsidiaries for the year ended 31 December 2020 and 2019 were calculated from the accounting profit (loss), adjusted with some other revenues and expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

- The Company and subsidiaries established under Thai law, income taxes were calculated at the rate of 20 percent.
- The subsidiaries established under foreign law, income taxes were calculated at the rates of 24 percent for the subsidiaries in Malaysia and 25 and 22 percent (as from the 3rd quarter of 2020) for a subsidiary in Indonesia.

Income tax expenses (income) for the year ended 31 December were summarized as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Current tax expense | | | | |
| Tax expenses | 1,397,160 | 6,483,702 | - | - |
| Deferred tax expenses (income) | | | | |
| Deferred tax expense (income) concern deductible temporary difference with initial recognized and reversed | 4,570,314 | (7,992,078) | 2,543,870 | (13,998,377) |
| Tax expense (income) represented in statements of comprehensive income | 5,967,474 | (1,508,376) | 2,543,870 | (13,998,377) |

Reconciliation of effective tax rate

| | Separate financial statements | | | |
|---|--------------------------------------|--------------------------|-----------------|--------------------------|
| | 2020 | | 2019 | |
| | <i>Rate (%)</i> | <i>(in million Baht)</i> | <i>Rate (%)</i> | <i>(in million Baht)</i> |
| Profit (loss) before income tax expenses | 20 | 14.61 | 20 | (62.67) |
| Income tax using the Thai Corporation tax rate | | 2.92 | | (12.53) |
| Expenses not deductible for tax purposes | | 2.62 | | 5.66 |
| Income not subject to tax | | (0.16) | | - |
| Increased taxable expenses | | (1.31) | | (1.28) |
| Loss carry forward | | (4.07) | | 8.15 |
| Temporary difference initially perceived and reversed | | 2.54 | | (14.00) |
| Income tax expense (income) | | 2.54 | | (14.00) |

18 Other non-current assets

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--|------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Withholding tax | - | 1,206,074 | - | 321,847 |
| Deposit | 672,842 | 478,068 | 671,501 | - |
| Others | - | 2,069,130 | - | 910,200 |
| Total | 672,842 | 3,753,272 | 671,501 | 1,232,047 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

19 Short-term borrowings from financial institutions

| | Consolidated financial statements | | Separate financial statements | |
|------------------|--|--------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Trust receipts | 244,948,335 | 159,629,453 | 37,357,311 | 13,891,951 |
| Promissory notes | 191,400,000 | 195,200,000 | 105,400,000 | 93,200,000 |
| Total | 436,348,335 | 354,829,453 | 142,757,311 | 107,091,951 |

Movements of short-term loans from financial institutions for the year ended 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--|--------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| At 1 January | 354,829,453 | 353,132,427 | 107,091,951 | 198,845,964 |
| Additions | 664,295,254 | 1,016,383,011 | 239,695,667 | 565,109,482 |
| Deductions | (582,776,372) | (1,014,685,985) | (204,030,307) | (656,863,495) |
| At 31 December | 436,348,335 | 354,829,453 | 142,757,311 | 107,091,951 |

Short-term loans from financial institutions have bank deposits and the land with structure of the Company and the land with structure of three related companies are pledged/mortgaged as collateral, including the Company's directors as the co-guarantors the loans of the Company and subsidiaries.

As at 31 December 2020, the Group/Company had unutilized facilities totalling Baht 1,383 million and USD 3 million and Baht 991 million and USD 2 million, respectively.

20 Trade accounts payable

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--|-------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Related parties | 15,110,384 | 220,187 | 144,953,759 | 100,128,897 |
| Other parties | 52,509,354 | 12,823,824 | 22,755,941 | 5,468,392 |
| Total | 67,619,738 | 13,044,011 | 167,709,700 | 105,597,289 |

21 Other current payables

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Related parties | 475,014 | 1,354,958 | 795,839 | 3,007,641 |
| Other parties | 13,957,764 | 20,039,166 | 9,665,605 | 13,410,362 |
| Total | 14,432,778 | 21,394,124 | 10,461,444 | 16,418,003 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| <i>Other current payables</i> | | | | |
| <i>- other parties</i> | | | | |
| Other payables | 2,664,422 | 7,048,780 | 2,150,113 | 3,774,060 |
| Accrued expenses | 10,652,408 | 10,043,902 | 6,978,764 | 6,689,818 |
| Advance income | 79,032 | 2,946,484 | 73,246 | 2,946,484 |
| Withholding tax payable | 379,997 | - | 281,577 | - |
| Pending sales tax | 181,905 | - | 181,905 | - |
| Total | 13,957,764 | 20,039,166 | 9,665,605 | 13,410,362 |

22 Derivatives liabilities

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Liabilities under forward exchange contracts | 1,338,881 | - | (509,140) | - |
| Liabilities under interest rate swap contracts | 3,584,402 | 2,913,291 | 3,584,402 | 2,913,291 |
| Total | 4,923,283 | 2,913,291 | 3,075,262 | 2,913,291 |

Forward exchange contracts

The Group/Company hedged with credit line for buying and selling forward foreign currency representing the forward contracts with 4 financial institutions in total credit limit of USD 4.67 million and Baht 715 million.

The Group/Company entered into several forward exchange contracts with a period of 6 months per each.

The outstanding of selling contracts that the bank selling forward foreign currency of the Company as at 31 December 2020 balanced to USD 500,058.

The outstanding of buying contracts that the bank buying forward foreign currency of the Company as at 31 December 2020 balanced to USD 1,905,399.

Fair value of forward exchange contracts and unrealized profit (loss) from hedging as at 31 December 2020 were as follows:

| | Consolidated financial statements | Separate financial statements |
|---|--|--|
| | <i>(in Baht)</i> | |
| Selling contracts that the bank selling forward foreign currency | | |
| Contractual balance | 15,528,849 | 15,528,849 |
| Fair value at the end of year | 15,019,709 | 15,019,709 |
| Unrealized gain from hedging | 509,140 | 509,140 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

| | Consolidated financial statements | Separate financial statements <i>(in Baht)</i> |
|---|--|--|
| Buying contracts that the bank buying forward foreign currency | | |
| Contractual balance | 59,076,533 | - |
| Fair value at the end of year | 57,228,512 | - |
| Unrealized loss from hedging | (1,848,021) | - |
| Total unrealized gain(loss) from hedging | (1,338,881) | 509,140 |

Unrealized gain/loss from hedging was shown in the statements of financial position under the heading of derivatives assets/liabilities and was included in the account “Other gain (loss)” in the statements of comprehensive income for the year ended 31 December 2020 in the amount of Baht (1,338,881) and Baht 509,140 in the consolidated and separate financial statements.

