

# ACE

ABSOLUTE CLEAN ENERGY  
PUBLIC COMPANY LIMITED

## ANNUAL REPORT 2019



The logo for Absolute Clean Energy Public Company Limited (ACE) is displayed in white on a green background. The letters 'ACE' are in a large, bold, sans-serif font. Below the letters, the full company name is written in a smaller, all-caps, sans-serif font, arranged in two lines.

# ACE

ABSOLUTE CLEAN ENERGY  
PUBLIC COMPANY LIMITED



ปลอดภัยไว้ก่อน







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ABSOLUTE CLEAN ENERGY PUBLIC COMPANY LIMITED

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# Vision

To be the practical model of clean energy power plants, which is responsible  
for environment, society, communities and shareholders



# Missions

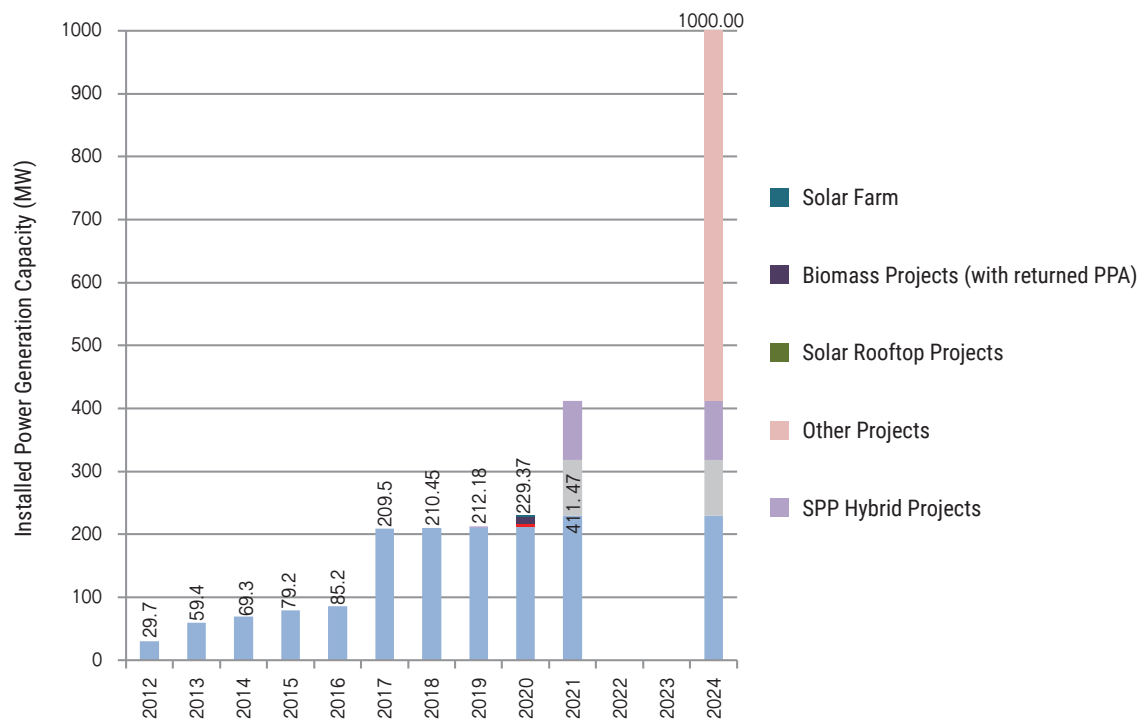
1. To be one of the world's leading power plants with the most effective electricity generating system.
2. To expand our business both domestically and internationally.
3. To achieve business stability while being responsible to the environment, communities, and shareholders.







- Diagram showing the installed capacity of ACE Group's power plants, now, and by 2024



<sup>1</sup> Equity Installed Power Generation Capacity (Equity MW)





# Objectives

The Company aims to expand the investments in clean energy power plants which are responsible for the environment and community both domestically and internationally. The Company operates biomass power plant, municipality solid waste power plant, solar energy power plant, and natural gas power plant. The Company utilizes its experiences, expertise and advantages in this field, to improve the quality of life of farmers, who are our business partners, and communities surrounding The Company's power plants. The Company also aims to increase the total installed capacity of the power plants to exceed 1,000 megawatts by 2024.

On December 31, 2019, ACE Group has the total installed capacity for power generation of 212.18 megawatts. ACE Group aims to increase the total installed capacity for power generation to 1,000 megawatts by 2024. The goal is challenging but feasible. The Company has plan to invest in many projects, including both public and private sectors projects, new and existing projects, inside and outside the country. The 1,000 megawatts goal covers installed capacity of both the power plants that commences commercial operations and the power plants under development with signed power purchase agreement.



# Message from the Chairman of Executive Committee

Dear Shareholders,

The year 2019 was the Year of Success and Pride for Absolute Clean Energy Public Company Limited. We had a successful Initial Public Offering (IPO) with a combined value of 4,479 million baht and listed our Company in the Stock Exchange of Thailand. In addition, we achieved our performance growth in all aspects, with Net Profit increasing 49.2% over that of the previous year.

Currently, the Company has a total of 33 Clean Energy Power Plant projects, with total installed power generation capacity of 421.37 megawatts. There are 14 projects that have commenced commercial operation, with combined installed capacity of 212.18 megawatts. The total of 19 projects with combined installed capacity of 209.19 megawatts are under development. The Company has a Goal to increase the total installed capacity to 1,000 megawatts within 2024.

The Company has a Vision and Mission to be a Practical Model for Clean Energy Power Plant that is responsible for the environment, society, shareholders and all stakeholders. Aiming to create strong and stable business performance, we adopt the ESG (Environmental, Social, and Governance) and TSI (Total Societal Impact) principles in all Business Process. We conduct business that create positive impact to the environment, communities and society. We operate with good governance, transparency and accountability that treat business and trading partners with fairness.

Therefore, we are widely recognized as the true creator of positive impact to the environment, community and society (ESG and TSI in process). For example, our Biomass Power Plants announced the offer to buy unlimited amount of unused agricultural wastes, from farmers nationwide, for fuel use. This action not only helps reduce the PM 2.5 pollution by discouraging farmers to burn down their unused waste; but also generates more income for farmers selling wastes to the Company.

On behalf of the Company, I would like to thank you shareholders, customers, business & trading partners, farmers, financial institutions, communities, government units and related private parties for the continuous support to the Company. I also like to thank directors, management and staff for their unified efforts in performing their duties to create strong success and expansion for the Company. I can assure that we will continue to devote our efforts in research and development to drive relentless business expansion and positive impact in accordance with the ESG and TSI principles and sustainably create good return and added value for shareholders.





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**Ms. Jiratha Songmetta**

Chairman of Executive Committee



# General Information

General Information (As of 31 December 2019)

Company Information	
Company Name	Absolute Clean Energy Public Company Limited ("The Company")
Head Office Location	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
Business Type	Holding Company of businesses that generate and sells electricity and steam
Fax	-
Website	<a href="http://www.ace-energy.co.th">http://www.ace-energy.co.th</a>
Registered Capital	5,487,999,980 baht / 10,975,999,960 shares (Par Value of 0.50 baht / share)
Paid-up Capital	5,087,999,980 baht / 10,175,999,960 shares (Par Value of 0.50 baht / share)

Information regarding the juristic persons that The Company directly hold at least 10% of the total registered shares	
Company Name	Asia Clean Energy Co., Ltd. ("ASCE")
Former Name	Asia Eco Energy Co., Ltd.
Head Office Location	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
Business Type	Holding Company of business that generate and sells electricity and steam.
The Company Share Holding	100%
Fax	-
Paid-up Capital	8,840,000,000 baht / 900,000,000 shares (650,000,000 shares are fully paid-up capitals at a par value of 10 baht/share, and other 250,000,000 shares are paid-up capital at 9.36 baht / share)



**Information regarding the juristic persons that the Company indirectly hold at least 10% of the total registered shares via ASCE**

<b>Company Name</b>	Advance Clean Power Co., Ltd. ("ACP")
<b>Head Office Location</b>	665 Village No.6, Nong Irun Sub-district, Ban Bueng, Chonburi 20220
<b>Branch Office Location</b>	(1) 38 Village No.11, Wang Samakki sub-district, Phon Thong, Roi Ed 45110 (2) 224 Village No.6, Bo Ploy sub-district, Bo Ploy, Kanchanaburi 71160
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	1,654,200,000 baht / 200,000,000 shares (105,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 95,000,000 shares are paid-up capital at 6.36 baht / share)

<b>Company Name</b>	Alliance Clean Power Co., Ltd. ("ALCP")
<b>Head Office Location</b>	665 Village No.6, Nong Irun sub-district, Ban Bueng, Chonburi 20220
<b>Branch Office Location</b>	(1) 131 Village No.1, Phra Phutthabat sub-district, Si Chiang Mai, Nong Khai 43130 (2) 190 Village No.4, Fang Kham sub-district, Sirindhorn, Ubon Ratchathani 34350 (3) 370 Village No.7, Non Thon sub-district, Muang, Khon Kaen 40000
<b>Business Type</b>	Biomass and municipal waste power plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	1,887,080,000 baht / 197,000,000 shares (185,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 12,000,000 shares are paid-up capital at 3.09 baht / share)

<b>Company Name</b>	Advance Agro Power Plant Co., Ltd. ("AAPP")
<b>Head Office Location</b>	231 Village No.1, Ta Nee sub-district, Prasart, Surin 32140
<b>Branch Office Location</b>	(1) 19 Village No.14, Chok Chai sub-district, Chok Chai, Nakhon Ratchasima 30190
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	955,045,000 baht / 100,000,000 shares (100,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 99,900,000 shares are paid-up capital at 9.55 baht / share)



<b>Company Name</b>	Advance Asia Power Plant Co., Ltd. ("AAP")
<b>Head Office Location</b>	385 Village No.12, Muang Whan sub-district, Nam Phong, Khon Kaen 40310
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	500,000,000 baht / 50,000,000 shares (Par value of 10 baht / share (fully paid-up))

<b>Company Name</b>	Advance Bio Asia Co., Ltd. ("ABA")
<b>Head Office Location</b>	88 Village No.8, Mae Thot sub-district, Thoen, Lampang 52160
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	690,500,000 baht / 75,000,000 shares (50,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 25,000,000 shares are paid-up capital at 7.62 baht / share)

<b>Company Name</b>	Advance Farm Tree Co., Ltd. ("AFT")
<b>Head Office Location</b>	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	5,500,000 baht / 1,000,000 shares (400,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 600,000 shares are paid-up capital at 2.50 baht / share)

<b>Company Name</b>	Bio Power Plant Co., Ltd. ("BPP")
<b>Head Office Location</b>	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	130,779,000 baht / 15,000,000 shares (100,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 14,900,000 shares are paid-up capital at 8.71 baht / share)



<b>Company Name</b>	ACE SOLAR Co., Ltd. Former Name : Sri Jao Phraya Co., Ltd. ("SCP")
<b>Head Office Location</b>	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Biomass and Solar Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	250,760,000 baht / 32,000,000 shares (20,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 12,000,000 shares are paid-up capital at 4.23 baht / share)

<b>Company Name</b>	Prasartporn Rungrueng Co., Ltd. (PSPR)
<b>Head Office Location</b>	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Biomass Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	95,923,000 baht / 20,000,000 shares (100,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 19,900,000 shares are paid-up capital at 4.77 baht / share)

<b>Company Name</b>	Advance Agro Asia Co., Ltd. ("AAA")
<b>Head Office Location</b>	224 Village No.7, Koh Khanun sub-district, Phanom Sarakhram, Chachoengsao 24120
<b>Branch Office Location</b>	(1) 140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Natural Gas Power Plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	1,463,500,000 baht / 150,000,000 shares (50,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 100,000,000 shares are paid-up capital at 9.635 baht / share)

<b>Company Name</b>	Power Supply & Maintenance Service Co., Ltd. ("PSMS")
<b>Head Office Location</b>	140/6 ITF Tower Fl.7 Silom Rd., Suriyawong, Bang Rak, Bangkok 10500
<b>Business Type</b>	Consult, manage, install, maintenance, repair, and sell all kinds of materials, equipments and parts related to power plant
<b>ASCE Share Holding</b>	100%
<b>Paid-up Capital</b>	22,500,000 baht / 3,000,000 shares (2,000,000 shares are fully paid-up capitals at a par value of 10 baht / share, and other 1,000,000 shares are paid-up capital at 2.50 baht / share)