Interest rate swap contracts

On 29 November 2019, the Company entered into an interest rate swap (IRS) contracts to be fixed rate at 4.10% per annum effective from 29 November 2019 to 30 April 2026 (end of the loan agreement).

Fair value of interest rate swaps contracts and unrealized losses from hedging as at 31 December 2020 were as follows:

| | Consolidated financial statements | Separate financial statements <i>(in Baht)</i> |
|-------------------------------------|--|--|
| Contractual balance | 2,913,291 | 2,913,291 |
| Fair value at the end of year | 3,584,402 | 3,584,402 |
| Unrealized loss from hedging | 671,111 | 671,111 |

Unrealized loss from hedging was shown in the statements of financial position under the heading of derivatives liabilities and was included in the account “loss from hedging of derivatives” in the statements of comprehensive income for the year ended 31 December 2020 in the amount of Baht 671,111 in the consolidated and separate financial statements.

23 Long-term loans

| | Consolidated and separate financial statements | |
|--|---|---------------------|
| | 2020 | 2019 |
| | <i>(in Baht)</i> | |
| Loans from domestic financial institutions | 108,858,000 | 93,786,000 |
| <i>Less</i> Current portion of long-term loans | <i>(20,652,000)</i> | <i>(14,928,000)</i> |
| Net | 88,206,000 | 78,858,000 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Movement of long-term loans for the year ended 31 December was as follows:

| | Consolidated and separate financial statements | |
|---------------------------|---|--------------------------|
| | 2020 | 2019 |
| | <i>(in Baht)</i> | |
| At 1 January | 93,786,000 | - |
| Addition during the year | 30,000,000 | 95,030,000 |
| Deduction during the year | (14,928,000) | (1,244,000) |
| At 31 December | <u>108,858,000</u> | <u>93,786,000</u> |

On 11 February 2019, 22 October 2019 and 26 November 2019, the Company entered into a loan agreement and amendment agreement with a domestic financial institution in credit line of Baht 97 million with condition as follows:

- Repayment of principal is made in total 78 monthly installments, the first installment being paid on the last day of the 2nd months from the date of the first drawdown (on 29 November 2019) and the following installments will be paid on the last day of the months in the amount of Baht 1,244,000 per month and the final installment is to pay all remaining principal and interest under the agreement.
- Interest shall be payable from the first month onwards at the rate of THBFIX 6 M plus 1.82% per annum.

Subsequently on 29 November 2019, the Company entered into an interest rate swap (IRS) contracts to be fixed rate at 4.10% per annum effective from 29 November 2019 to 30 April 2026 (end of the loan agreement).

Long-term loans have bank deposits, the land with structure and machinery of the Company which are pledged/mortgaged as collateral.

Under the above loan agreements contains certain restrictive conditions such as an event that indicate default payments, financial ratio under the agreement and assumes all liabilities that are financed by the bank are considered to be immediately due. In addition, the agreement contains certain financial ratio. Subsequently, on 14 October 2020, the parties entered into an amendment agreement to determine the financial ratio as debt to equity ratio not more than 3 : 1 and not lower than 0 based on quarterly consolidated financial statements and DSCR ratio not less than 1.2 times based on annually consolidated financial statements, which was effective from 14 October 2020 onwards that was as follows:

| | Agreement | At 31 December 2020 Consolidated financial statements |
|----------------|---|--|
| Debt to equity | Not more than 3 : 1 and not lower than 0 | 2.89 |
| DSCR | Not less than 1.2 times | 1.46 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

24 Lease liabilities

| | Consolidated financial statements | | | | | |
|--------------------------------------|---|------------------|--|---|----------------|--|
| | 2020 | | | 2019 | | |
| | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment |
| | | | (in Baht) | | | |
| Within one year | 7,548,175 | 762,097 | 6,786,078 | 1,791,939 | 166,763 | 1,625,176 |
| After one year but within five years | 20,305,909 | 1,073,409 | 19,232,499 | 4,543,425 | 290,167 | 4,253,258 |
| Total | 27,854,084 | 1,835,506 | 26,018,577 | 6,335,364 | 456,930 | 5,878,434 |

| | Separate financial statements | | | | | |
|--------------------------------------|---|----------------|--|---|----------|--|
| | 2020 | | | 2019 | | |
| | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment | Future value of the minimum lease payment | Interest | Present value of the minimum lease payment |
| | | | (in Baht) | | | |
| Within one year | 1,701,440 | 123,418 | 1,578,022 | - | - | - |
| After one year but within five years | 3,024,125 | 120,910 | 2,903,215 | - | - | - |
| Total | 4,725,565 | 244,328 | 4,481,237 | - | - | - |

As at 31 December 2020, lease liabilities of Baht 26.02 million in consolidated financial statements represented the liabilities under rental of land for 2 agreements and vehicle lease agreements for 15 agreements with the period of agreement covered for 3-5 years, requiring monthly payable, and lease liabilities of Baht 4.48 million in separated financial statements represented the liabilities under rental of land for 1 agreement and vehicle lease agreements for 7 agreements with the period of agreement covered for 3-5 years, requiring monthly payable.

As at 31 December 2019, lease liabilities of Baht 6 million in consolidated financial statements represented the liabilities under hire purchase agreements to purchase vehicle for 3 agreements. The period of agreement covered for 4-5 years, requiring monthly payable.