Securities Registrar	
<b>Company Name</b>	Thailand Securities Depository Co., Ltd.
<b>Head Office Location</b>	93 SET Tower Fl.14 Ratchadaphisek Road, Din Daeng sub-district, Din Daeng, Bangkok 10400
<b>Phone</b>	02-229-2800
<b>Fax</b>	02-359-1259

Auditor	
<b>Company Name</b>	Price Water house Cooper ABAS Co., Ltd.
<b>Head Office Location</b>	15 <sup>th</sup> Floor Bangkok City Tower, 179/74-80 South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120
<b>Phone</b>	02-344-1000
<b>Fax</b>	02-286-5050

Other Important Information
- None -



# Business Policy & Overview

Absolute Clean Energy Public Company Limited (ACE) operates mainly as a holding company which invests in companies that either generate and sell electricity and steam both domestically and internationally or support the generation of electricity and steam.

As of December 31, 2019, the Company holds shares in 12 subsidiary companies, consisting of 1 direct and 11 indirect subsidiary companies (Company and subsidiary companies combined are called “ACE Group”) The details are as follows.

Subsidiary Company	Initials	Share-holding proportion	Business Type
<b>Direct Subsidiary Company</b>			
1) Asia Clean Energy Co., Ltd.	ASCE	100.0	Operate mainly as a holding company for companies that generate and sell, or support the generation of electricity and steam by focusing on holding shares in companies doing business domestically.
<b>Indirect Subsidiary Company</b>			
1) Advance Clean Power Co., Ltd.	ACP	100.0	Generate and sell electricity and steam
2) Alliance Clean Power Co., Ltd.	ALCP	100.0	
3) Advance Agro Power Plant Co., Ltd.	AAPP	100.0	
4) Advance Asia Power Plant Co., Ltd.	AAP	100.0	
5) Advance Bio Asia Co., Ltd.	ABA	100.0	
6) Advance Farm Tree Co., Ltd.	AFT	100.0	
7) Bio Power Plant Co., Ltd.	BPP	100.0	
8) ACE SOLAR Co., Ltd.	ACE SOLAR	100.0	
9) Prasartporn Rungrueng Co., Ltd.	PSPR	100.0	
10) Advance Agro Asia Co., Ltd.	AAA	100.0	
11) Power Supply and Maintenance Service Co., Ltd.	PSMS	100.0	Maintenance renewable energy power plants, focusing on maintaining the power plants of ACE Group.

## 1. History, Significant Changes and Developments

Initially, the Songmetta group, the largest shareholder of ACE Group, conducted a business of researching and developing energy crops, growing fast-growing trees, and producing, selling and exporting plant-based products like hardboards and wood chips. Songmetta group was one of the world's largest players in this field. As a result, ACE Group has to deal with a good number of unused wood and agricultural wastes as production leftover. Tasked with the need to dispose these wastes in an environmentally friendly way at high cost, ACE Group aims to develop a new business that creates economic use of them. ACE Group found a solution to recycle and transform these unused woods and other agricultural wastes into other usable agricultural products. Moreover, as the Energy Policy and Planning Office (EPPO) had released a 15-year renewable energy policy from 2008-2022. The policy is to make Thailand use more renewable energy and import less oil and natural gas, and support research and development of renewable energy in the country. The policy is also aware of the measures to promote the use of biomass fuels by providing benefits for taxes and subsidizing the electricity price (Adder) for very small power producers (VSPP) and small power producers (SPP). Songmetta group saw the business opportunity in the biomass-energy-power-plant industry. Therefore, ACE Group founded Advance Clean Power Co., Ltd. (ACP) in 2008. ACP submitted the proposal for selling electricity to the Provincial Electricity Authority of Thailand (PEA) and was awarded the Power Purchase Agreement (PPA) of 8.0 megawatts on 21 July 2009.

Later, on 5 August 2009, ACP increased the registered capital from the initial registered capital of 5 million baht, with 500,000 common shares at 10 baht par value to 500 million baht, with 50 million common shares at 10 baht par value. The 125 million baht paid-up capital was utilized for developing the biomass power plant in Nong Irun sub-district, Ban Bueng district, Chonburi, as well as acquiring various licenses as required by law. The power plant was constructed and had Commercial Operation Date (COD) on April 24, 2012, being ACE Group's first power plant project.

In the middle of 2015, Songmetta group had bought shares of Asia Clean Energy Co., Ltd. (ASCE), founded at the beginning of 2008 by another shareholder group. ACE Group changed ASCE's business objectives from transporting business to be a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam in Thailand. Afterwards, ASCE had bought shares of the subsidiary companies of Songmetta group, consisting of ALCP, AAP, ABA, BPP, ACE SOLAR, and AAA. Combined with AAPP, ACP, AFT that ASCE already owned, ASCE had become the owner of the power plants for Songmetta group, as ACE group restructured its business operations.

At the end of 2015, Absolute Clean Energy Co., Ltd. (ACE) was founded with the objective to operate as a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam for ACE Group. ACE also became a 100% shareholder of ASCE, under a new ACE Group structure.



In 2018, PSMS was founded by ACE Group to provide a maintenance service for ACE Group's power plants. ACE Group also bought shares of PSPR, as part of reconstructing plan. Moreover, the Company had also converted ACE from a limited company to a public company.

At the end of 2019, the Company had issued the Initial Public Offering (IPO) for the first time. The common share of the Company was listed and began trading in SET for the first time on November 13, 2019.

## **Summary of the history and important development of the company and subsidiary companies.**

### **• Absolute Clean Energy Public Company Limited (ACE)**

**2015**

- On 1 December, ACE was established by Songmetta group with the objective to be a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam.
- On December 21, the extraordinary general meeting of the Company resolved that
  - ACE invested in ASCE, which operates as a holding company for companies that generate and sell electricity and steam, by buying the common share of ASCE for a total of 649,999,998 shares to reconstruct the shareholding of the Companies that sell and generate electricity in the Songmetta group to prepare to be listed on the SET, making the Company held the proportion of 100 percent of the registered capital of ASCE.