25 Non-current provisions for employee benefits

Non-current provisions for employee benefits in the statements of financial position as at 31 December:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--|------------------|--------------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | | | (in Baht) | |
| Post-employment benefits | | | | |
| Legal severance payments plan | 4,662,282 | 4,613,315 | 2,390,728 | 2,345,829 |
| Total | 4,662,282 | 4,613,315 | 2,390,728 | 2,345,829 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Movements in present value of non-current provisions for employee benefits for the year ended 31 December were as follows:

| | Consolidated Financial statements | | Separate financial statements | |
|---|--|-------------------------|--|-------------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Non – current provisions for employee benefit at 1 January | 4,613,315 | 2,256,745 | 2,345,829 | 1,765,733 |
| Recognized in profit or loss | | | | |
| Current service costs | 1,469,078 | 979,548 | 1,068,688 | 618,827 |
| Past service costs | - | 758,221 | - | 380,629 |
| Interest costs | 58,523 | 57,476 | 28,186 | 28,532 |
| | <u>1,527,601</u> | <u>1,795,245</u> | <u>1,096,874</u> | <u>1,027,988</u> |
| Recognized in other comprehensive income | | | | |
| Losses on remeasurements of defined benefit plans | - | 718,421 | - | 515,266 |
| Currency translation differences | (406) | - | - | - |
| Others | | | | |
| Transfer of non-current provisions for employee benefits | - | - | - | (963,158) |
| Benefits paid | <u>(1,478,228)</u> | <u>(157,096)</u> | <u>(1,051,975)</u> | <u>-</u> |
| Non - current provisions for employee benefit at 31 December | <u>4,662,282</u> | <u>4,613,315</u> | <u>2,390,728</u> | <u>2,345,829</u> |

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

Non-current provisions for employee benefit

| | Consolidated financial statements | | Separate financial statements | |
|----------------------|--|-----------------|--|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(%)</i> | | | |
| Discount rate | 1.46-7.60 | 1.46-7.60 | 1.68 | 1.68 |
| Future salary growth | 5.00-7.00 | 5.00-7.00 | 5.00 | 5.00 |
| Retirement (year) | 60 | 60 | 60 | 60 |
| Staff turnover rate | 0-55.00* | 0-55.00* | 0-29.00* | 0-29.00* |
| Mortality rate | TMO2017** | TMO2017** | TMO2017** | TMO2017** |
| Disability rate | 5% of TMO2017** | 5% of TMO2017** | 5% of TMO2017** | 5% of TMO2017** |

*upon the length of service

**Based on TMO 2017: Male and Female Thai Mortality Ordinary Tables of 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amounts shown below.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Impacts to non-current provisions for employee benefits for the year ended 31 December were as follows

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------|----------------------------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | (in million Baht) | | | |
| Impact to non-current provisions for employee benefits | | | | |
| <i>Discount rate</i> | | | | |
| Increased 1.0% | (0.65) | (0.50) | (0.38) | (0.28) |
| Decreased 1.0% | 0.78 | 0.60 | 0.45 | 0.33 |
| <i>Salary increase rate</i> | | | | |
| Increased 1.0% | 0.83 | 0.59 | 0.48 | 0.33 |
| Decreased 1.0% | (0.70) | (0.50) | (0.41) | (0.28) |
| <i>Staff turnover rate</i> | | | | |
| Increased 1.0% | (0.71) | (0.54) | (0.42) | (0.31) |
| Decreased 1.0% | 0.39 | 0.31 | 0.22 | 0.17 |
| <i>Mortality rate</i> | | | | |
| Increased 1 year | 0.03 | 0.02 | 0.02 | 0.01 |
| Decreased 1 year | (0.03) | (0.02) | (0.02) | (0.01) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Amounts of non-current provisions for employee benefits for the current and previous four years were as follows

| | Non-current provisions for employee benefits | | Experience adjustments | |
|-----------|---|---|--|---|
| | Consolidated financial statements | Separated financial statements | Consolidated financial statements | Separated financial statements |
| | <i>(in million Baht)</i> | | | |
| Year 2020 | 4.66 | 2.39 | - | - |
| Year 2019 | 4.61 | 2.35 | 0.72 | 0.52 |
| Year 2018 | 2.26 | 1.77 | (1.20) | (0.81) |
| Year 2017 | 3.22 | 2.18 | (2.45) | (0.22) |
| Year 2016 | 5.04 | 1.85 | - | - |

The new Labor Protection Act, announced in the Government Gazette on 5 April 2019, has imposed additional compensation rates in the case of employers terminating employment for employees who have worked for 20 years or more to have the right received compensation of not less than the final last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits in the statements of financial position. The Company and its subsidiaries have recorded the effect of the change by recognizing past service costs as expenses immediately in the consolidated statements of comprehensive income amount of Baht 0.76 million (separate financial statements amount of Baht 0.38 million), respectively.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

26 Share capital

| | <i>Par value (in Baht)</i> | Number | 2020 Amount (in share/in Baht) | Number | 2019 Amount |
|--|------------------------------------|--------------------|--------------------------------------|--------------------|--------------------|
| <i>Authorized share capital</i> | | | | | |
| At 1 January | | | | | |
| -Ordinary shares | 0.50 | 300,000,000 | 150,000,000 | 300,000,000 | 150,000,000 |
| At 31 December | | | | | |
| -Ordinary shares | 0.50 | <u>300,000,000</u> | <u>150,000,000</u> | <u>300,000,000</u> | <u>150,000,000</u> |
| <i>Issued and paid-up share capital</i> | | | | | |
| At 1 January | | | | | |
| - Ordinary shares | 0.50 | 300,000,000 | 150,000,000 | 300,000,000 | 150,000,000 |
| At 31 December | | | | | |
| -Ordinary shares | 0.50 | <u>300,000,000</u> | <u>150,000,000</u> | <u>300,000,000</u> | <u>150,000,000</u> |

- Ordinary shareholders entitled to receive dividends as the declaration and had voting rights of one vote per share at the Company's shareholder meeting.

27 Share premium and reserve

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.

Reserves comprise

Appropriations of profit and/or retained earnings

Legal reserve

In compliance with the Public Company Act, B.E. 2535 (1992) section 116, the Company is required to set aside a reserve ("legal reserve") at least 5% of net profit less deficits (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend.

Other components of equity

Exchange differences on translating financial statements

Exchange differences on translating financial statements within equity comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and debt conversion on hedges of a net investment in the Company.

Cash flow hedges

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Movement in reserves

Movement in reserves capital is presented in the statements of changes in equity.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

28 Other income

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Gains on exchange rate | 5,385,291 | 2,133,510 | 4,494,700 | - |
| Building rental income | - | - | 1,624,800 | 1,624,800 |
| Management fee | - | - | 1,176,000 | 936,000 |
| Transportation service | 2,946,944 | - | 2,946,944 | - |
| Litigation compensation | 3,140,693 | - | 3,140,693 | - |
| Reversal of long outstanding creditors | 801,460 | - | 801,460 | - |
| Others | 2,531,284 | 6,091,658 | 1,941,411 | 5,005,395 |
| Total | 14,805,672 | 8,225,168 | 16,126,008 | 7,566,195 |

29 Distribution costs

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|--------------------|--|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Personnel | 6,811,434 | 4,821,528 | 5,947,269 | 4,821,528 |
| Freight out and customs clearance | 168,724,083 | 184,011,852 | 157,061,819 | 150,878,747 |
| Commission | 11,086,158 | 4,505,561 | 5,216,327 | 3,953,895 |
| Sales promotion | 939,525 | 6,000 | 937,465 | 499,119 |
| Others | 6,670,107 | 2,347,536 | 6,723,428 | 4,592,467 |
| Total | 194,231,307 | 195,692,477 | 175,886,308 | 164,745,756 |

30 Administrative expenses

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Personnel | 42,145,119 | 48,708,721 | 30,448,408 | 40,498,566 |
| Depreciation and amortization | 4,138,994 | 2,967,039 | 2,613,895 | 2,524,301 |
| Professional fees | 2,516,183 | 2,947,034 | 1,580,000 | 1,734,923 |
| Other fees and membership fees | 531,888 | 2,371,656 | 513,784 | 2,219,253 |
| Office and other rental | 2,026,535 | 6,583,407 | 1,818,027 | 3,368,030 |
| Meeting allowance | 2,770,000 | 2,895,000 | 2,770,000 | 2,895,000 |
| Transportation | 2,581,463 | 4,489,083 | 2,462,120 | 4,260,563 |
| Others | 13,626,937 | 5,634,743 | 9,924,075 | 6,836,455 |
| Total | 70,337,119 | 76,596,683 | 52,130,309 | 64,337,091 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

31 Employee benefit expenses

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Employees : | | | | |
| Salaries and wages | 33,514,185 | 32,590,902 | 15,780,419 | 18,656,649 |
| Welfare and others | 22,573,761 | 22,878,976 | 15,449,514 | 16,150,587 |
| Director and key management : | | | | |
| Director and key management remunerations | 15,511,599 | 13,662,622 | 15,511,599 | 13,662,622 |
| Total | 71,599,545 | 69,132,500 | 46,741,532 | 48,469,858 |

Partial employee benefit expenses were included in cost of sale.

32 Expenses by nature

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------------|--|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Decrease (increase) in change of finished goods, raw material, supplies and goods in transit | (48,807,202) | (8,910,972) | (7,991,000) | 36,697,825 |
| Purchase of goods for sale | 1,126,598,038 | 913,183,126 | 880,921,568 | 727,533,012 |
| Transportation and customs clearance expense | 195,381,295 | 136,843,490 | 173,511,151 | 131,367,124 |
| Oil fuel | 10,167,033 | 13,254,541 | 2,560,008 | 3,090,254 |
| Director and key management remunerations | 15,511,599 | 13,662,622 | 15,511,599 | 13,662,622 |
| Personnel | 56,087,946 | 55,469,878 | 31,229,933 | 34,807,236 |
| Depreciation and amortization | 22,603,579 | 18,431,655 | 14,250,826 | 12,343,241 |
| Other (profit) loss | 1,338,881 | - | (509,140) | - |
| Others | 153,951,323 | 188,960,198 | 49,066,099 | 70,514,272 |
| Total | 1,532,832,492 | 1,330,894,538 | 1,158,551,044 | 1,030,015,586 |

33 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------|--|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in Baht)</i> | | | |
| Interest expenses-financial institutions | 11,171,236 | 12,625,596 | 6,491,421 | 7,071,325 |
| Interest expenses-non related companies | 709,882 | 67,022 | 185,540 | - |
| Total | 11,881,118 | 12,692,618 | 6,676,961 | 7,071,325 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

34 Earnings (losses) per share

The calculation of basic earnings (losses) per share for the year ended 31 December 2020 and 2019 was based on the profit (loss) for the year attributable to ordinary shareholders of the Company by the weight average number of ordinary shares issuing during the year as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Profit (loss) for the year attributable to ordinary shareholders of the Company (basic) (in Baht) | 18,616,743 | (15,656,349) | 12,070,606 | (48,676,272) |
| Weighted average number of ordinary shares issuing during the year (share) | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Basic earnings (loss) per share (in Baht) | 0.06 | (0.05) | 0.04 | (0.16) |

35 Business segment information

The Group has two reportable segments detailed as below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and managed separately because they require different technology and marketing strategies for each of the strategic divisions, the chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Business segments

- Segment 1 Sales of goods
- Segment 2 Rendering of service

Geographic segments

The Group/Company has domestic and foreign geographic segments from export by presenting information on the basis of geographical segments for revenue from sale of goods that is significant value.

Information about reportable segments:

| | Sales | | Services | | Total reportable segment | |
|---|--------------------------|------------|-----------------|-----------|-------------------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | <i>(in million Baht)</i> | | | | | |
| For the year 31 December | | | | | | |
| Local revenues | 1,014 | 920 | 13 | 9 | 1,027 | 929 |
| Export revenues | 521 | 395 | - | - | 521 | 395 |
| Total | 1,535 | 1,315 | 13 | 9 | 1,548 | 1,324 |
| Cost of sales and services | (1,257) | (1,051) | (10) | (7) | (1,267) | (1,058) |
| Gross profit by segments | 278 | 264 | 3 | 2 | 281 | 266 |
| Non-allocation expenses | | | | | (264) | (285) |
| Gain (loss) from operations | | | | | 17 | (19) |
| Other incomes | | | | | 18 | 8 |
| Finance costs | | | | | (12) | (13) |
| Tax expense (income) | | | | | (6) | 2 |
| Profit (loss) for the year | | | | | 17 | (22) |
| Property, plant and equipment at 31 December | 294 | 241 | 22 | 33 | 316 | 274 |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Major customers

In 2020, revenue from one customers of the Group's segment 1 and 2 represents approximately Baht 399 million and Baht 11 million, respectively of the Group's total revenues.