**2016**

- On June 6, the 1/2016 extraordinary general meeting resolved to increase the registered capital from 300,500,000 baht to 4,502,499,980 baht by offering new common share to the existing shareholders of the Company.
- On August 30, Songmetta group sold a total of 34,500,000 shares of the common share, or as a proportion of 7.66% of total registered capital of the Company to non-related new shareholder groups, consisting of Siam Commercial Bank Public Company Limited, Brooker Group Public Company Limited, Chirathivat group, and Mrs. Wanlaya Damnernchanvanich, making the proportion of shares of Songmetta group reduced to 92.34% of the total registered capital.

**2017**

- On June 29, ACE increased the registered capital from 4,502,499,980 baht to 4,578,999,980 baht. The Company offered a total of 7,650,000 new common share of 10.00 baht to the existing shareholders of the Company. As a result, the proportion of shareholding of Songmetta group was increased to 92.47% of the total registered capital.
- On June 29, the 1/2017 extraordinary general meeting resolved to appoint Ms. Chonticha Chitraporn, Mrs. Patchanee Sutheevitanunt, and Mr. Nuekrak Baingern to become 3 new directors and independent directors. All of them were assigned to become members of the audit committee to prepare for becoming a listed company in SET.
- From October to December, Songmetta group sold a total of 6,719,126 shares of the common share, or as a proportion of 1.47% of total registered capital of the Company to 19 retail investors, making the proportion of shares of Songmetta group reduced to 91.00% of the total registered capital.

## 2018

- In March, Songmetta group sold a total of 20,043,374 shares of the common share, or as a proportion of 4.37% of total registered capital of the Company to a new shareholder group. Songmetta group also bought back 12,500,000 shares, or as a proportion of 2.73% of total registered capital of the Company from one shareholder, making the proportion of shareholding of Songmetta group reduced to 89.35% of the total registered capital.
- On May 3, ACE established PSMS with an objective to maintenance renewable energy power plants with a registered capital of 20 million baht.
- On July 14, ACE's 1/2018 extraordinary general meeting resolved to
  - Convert the Company to a public company
  - Change the par value of ACE common share to be 0.50 baht per share
  - Increase the registered capital from 4,578,999,980 baht to 5,487,999,980 baht by offering a total of 1,818,000,000 new common share to the public for the first time.
- On July 16, ACE completed converting into a public company.
- In October, Songmetta group transferred a total of 227,222,920 shares of common share, or as a proportion of 2.48% of total registered capital of the Company to one non-related current shareholder group, making the proportion of shares of Songmetta group reduced to 86.87% of the total registered capital.
- On November 9, ACE's 2/2018 extraordinary general meeting (after converting) resolved that ACE can issue and offer debentures in an amount not exceeding 5,000 million baht
- On December 20, ACE issued and offered debentures that have specified name, insurance, shareholder's representative which the debenture issuer has the right to redeem the debentures before the maturity date. The offered price was 1,500 million baht with a fixed interest rate of 6.80% per annum, and the redemption date was 20 June 2020.

## 2019

- On October 9, the 9/2019 board of directors meeting resolved to sell a total of new 1,018 million shares via the Initial Public Offering (IPO) to the public.
- On October 28, the 1/2019 extraordinary general meeting approve the Company to buy shares of Advance Power Plant Co., Ltd. from a Songmetta group, a related party, with the budget between 394 million baht and 472 million baht, with the payment and transfer of shares scheduled on the same day, which was within 120 days after the signing date of the purchase of Advance Power Plant Co., Ltd., with a contract to purchase the shares within 6 months from August 28, 2019 or within 15 days after Advance Power Plant Co., Ltd. and EGAT had signed a FiT power purchase contract from PEA, whichever event came first.
- On November 13, the common share of the Company was listed and started trading in SET for the first time.
- On December 20, the Company had redeemed all of the debentures before the maturity date. As of December 31, the Company was in the process of releasing the collateral for the debentures.



## • Asia Clean Energy Co., Ltd. ("ASCE")

<b>2008</b>	<ul style="list-style-type: none"> <li>- On August 7, ASCE (formerly known as Asia Eco Energy Co., Ltd.) was founded by a group that was not related to Songmetta group. ASCE did not conduct any business at that time.</li> </ul>
<b>2009</b>	<ul style="list-style-type: none"> <li>- In June, ASCE bought all of the shares from AAPP, ACP, and AFT from Songmetta group. As a result, ASCE held 100% of the proportion of the paid registered capital of AAPP, ACP, and AFT. None of the 4 companies conduct any business at that time.</li> <li>- On August 24, Songmetta group acquired a 50% share of ASCE, from the existing shareholders.</li> <li>- ASCE increased the registered capital by offering shares to the shareholders in the Songmetta group. As a result, the proportion of share of Songmetta group was increased to 99.88% of the total registered capital.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>- On December 23, Songmetta group bought a total of 0.12% share of the total registered capital from non-related existing shareholders, increasing the Songmetta group shareholding to 100% of the paid registered capital.</li> </ul>
<b>2015</b>	<ul style="list-style-type: none"> <li>- On March 21, the meeting of the board of directors resolved to allow ASCE to invest in companies, namely, ALCP, AAP, ABA, BPP, ACE SOLAR, AAA, that operates in the production and selling of electricity and steam by buying the shares from Songmetta group to adjust the shareholding structure of Songmetta group to make companies that operates in the production and selling of electricity and steam all came under ASCE. making ASCE held the proportion of 100 percent of the registered capital of the mentioned companies.</li> <li>- On May 15, ASCE changed its name from Asia Eco Energy Co., Ltd. to Asia Clean Energy Co., Ltd.</li> <li>- On December 30, ACE, a new company established by Songmetta group, invested in ASCE for a proportion of 100%, ACE bought the shares of ASCE from Songmetta group. The value is based on the net asset value of ASCE in order to reconstruct ACE Group to prepare to be listed in the SET.</li> </ul>
<b>2018</b>	<ul style="list-style-type: none"> <li>- On October 16, the meeting of the board of directors resolved to allow ASCE to invest in PSPR with the objective to generate and sell electricity and steam by buying the shares from Songmetta group to adjust the shareholding structure of Songmetta group to make companies that operates in the production and selling of electricity and steam all came under ASCE.</li> </ul>