36 Commitments with non - related parties

| | 31 December 2020 | |
|---|--|--|
| | Consolidated financial statements | Separate financial statements |
| | <i>(in million Baht)</i> | |
| <i>Capital commitments</i> | | |
| Contract that have not been recognized | | |
| Project of wood pellet factory at Samut Sakhon province | 1.44 | 1.44 |
| Project of warehouse at Rayong province | 15.59 | 15.59 |
| <i>Other commitments</i> | | |
| Bank guarantees | 3.67 | 3.67 |
| Total | 20.70 | 20.70 |

On 28 August 2018, the Company entered into the purchase of Acacia Species agreement with the Southern Forest Industry Organization in the amount of Baht 24.23 million (VAT included). The payment is to be made at the rate 50% in the 1st to 4th year of February every year in proportion to the amount specified in the agreement and another 50% will be paid full amount in the 5th year when the Acacia Species are removed from the forest in 2022. As at 31 December 2020, the Company made the payment in the amount of Baht 12.19 million (VAT included).

37 Lawsuits and litigation

As at 31 December 2020, the Company had significant lawsuits and litigations as follows:

- In year 2018, the Company sued the business partner to pay the debt under the contract with the claim amount of Baht 1.01 million. Subsequently, the parties counterclaimed to pay the damages and the penalty in the amount of Baht 2.14 million. In December 2019, the case had been judge by the Court of First Instance ordering the parties to pay back deposits in the amount of Baht 0.80 million with interest and the Company has to pay the difference of the goods not be delivered in the amount of Baht 1.91 million with interest. On 4 June 2020, the Court of Appeal had a verdict standing by the judgment of the Court of First Instance and revised only counting period of time of interest. Currently, it has been in the process of petition and ask for permission to petition. However, the Company's management and legal advisors provided their opinion that the case is likely that the debt obligations are still highly uncertain and also unable to estimate the contingent liabilities.

38 Financial instruments

The major financial instruments of the Group/Company comprise cash and cash equivalents, trade and other receivables, other financial assets, trade payables and other payables, long-term borrowings and lease liabilities which the Group/Company has risks related to the aforementioned financial instruments and has a risk management policy as follows:

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

Financial risk management policy

Financial risk management policy

Risk management is integral to the whole business of the Group/Company which the Group/Company has a system of controls in order to create an acceptable balance between the cost of risks occurring and the cost of managing the risks to ensure that there is a balance between risk and control over risk. The management continually monitors the Group/Company risk management process to ensure that there is a balance between risk and control over the risks.

Capital management

The Group/Company aim to manage a strong capital structure in order to make high availability and flexibility in business growth compared to competitors, including diversified sources of funds, flexible financing capabilities and an affordable cost level.

Credit risk

The Group/Company is exposed to credit risk primarily with respect to trade and other receivables and other financial instruments. The maximum amount that the Group/Company may incur on credit is the carrying amount as shown in the statement of financial position, except for derivatives.

Trade and other receivables

The Group/Company manage the risk by applying appropriate credit control policies and procedures, therefore, it is not expected that any significant financial losses will occur. In addition, the Group/Company has regularly monitors the outstanding of trade receivables and delivery of goods to major customers is guaranteed by the bank. Moreover, the credit limit provides by the Group/Company is not concentrated because the Group/Company have a diverse and large number of customers.

The Group/Company consider the impairment of loss at the end of the reporting period by categorized into customer groups with similar types of credit risk and calculate the expected credit losses from the aging of the debt outstanding from the due date for that particular group. The calculations of the expected credit loss are considering the reasonable and supportable information available at the reporting date relative with historical events, current conditions and forecast of future economic conditions. In general, the Group/Company wills write-off trade and other receivables in accordance with the Group/Company policy on appropriate consideration.

Interest rate risk

Interest rate risk is the risk arising from future changes in market interest rates which affects the operation and cash flow of the Group/Company because interest on certain fixed income securities and borrowings has a floating rate. The Group/Company is exposed to interest rate risk in relation to deposits at banks, other financial assets, long term loan and lease liabilities. Most of the Group/Company's financial assets and liabilities have interest rates that fluctuate according to the market rate or a fixed interest rate close to the market rate.

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

As at 31 December 2020 and 2019, significant financial assets and financial liabilities (certain items presented as derivatives as described in note 22 to the financial statements) can be classified by interest rate type and for fixed-rate's of financial assets and liabilities, it can be classified by maturity dates or the date of the new interest rate setting (if the date of the new interest rate is set first).

Credit risk

Credit risk is the risk that the customer or counterparty is unable to make payment to the Group and the Company on the agreed terms at maturity.

The management set up credit policies to control such credit risk on a regular basis by analyzing the financial position of all customers that requesting a certain amount of credit limit. At the end of the reporting period, there were no significant credit risks.

Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases of goods and machinery in foreign currencies, the Group/Company has entered into forward foreign exchange contracts which are not more than one year to hedge

As at 31 December 2020 and 2019, the Group's exposure to foreign currency risk from foreign currency trade receivables and trade payable with foreign currency USD are as follows;

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--|---------------|--|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>(in million Baht)</i> | | | |
| <i>Asset</i> | | | | |
| Bank deposit | 622 | 722 | 607 | 609 |
| Trade receivables-Other company | 22,067 | 25,515 | 22,318 | 25,762 |
| <i>Liability</i> | | | | |
| Trade payable | 26,314 | 4,336 | 3,088 | 1,160 |
| Net | (3,625) | 21,901 | 19,837 | 25,211 |

39 Correction of an error from calculating in prior year

During year 2020, the management discovered that there was error from calculating the non-controlling interest is excess of Baht 2.98 million without reason and could not determine the effect of the error. Therefore, the executive committee meeting held on 18 February 2021 approved the correction of this error to adjust the beginning year of retained earnings and the comparative information was not restated.

| | Consolidated financial statements | | |
|---------------------------|--|-------------------|-----------------------------|
| | Previously reported | Adjustment | After adjustment |
| | <i>(in million Baht)</i> | | |
| Deficits | (12) | (3) | (15) |
| Non-controlling interests | (11) | 3 | (8) |

Asia Biomass Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

40 Event after the reporting period

The Board of Directors Meeting held on 24 February 2021 approved and determined the remuneration of the Company's directors and sub-committee members for the year 2021 as same as year 2020.