## • Advance Clean Power Co., Ltd. ("ACP")

<b>2008</b>	- On August 7, ACP was established by Songmetta group with the objective to generate and sell electricity.
<b>2009</b>	- In the third quarter, ACP signed 10 PPA contracts with PEA, which the SCODs were scheduled to be from 2011-2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract had a period of 5 years and continuous renewal for 5 years at a time.
<b>2012</b>	- On April 24, Ban Bueng power plant (ACP1), PPA number VSPP-PEA-184/2009, had started a commercial operation (COD), meeting the specified SCOD of no later than April 30, 2012.
<b>2013</b>	- On June 4, Phon Thong power plant (ACP2), PPA number VSPP-PEA-108/2009, had started a commercial operation, meeting the specified SCOD of no later than December 31, 2013.
<b>2014</b>	- On December 30, PEA had cancelled 6 PPA contracts, effective from December 1, 2014.
<b>2015</b>	- On February 6, ACP appealed to the court against PEA for 4 PPA contract terminations.
<b>2016</b>	<ul style="list-style-type: none"> <li>- On February 25, PEA returned the PPA contract of the Bo Ploy power plant (ACP3), PPA number VSPP-PEA-186/2009 because PEA had considered that the reason ACP3 could not distribute electricity as scheduled was force majeure. The new SCOD was August 31, 2017.</li> <li>- On July 7, PEA announced the appeal of Klong Klung power plant (ACP4), PPA number VSPP-PEA-189/2009, that the delay was really caused by a force majeure. However, PEA could not return the PPA contract immediately because of the failure in the grid capacity of PEA that could not support the power supply of the power plant yet.</li> <li>- In September, ACP signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Ban Bueng, Phon Thong, and Bo Ploy power plants, with retroactive effect from March 11, 2016.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>- On March 14, ACP propose the dispute to arbitration for PEA to return 3 PPA contracts: <ul style="list-style-type: none"> <li>- Song Pheenong power plant, PPA number VSPP-PEA-188/2009</li> <li>- Bang Lane power plant, PPA number VSPP-PEA-190/2009</li> <li>- Khanu Worakabsaburi power plant, PPA number VSPP-PEA-185/2009</li> </ul> </li> <li>- On August 1, PEA informed that they had now supplied the grid capacity for Klong Klung power plant (ACP4) in 2020.</li> <li>- On August 16, Bo Ploy power plant (ACP3), PPA number VSPP-PEA-186/2009, had commenced a commercial operation (COD).</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>- On June 21, Thai Arbitrator Institute made a final verdict on the clear dispute no. 76/2019 so that PEA must return the PPA contract number VSPP-PEA-188/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Song Pheenong power plant and Legal dispute#77/2019 so that PEA must return the PPA contract number VSPP-PEA-185/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Khanu Worakabsaburi power plant to ACP. ACP is currently in talks with PEA about the details regarding the ruling.</li> <li>- On July 19, The arbitrator made a final verdict on the clear dispute no. 94/2019 so that PEA must return the PPA contract number VSPP-PEA-188/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Song Pheenong power plant to ACP. ACP is currently in talks with PEA about the details regarding the ruling.</li> <li>- On August 7, PEA notified ACP to confirm that the Klong Klung power plant (ACP4) returning to ACP was a 2015 Feed-in Tariff (Fit) type contract, with the details according to the agreement between PEA and ACP.</li> </ul>



## • Alliance Clean Power Co., Ltd. ("ALCP")

<b>2008</b>	- On August 8, ALCP was established by Songmetta group with the objective to generate and sell electricity and steam.
<b>2009</b>	- In July, ALCP signed 10 PPA contracts with PEA, which the SCODs were scheduled to be from 2011-2015. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.
<b>2013</b>	<ul style="list-style-type: none"> <li>- On October 24, ALCP signed a PPA contract with PEA to generate electricity from renewable energy, contract number VSPP-PEA-029/2013. PEA agreed to purchase electricity at a maximum power of 4.5 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuously for 5 years at a time. The electricity distribution station is at Non Ton sub-district in Khon Kaen.</li> <li>- On December 26, Si Chiang Mai power plant (ALCP1), PPA number VSPP-PEA-075/2009, had commenced a commercial operation (COD).</li> </ul>
<b>2014</b>	- On December 30, PEA terminated 7 PPA contracts, effective from December 1, 2014.
<b>2015</b>	<ul style="list-style-type: none"> <li>- On February 6, ALCP appealed to the court against PEA for 1 PPA contract termination.</li> <li>- On March 25, ASCE bought a proportion of 100% of the registered capitals of ALCP from Songmetta group to adjust the shareholding structure of the electricity-business group to be under ASCE.</li> <li>- On July 14, ALCP signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Sri Saket power plant.</li> <li>- On August 14, Sirindhorn power plant (ALCP2), PPA number VSPP-PEA-130/2009, had started a commercial operation (COD), meeting the specified SCOD of no later than June 30, 2014.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>- On September 6, ALCP signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Si Chiang Mai and Sirindhorn power plants, effective from March 11, 2016.</li> <li>- On November 29, MSW power plant (ALCP3), PPA number VSPP-PEA-029/2013, had started a commercial operation, meeting the specified SCOD of no later than December 26, 2016.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>- On March 27, PEA announced the cancellation of Sri Saket PPA, PPA number VSPP-PEA-134/2009, effective from January 1, 2017.</li> <li>- On March 14, ALCP propose the dispute to arbitration so that EGAT must return the PPA contract number VSPP-PEA-135/2009 of the Ban Bueng 2 power plant.</li> <li>- On May 5, ALCP appealed the cancellation of Sri Saket PPA, PPA number VSPP-PEA-134/2009 by PEA to the Energy Regulatory Commission (ERC).</li> </ul>

**2018**

- On March 22, ACLP filed a lawsuit against PEA and ERC to the Central Administrative Court. The lawsuit's purpose is to request a judgment or order for PEA to cancel the PPA contract termination for PPA number VSPP-PEA-134/2009 of Sri Saket power plant and for PEA to return the mentioned purchase agreement and extend the SCOD for ALCP.

**2019**

- On May 17, ALCP signed a PPA contract with PEA for the MSW power plant project in Krabi. The maximum amount of electricity purchased was 4.4 megawatts. The contract has a period of 20 years, but not after December 31, 2039.