41 Reclassification of accounts

Certain items in the financial statements for the year 2019 have been reclassified to conform with the presentation in the financial statements for the year 2020.

| | 2019 | | | | | |
|---|-----------------------------------|------------------------|--|----------------------------------|------------------------|---------------------------------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Before Reclass- sification | Reclass- sification | After Reclass- sification (in million Baht) | Before Reclass- sification | Reclass- sification | After Reclass- sification |
| Statements of financial position | | | | | | |
| Current assets | | | | | | |
| Trade accounts receivables and other current receivables | 158 | (158) | - | 119 | (119) | - |
| Trade accounts receivable | - | 149 | 149 | - | 106 | 106 |
| Other current receivables | - | 9 | 9 | - | 13 | 13 |
| Advance payment for goods - current | 14 | (10) | 4 | 24 | (10) | 14 |
| Non-current assets | | | | | | |
| Advance payment for goods - non current | - | 10 | 10 | - | 10 | 10 |
| Total | 172 | - | 172 | 143 | - | 143 |
| Current liabilities | | | | | | |
| Trade accounts payables and other current payable | 34 | (34) | - | 122 | (122) | - |
| Trade accounts payables | - | 13 | 13 | - | 106 | 106 |
| Other current payable | - | 21 | 21 | - | 16 | 16 |
| Derivatives liabilities | - | 3 | 3 | - | 3 | 3 |
| Other current liabilities | 4 | (3) | 1 | 4 | (3) | 1 |
| Total | 38 | - | 38 | 126 | - | 126 |
| Statements of comprehensive income | | | | | | |
| Other income | 8 | - | 8 | 9 | (1) | 8 |
| Finance income | - | - | - | - | 1 | 1 |
| Loss on exchange rate | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - |
| Directors' remuneration | 3 | (3) | - | 3 | (3) | - |
| Administrative expenses | 86 | (9) | 77 | 101 | (37) | 64 |
| Doubtful debt | - | 12 | 12 | - | 40 | 40 |

Mr. Apisit Rujikeatkamjorn

Position in the company : Chairman of the Board
Appointment date as a director: August 6, 2014
Term of Directorship : 4 years 8 months
Age : 74 Years
Shareholding: : 5.00%
Types of Director that : Chairman of the Board
is proposed to be appointed
Relationship with : None
directors and
management



Education

- Master Degree of Civil Engineering, Lamar University, Texas USA
- Bachelor Degree of Civil Engineering, Khon Kaen University

Training

- Director Certification Program (DCP) 166/2012
- Director Accreditation Program(DAP) 27/2004
- Audit Committee Program (ACP) 22/2008
- The Role of Chairman (RCP) 26/2011
- Finance for Non-Finance Director (FN) 24/2005

Work Experience

- | | | |
|----------------|---|---|
| 2017 – Present | • | Director, Global House Cambodia Co., Ltd |
| 2017 – Present | • | Director, LAO AGRO TECH PCL. |
| 2015 – Present | • | Director, OPG Tech Co., Ltd. |
| 2015 – Present | • | Director, D.T.C. Enterprise Co., Ltd. |
| 2015 – Present | • | Director, Global House International Co., Ltd. |
| 2014 – Present | • | Chairman of the Board and Independent Director, Asia Green Energy Public Company Limited |
| 2014 – Present | • | Chairman of the Board, Asia Biomass Public Company Limited |
| 2011 – Present | • | Chairman of the Board, Sea Oil Public Company Limited |
| 2011 – 2019 | • | Director, Eco Lighting Co., Ltd. |
| 2008 – Present | • | Chairman of the Board and Independent Director, Siam Global House Public Company Limited. |
| 2009 – 2014 | • | Director Sagaree resources Co., Ltd. |

| | | |
|-------------|---|---|
| 2009 – 2013 | • | The Chairman of The Audit Committee and Independent Director, Thai Rotary Engineering Public Co., Ltd |
| 2008 – 2013 | • | Chairman of the Board, PAE (Thailand) Co., Ltd |
| 2006– 2016 | • | Director, Thai Lube Base Public Company Limited |
| 2006– 2012 | • | Director and Independent Director, Fortune Part Industry Public Company Limited |

Other directorship positions / other positions at present

Subsidiaries/Related Company: -None-

Other listed Companies

- Director, LAO AGRO TECH PCL.
- Chairman of the Board, Asia Green Energy Public Company Limited
- Chairman of the Board, Sea Oil Public Company Limited
- Chairman of the Board and Independent Director, Siam Global House Public Company Limited

Non-listed companies

- Director, Global House Cambodia Co., Ltd
- Director, Global House International Co., Ltd.
- Director, D.T.C. Enterprise Co., Ltd.

Positions in other organizations that compete with/relate to the Company: -None-

Criminal record in the past 10 years: -None-

Disqualifications: -None- *(Has not committed any offence against property or entered into a transaction which may have caused a conflict of interest with the Company over the last year.)*



Mr. Wichai Pornkeratiwat

| | | |
|---|---|---|
| Position in the company | : | Independent Director / The Audit Committee |
| Appointment date as a director | : | December 26, 2014 / July 13, 2014 |
| Term of Directorship | : | 5 Years 3 Months / 4 Years 8 Months |
| Age | : | 66 Years |
| Shareholding | : | 0.00% |
| Types of Director that is proposed to be appointed | : | Independent Director and The Audit Committee |
| Relationship with | : | None |



Educations

- Master of Public and Private Management Program
- Bachelor of Engineering (Electrical Engineering), Khon Kaen University

Trainings

- ASEAN Executive Program (AEP) , GE Management Development Institute
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- NIDA-Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania, U.S.A
- Thai Institute of Directors (IOD) DCP 111/20082545 – 2551

Work Experiences

| | | |
|----------------|---|---|
| 2019 – Present | • | Director of Smart Flow Co.,LTD. |
| 2019 – Present | • | Director of A.T.E. Co.,LTD. |
| 2015 – Present | • | Director , Independent Director and The Audit Committee of Asia Biomass PCL |
| 2015 - 2018 | • | Director and The Audit Committee of Thai Future Energy Holding Co.,LTD. |
| 2014 – Present | • | Director and The Audit Committee of Kiattana Transport Co.,LTD. |
| 2011 – 2013 | • | Chief Operating Officer Upstream Petroleum and Natural Gas Business Group, PTT Plc. |
| 2011 – 2013 | • | Chairman of PTT Green Energy (THAILAND) Co.,LTD. |
| 2011 – 2013 | • | Director, Nomination and Remuneration Committee and |

Corporate Governance Committee, IRPC Co.,LTD.

2011 – 2013 • Director of PTT Exploration and Production Public Company Limited

Other directorship positions / other positions at present

Subsidiaries/Related Company : -none-

Other listed companies

- Director and The Audit Committee of Kiattana Transport Co.,LTD.

Shareholding in the Company

- Director of Smart Flow Co.,LTD.
- Director of A.T.E. Co.,LTD.

Positions in other organizations that compete with/relate to the Company: -None-

Criminal record in the past 10 years: -None-

Disqualifications: -None- *(Has not committed any offence against property or entered into a transaction which may have caused a conflict of interest with the Company over the last year.)*

Ms. Patrawan Manasatit

Position in the company : Independent Director /
The Audit Committee

Appointment date as a director : May 13, 2017

Term of Directorship : 4 years

Age : 36 Years

Shareholding : 0.00%

Types of Director that : Independent Director and
is proposed to be appointed The Audit Committee

Relationship with : None
directors and management



Educations

- Master of Business Administration, London Business School, UK.
- BBA International Program , Thammasat University

Trainings

- Director Accreditation Program (DAP) 140/2017
- Chartered Financial Analyst, CFA Institute

Work Experiences

- | | | |
|----------------|---|--|
| 2020 – Present | • | Head of Yield Management and Ad Operations, Tencent (Thailand) Company Limited |
| 2017 - Present | • | Director of CMP Property Co.,LTD |
| 2015 – 2020 | • | Air Asia Group, Group Finance Manager. |
| 2013 - 2016 | • | Assistant Vice President of phatracapital |
| 2010 – 2013 | • | Industry Corporate Finance, Associate |

Other directorship positions / other positions at present

Subsidiaries/Related company: -none-

Other listed companies

- Director of CMP Property Co.,LTD
- Air Asia Group, Group Finance Manager.

Positions in other organizations that compete with/relate to the Company: -None-

Criminal record in the past 10 years: -None-

Disqualifications: -None- *(Has not committed any offence against property or entered into a transaction which may have caused a conflict of interest with the Company over the last year.)*

| | | |
|---|---|---|
| Name - Surname | : | Mr. Panom Kuansataporn |
| Type of proposed director | : | Director |
| Position | : | Director / Nomination Committee |
| Age | : | 68 year |
| Nationality | : | Thai |
| Education | : | Master of public administration science, Bangkokthonburi University Bachelor of public administration science, Bangkokthonburi University |
| Training | : | Director Accreditation Program Class 68/2008, Thai Institute Of Directors Top Executive Course Class 13, Capital Market Academy (CMA.) Executives course on Energy Technology Class 8/2016 |
| Shareholding Ratio | : | Mr. Panom Kuansataporn : 10.67% Spouse Mrs. Natpapha Kuansataporn 6.65 % Minor children Mr. Natapath Kuansataporn 8.62 % Mr. Atipath Kuansataporn 8.62 % |
| Term of Directorship | : | 1 year |
| Family Relation between the Director and Executives | : | Spouse of Mrs. Natpapha Kuansataporn Father of Miss Tiyaada Kuansataporn |
| Directorship / Management Position in Listed Companies | : | - Director, President, and Chairman of Executive Committee |



Asia Green Energy Public Company Limited

- Position held in other companies that are not Listed Companies :
- Chairman of the Board, President, and Chairman of Executive Committee
AGE Marine Logistics Company Limited
 - Chairman of the Board, President, and Chairman of Executive Committee
AGE Global Trade Company Limited
 - Chairman of the Board, President, and Chairman of Executive Committee
Pian Green Power Company Limited
 - Chairman of the Board, President, and Chairman of Executive Committee
Sabayoi Green Power Company Limited
 - Chairman of the Board, President, and Chairman of Executive Committee
A Engineering Consultant Co., Ltd.
 - Director, President, and Chairman of Executive Committee
AGE Power Holding Co.,Ltd.
 - Director, President, and Chairman of Executive Committee
AGE Terminal Co., Ltd.
 - Chairman of the Board, President, and Chairman of Executive Committee
A.G.E. Transport Co., Ltd.
 - Director
Nadee Asset Company Limited
 - Director
Kokhuad Property Company Limited
 - Director
Sinsapsathaporn Company Limited

- Director, President, and Chairman of
Executive Committee
Nathaphat Pattana Company Limited
- Director, President, and Chairman of
Executive Committee
K.H. Development Co., Ltd.

Directorship / Management in other : None

Organizations which may cause conflict
of interest to the Company

Meeting Attendance in 2017 : 8/8 or 100 percent



Name - Surname : Mrs. Natpapha Kuansataporn

Type of proposed director : Director

Position : Director

Age : 59 year

Nationality : Thai

Education : B.B.A (Accounting) Krirk University

Training : Director Accreditation Program (DAP) Class
119/2015

Shareholding Ratio : Mrs. Natpapha Kuansataporn : 6.65 %

: Spouse

Mr. Panom Kuansataporn 10.67 %

: Minor children

Mr. Natapath Kuansataporn 8.62 %

Mr. Atipath Kuansataporn 8.62 %

Term of Directorship : 1 year

Family Relation between the Director and : Spouse of Mr. Panom Kuansataporn

Executives : Mother of Miss Tiya Kuansataporn

Directorship / Management Position In : None

Listed Companies

Position held in other companies that are : - Director K.H. Development Co., Ltd.

not Listed Companies : - Director Paprapat Co., Ltd.

: - Director Pornpreecha Co., Ltd.

: - Director Sathaporn Thanaphat Co., Ltd.