- On April 3, ALCP sent a letter to PEA to negotiate the lawsuit between ALCP, and ERC and PEA to the Central Administrative Court to cancel the PPA contract termination for PPA number VSPP-PEA-134/2009 of Sri Saket power plant and for PEA to return the mentioned purchase agreement and extend the SCOD for ALCP. PEA had already sent in a response letter informing the conditions and regulations. Currently, it is in the process of negotiation between ALCP and PEA.

- On July 19, The arbitrator made a final verdict on the clear dispute no. 91/2019 so that PEA must return the PPA contract number VSPP-PEA-135/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Ban Bueng 2 power plant to ACP. ACP is currently in talks with PEA about the details regarding the ruling.



## • Advance Agro Power Plant Co., Ltd. ("AAPP")

<b>2006</b>	- On July 1, AAPP (formerly known as Sritawan Burapha Co., Ltd.) was established by Songmetta group.
<b>2008</b>	- On June 26, AAPP had changed the name from Sritawan Burapha Co., Ltd. to Advance Agro Power Plant Co., Ltd.
<b>2009</b>	<ul style="list-style-type: none"> <li>- In June, ASCE bought a proportion of 100% of the registered capital of AAPP from Songmetta group to adjust the shareholding structure of the electricity-business group to be under ASCE.</li> <li>- In July, AAPP signed 7 PPA contracts with PEA, which the SCODs were scheduled to be from 2012-2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.</li> </ul>
<b>2012</b>	- On October 30, Pattani power plant (AAPP1), PPA number VSPP-PEA-094/2009, had commenced a commercial operation (COD), meeting the specified SCOD of no later than September 30, 2012.
<b>2013</b>	- On January 16, Chok Chai power plant (AAPP2), PPA number VSPP-PEA-109/2009, had started a commercial operation (COD), meeting the specified SCOD of no later than December 31, 2012.
<b>2014</b>	- On December 30, PEA had cancelled 5 PPA contracts, effective from December 1, 2014.
<b>2015</b>	- On February 6, AAPP appealed to the court against PEA for 1 PPA contract termination.
<b>2016</b>	- On September 6, AAPP signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Pattani and Chok Chai power plants, effective from March 11, 2016.
<b>2017</b>	- On March 14, AAPP propose the dispute to arbitration so that PEA must return the PPA contract number VSPP-PEA-111/2009 of the Chok Chai 2 power plant.
<b>2019</b>	- On June 21, Thai Arbitrator Institute made a final verdict on the clear dispute no. 75/2019 so that EGAT must return the PPA contract number VSPP-PEA-111/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Chok Chai 2 power plant to AAPP. AAPP is currently in talks with PEA about the details regarding the ruling.

## • Advance Asia Power Plant Co., Ltd. ("AAP")

<b>2006</b>	- On June 27, AAP (formerly known as Sri Fah Pratarn Co., Ltd.) was established by Songmetta group.
<b>2008</b>	- On June 26, AAP had changed the name from Sri Fah Pratarn Co., Ltd. to Advance Asia Power Plant Co., Ltd.
<b>2009</b>	- On July 28, AAP signed 8 PPA contracts with PEA, which the SCODs were scheduled to be from 2012-2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.
<b>2012</b>	- On May 2, Nam Phong power plant (AAP1), PPA number VSPP-PEA-119/2009, had commenced a commercial operation (COD).
<b>2016</b>	- On September 6, AAP signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Nam Phong power plant, effective from March 11, 2016.

## • Advance Bio Asia Co., Ltd. ("ABA")

<b>2006</b>	- On June 27, ABA (formerly known as Sri Udon Rung Ruang Co., Ltd.) was established by Songmetta group.
<b>2008</b>	- On June 30, ABA had changed the name from Sri Udon Rung Ruang Co., Ltd. to Advance Bio Asia Co., Ltd.
<b>2009</b>	- On July 16, ABA signed 7 PPA contracts with PEA, which the SCODs were scheduled to be in 2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.
<b>2013</b>	- On December 23, a group of people from Lampang province (the complainant) filed a lawsuit against ABA to Chiang Mai Administrative Court to request the court to revoke the license to operate the power plant business (Plant License) of the ABA1 project. The complainant stated that the approval process for the ABA1 project was unlawful.
<b>2014</b>	- On July 9, Thoen power plant (ABA1), PPA number VSPP-PEA-156/2009, had commenced a commercial operation (COD).
<b>2016</b>	<ul style="list-style-type: none"> <li>- On March 30, the Chiang Mai Administrative Court had a verdict that the approval process for the ABA1 project was lawful, and therefore dismissed the lawsuit.</li> <li>- On April 29, a group of people from Lampang province (the complainant) appealed against the verdict of the Chiang Mai Administrative Court to the Supreme Administrative Court. ABA had already submitted an appeal refutation, accordingly.</li> <li>- On September 6, ABA signed an amendment agreement of PPA contract to change from the Adder system to the Feed-in Tariff (FiT) system for Thoen power plant, effective from March 11, 2016.</li> </ul>

## • Advance Farm Tree Co., Ltd. ("AFT")

<b>2006</b>	- On June 30, AFT (formerly known as Sri Dork Coon Co., Ltd.) was established by Songmetta group.
<b>2008</b>	- On June 30, AFT had changed the name from Sri Dork Coon Co., Ltd. to Advance Farm Tree Co., Ltd.
<b>2009</b>	- On June 12, AFT signed 10 PPA contracts with PEA, which the SCODs were scheduled to be in 2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.
<b>2014</b>	- On December 30, PEA had cancelled 10 PPA contracts, effective from December 1, 2014.
<b>2015</b>	- On February 6, AFT appealed to the court against PEA for 1 PPA contract termination.
<b>2017</b>	- On March 14, AFT propose the dispute to arbitration so that PEA must return the PPA contract number VSPP-PEA-128/2009 of the Senangkhanikhom power plant.
<b>2019</b>	- On June 21, The arbitrator made a final verdict on the clear dispute no. 74/2019 so that PEA must return the PPA contract number VSPP-PEA-128/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Senangkhanikhom power plant to AFT. AFT is currently in talks with PEA about the details regarding the ruling.



## • Bio Power Plant Co., Ltd. ("BPP")

<b>2006</b>	- On July 1, BPP (formerly known as Sri Song Kwae Co., Ltd.) was established by Songmetta group.
<b>2009</b>	<ul style="list-style-type: none"> <li>- On July 16, BPP signed 8 PPA contracts with PEA, which the SCODs were scheduled to be in 2013. EGAT agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.</li> <li>- On October 14, BPP had changed the name from Sri Song Kwae Co., Ltd. to Bio Power Plant Co., Ltd.</li> </ul>
<b>2014</b>	- On December 30, PEA had cancelled 8 PPA contracts, effective from December 1, 2014.
<b>2015</b>	<ul style="list-style-type: none"> <li>- On February 6, BPP appealed to the court against PEA for 1 PPA contract termination.</li> <li>- On March 25, ASCE bought a proportion of 100% of the registered capitals of BPP from Songmetta group to adjust the shareholding structure of the electricity-business group to be under ASCE.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>- On March 14, BPP propose the dispute to Thai Arbitration Institute that PEA return the PPA contract number VSPP-PEA-159/2009 of the Khok Kathiam power plant.</li> <li>- On December 14, ERC announced the list of companies that were selected for the SPP Hybrid Firm renewable-energy-generated electricity projects. BPP was selected for 2 projects, Na Bon 2 and Klong Klung project. The total amount of electricity offered was 34.81 megawatts. BPP had to sign a PPA for both projects with PEA before December 13, 2019.</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>- On July 19, The arbitrator made a final verdict on the clear dispute no. 92/2019 so that PEA must return the PPA contract number VSPP-PEA-159/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Khok Kathiam power plant to BPP. BPP is currently in talks with PEA about the details regarding the ruling.</li> <li>- On September 25, BPP submitted a request to ERC to extend the contract signing date and SCOD for the SPP Hybrid Firm renewable-energy-generated electricity projects for Na Bon 2 and , Klong Klung project</li> <li>- On November 20, BPP submitted a request to ERC and PEA to extend the contract signing date and SCOD for the SPP Hybrid Firm renewable-energy-generated electricity projects for Na Bon 2 and , Klong Klung project. ERC is currently considering the request.</li> </ul>

## • ACE Solar Co., Ltd. ("ACE SOLAR")

<b>2006</b>	- On July 1, ACE SOLAR was established by Songmetta group.
<b>2009</b>	- On July 30, ACE SOLAR signed 10 PPA contracts with PEA, which the SCODs were scheduled to be in 2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuously renewal for 5 years at a time.
<b>2014</b>	- On December 30, PEA had cancelled all PPA contracts, effective from December 1, 2014.

<b>2017</b>	<ul style="list-style-type: none"> <li>- On December 14, ERC announced the list of companies that were selected for the SPP Hybrid Firm renewable-energy-generated electricity projects. ACE SOLAR was selected for 2 projects, Na Bon 1 and Ranong project. The total amount of electricity offered was 41.5 megawatts. ACE SOLAR had to sign a PPA for both projects with PEA before December 13, 2019.</li> </ul>
<b>2018</b>	<ul style="list-style-type: none"> <li>- On November 6, ACE SOLAR had changed the name from Sri Jao Phrayae Co., Ltd. to ACE Solar Co., Ltd.</li> <li>- On November 20, Solar Rooftop 1 ("ACE SOLAR 3") had commenced a commercial operation (COD).</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>- On February 22, Solar Rooftop 2 ("ACE SOLAR 4") had commenced a commercial operation (COD).</li> <li>- On September 28, the extension of Solar Rooftop 1 ("ACE SOLAR 3") had commenced a commercial operation (COD).</li> <li>- On August 22 and September 25, ACE SOLAR submitted a request to ERC to extend the contract signing date and SCOD for the SPP Hybrid Firm renewable-energy-generated electricity project for the Ranong and the Na Bon 1 project. projects.</li> <li>- On November 20, ACE SOLAR submitted a request to ERC and EGAT to extend the contract signing date and SCOD for the SPP Hybrid Firm renewable-energy-generated electricity projects for Na Bon 1 and Ranong project. ERC is currently considering the request.</li> </ul>

#### • Prasartporn Rungrueng Co., Ltd. ("PSPR")

<b>2006</b>	<ul style="list-style-type: none"> <li>- On July 3, PSPR was established by Songmetta group.</li> </ul>
<b>2009</b>	<ul style="list-style-type: none"> <li>- In July, PSPR signed 6 PPA contracts with PEA, which the SCODs were scheduled to be from 2012-2013. PEA agreed to purchase electricity at a maximum power of 8 megawatts at a voltage of 22 kilovolts. The contract has a period of 5 years and continuous renewal for 5 years at a time.</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>- On March 23, PSPR increased the registered capital from 1,000,000 baht to 200,000,000 baht by offering new common share to the existing shareholders of PSPR.</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>- On December 30, PEA had cancelled 6 PPA contracts, effective from December 1, 2014.</li> </ul>
<b>2015</b>	<ul style="list-style-type: none"> <li>- On February 6, PSPR appealed to the court against PEA for 1 PPA contract termination.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>- On March 14, PSPR propose the dispute to Thai Arbitration Institute that PEA must return the PPA contract number VSPP-PEA-169/2009 of the Nadee power plant.</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>- On July 19, Thai Arbitrator Institute made a final verdict on the clear dispute no. 93/2019 so that EGAT must return the PPA contract number VSPP-PEA-169/2009 in the form of Feed-in Tariff (Fit) and extend the SCOD of the Nadee power plant to PSPR. PSPR is currently in talks with EGAT about the details regarding the ruling.</li> </ul>