Directorship / Management in other : None

Organizations which may cause conflict of interest to the Company

Meeting Attendance in 2017 : 8/8 or 100 percent



Miss Tiya Kuansataporn

Director / Managing Director / Authorized Director /

Chief Executive Officer

Date of Appointment to be a Board of Director

13 July 2015

Term of Directorship: 4 years

Age 33 year old



Education

- Master of Logistics Management, University of Sydney, Australia.
- Bachelor of Business, University of Technology, Australia.

Training

- Young F.T.I Elite 6, The Federation of Thai Industries
- Ethical Leadership Program (ELP) ELP 11/2018
- Director Accreditation Program(DAP) Class 119/2015
- Future Entrepreneurs Forum(FEF Class 4/2015
- TLCA Executive Development Program(EDP) Class2013
- Boiler Technology Course, Mahanakorn University of Technology
- Talent Management Strategy 2014, TC Progress

Work Experience

- | | | |
|----------------|---|--|
| 2018 – present | • | Director of ABM Pellets Co., Ltd |
| 2015 – present | • | Chief Executive Officer of Asia Biomass Public Company Limited |
| 2015 – present | • | Director of Asia Biomass Resources SDN. BHD. |
| 2014 – present | • | Company Director of Asia Biomass Energy SDN. BHD. |
| 2014 – present | • | Director of Sinmahachaipattana Co., Ltd |
| 2013 – present | • | Director of PT. Asia Biomass Indonesia |
| 2015 – present | • | Director of Nathaphatpattana Co., Ltd |
| 2012 – present | • | Director of Asia Biomass Public Company Limited |



- 2009 – present • Director of K.H. Development Co., Ltd
- 2007– present • Director of Paprapat Co., Ltd
- 2007 – present • Director of Pornpreecha Co., Ltd
- 2007 – present • Director of Asia Biomass Public Company Limited

Other directorship positions / other positions at present

Subsidiaries/Related Company

- Director of ABM Pellets Co., Ltd
- Director of Asia Biomass Resources SDN. BHD.
- Company Director of Asia Biomass Energy SDN. BHD.
- Director of PT. Asia Biomass Indonesia
- Director of Paprapat Co., Ltd

Other listed companies -None-

Non-listed companies

- Director of Sinmahachaipattana Co., Ltd
- Director of Nathaphatpattana Co., Ltd
- Director of K.H. Development Co., Ltd
- Director of Pornpreecha Co., Ltd

Shareholding in the Company (%): 7.50 %

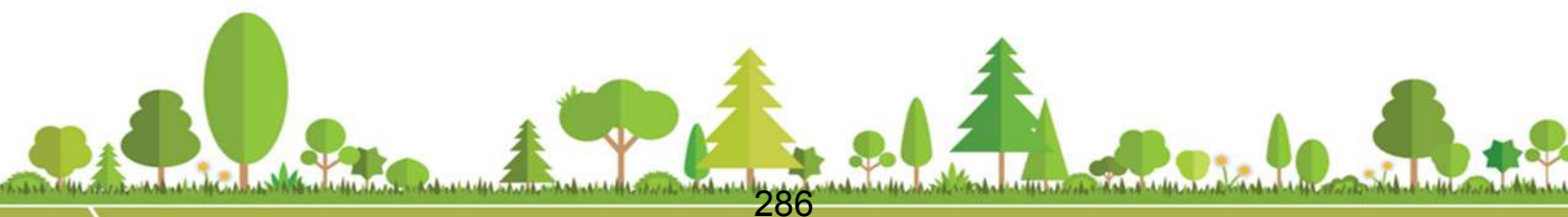
Shareholding of Spouse/Immature Children (%) : 0 %

Family relationship among executives:

- Mr. Panom Kuansataporn's Daughter and Mr. Natpapha Kuansataporn's Daughter

Others that may cause conflict of interests to the Company: -None-

Meeting Attendance in 2018: 5/5



Dr. Sarit Chokchainirand

Director / The Chairman of The Audit Committee / Independent Director

Date of Appointment to be an independent director and The Chairman
of The Audit Committee

27 Jan 2015 / 13 July 2015

Term of Directorship : 4 years

Age 43 Year



Education

- PhD in Business Management, Manchester Business School, the UK, 2013
- Masters in Finance, London Business School, the UK, 2001
- Bachelor of Commerce, The University of Melbourne, Australia 1997

Training

- Director Certification Program (DCP) Class 230/2016
- Director Accreditation Program (DAP) Class 118/2015

Work Experience

- 2016 – Present • Director of Choengmon Real Estate Co., Ltd
- 2015 – Present • Independent Director and Chairman of the Audit Committee of Asia Biomass
Public Company Limited
- 2015 – Present • Director of NYE Aree Co., Ltd
- 2015 – Present • Director of NYE Khaoyai Co., Ltd
- 2015 – Present • Director of NV Sawasdee Co., Ltd
- 2015 – Present • Director of NV Sangthong Co., Ltd
- 2014 – Present • Director of NYE Development Co., Ltd
- 2013 – Present • Director of NYE Estate Co., Ltd
- 2011 – Present • Director and Managing Director P Y I CAPITAL Co., Ltd

2005 – Present • Director and Managing Director Effinity Co., Ltd

Other directorship positions / other positions at present

Subsidiaries/Related Company -None-

Other listed companies -None-

Non-listed companies

- Director of Choengmon Real Estate Co., Ltd
- Director of NYE Aree Co., Ltd
- Director of NYE Khaoyai Co., Ltd
- Director of NV Sawasdee Co., Ltd
- Director of NV Sangthong Co., Ltd
- Director of NYE Development Co., Ltd
- Director of NYE Estate Co., Ltd
- Director and Managing Director P Y I CAPITAL Co., Ltd
- Director and Managing Director Effinity Co., Ltd

Shareholding in the Company : 0.00 %

Shareholding of Spouse/Immature Children : 0.00 %

Family relationship among executives : -None-

Others that may cause conflict of interests to the Company : -None-

Meeting Attendance in 2018 : - Board of Director Meeting : 5/5
- The Audit Committee Meeting : 5/5

ANNUAL REPORT 2020

บริษัท เอเชีย ไบโอบีแมส จำกัด (มหาชน)
Asia biomass Public Company Limited
สำนักงานใหญ่ เลขที่ 273/2 ถนนพระรามที่ 2 แขวงสามตำ
เขตบางขุนเทียน กรุงเทพมหานคร 10150
โทร : 0-2415-0054