## • Advance Agro Asia Co., Ltd. (“AAA”)

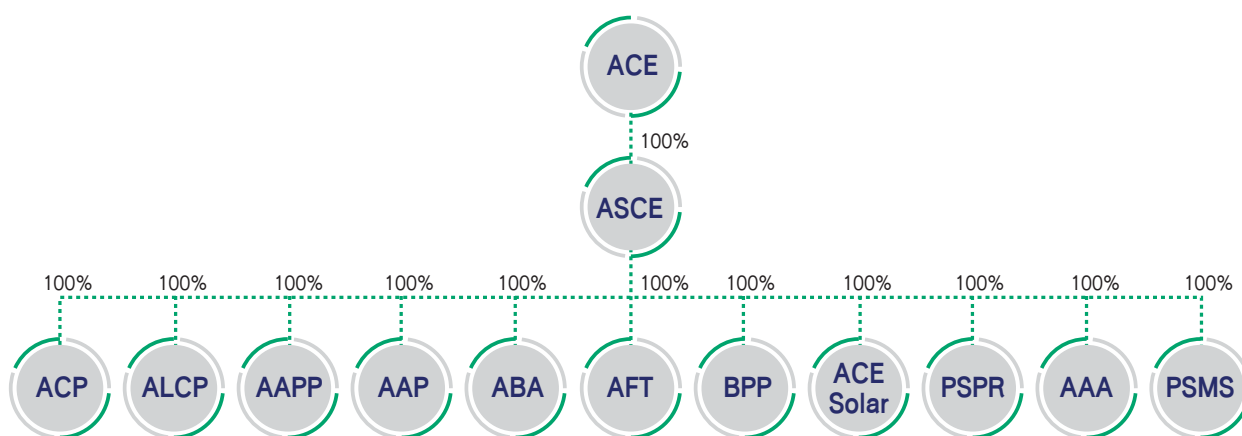
<b>2009</b>	- On December 12, AAA was established by Songmetta group.
<b>2014</b>	- On July 4, AAA signed a PPA contract number PPA-SPP/F-2011-038 with PEA. PEA agreed to purchase electricity from natural gas power plants with a maximum electricity of 90.0 megawatts at a voltage of 115.0 kilovolts. The contract has a period of 25 years from the date of COD.
<b>2015</b>	- On December 14, a group of people from Koh Khanun sub-district (the complainant) filed a lawsuit against AAA to the Rayong Administrative Court to request the court to revoke the license to operate the power plant business (Plant License) and revoke the notification of construction of the AAA1 project. The complainant stated that the approval process for the AAA1 project was unlawful. The complainant also requested the court to suspend the plant license and the notification of construction of the AAA1 project, and suspend any construction or action according to the suspension request of the AAA1.
<b>2016</b>	- On March 31, the Rayong Administrative Court had a verdict that the approval process of plant license and notification of construction of the AAA1 project was lawful, and therefore dismissed the suspension request.
<b>2017</b>	- On February 10, Koh Khanun SPP power plant (AAA1), PPA number PPA-SPP/F-2011-038, had commenced a commercial operation (COD).
<b>2019</b>	- On December 6, the Rayong Administrative Court announced that January 2, 2020 was the last day for the fact seeking. The case is now being considered by the Rayong Administrative Court.

## • Power Supply and Maintenance Service Co., Ltd. (“PSMS”)

<b>2018</b>	- On May 3, ACE arranged for ASCE to establish PSMS with the objective to provide maintenance service to the renewable energy power plants.
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## Company Group Structures as of December 31, 2019



The Company holds 100% shares in ASCE, the direct subsidiary which operates as a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam in Thailand. As a result, the Company has a 100% shareholding in all 11 indirect subsidiary companies, as follows.

### Overview of the Business Operation of the Subsidiary Company

As of December 31, 2019, the Company invests in a total of 12 subsidiary companies, as follows.

#### 1. Direct subsidiary company that operates as a holding 1 company

Name	Business Overview	Paid Registered Capital (Million baht)
ASCE	Operate as a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam in Thailand.	8,840.0

## 2. Indirect subsidiary companies that generate and distribute electricity and steam 11 companies

Name	Business Overview	Paid Registered Capital (Million baht)
ACP	Generate and distribute electricity and steam from biomass energy	1,654.2
ALCP	Generate and distribute electricity and steam from biomass energy and Municipal Solid Waste	1,887.1
AAPP	Generate and distribute electricity and steam from biomass energy	955.0
AAP	Generate and distribute electricity and steam from biomass energy for a number of 1 project, AAP1 which has already started a commercial operation (COD). The installed capacity is 9.9 megawatts.	500.0
ABA	Generate and distribute electricity and steam from biomass energy	690.5
AFT	Generate and distribute electricity and steam from biomass energy	5.5
BPP	Generate and distribute electricity and steam from biomass energy	130.8
ACE SOLAR	Generate and distribute electricity and steam from biomass and solar energy	250.8
PSPR	Generate and distribute electricity and steam from biomass energy	95.9
AAA	Generate and distribute electricity and steam from natural gases	1,463.5

## 3. Indirect subsidiary company that operates as a power plant maintenance 1 company

Name	Business Overview	Paid Registered Capital (Million baht)
PSMS	Maintenance renewable energy power plants, focusing on maintaining the power plants of ACE Group.	22.5

Because the Company's main business is a holding company for companies that generate and sell electricity and steam and companies that support the production and selling of electricity and steam in Thailand, the Company need to meet the qualification set in the announcement of the capital market supervisory board regarding the requesting and granting permission to sell a newly issued share (Torjor. 39/2016) and the announcement of the Securities & Exchange Commission (SEC) regarding the size of the Company in order to operate as a holding company to sell a newly issued share (Sorjor. 50/2018). When considering the qualifications, the Company has met all of the qualifications, which are as follows.

Criteria for Size Comparison for the Company	Regulation requirement	Company qualifications <sup>1</sup>
Size of the subsidiary company that run the main business compared to the size of the Company <u>Calculations:</u> (Total assets of the Company - Investments in associated and other companies) / Total assets of the Company	25.0	100.0
Size of the Company that run the main business compared to the size of the Company <u>Calculations:</u> (Total assets of the Company - Investments in other companies) / Total assets of the Company	75.0	100.0
Size of other companies compared to the size of the Company <u>Calculations:</u> Investments in other companies / Total assets of the Company	25.0	0.0

<sup>1</sup> Calculated from consolidated financial statement of the Company for the six-month period ended 30 June 2019

## 2. Relationships with ACE Group's Major Shareholders

As of December 31, 2019, Songmetta group, the major shareholder of the Company, holds a proportion of 78.52% of the total registered capital of the Company. Members of Songmetta group are also the directors and the management of the Company. The Company also runs other businesses like growing fast-growing trees, producing plant-based products. They are one of the world's largest selling and exporting wood chips groups. Their other businesses also support the Company's business especially in creating a secure long-term biomass fuel material supply, from their wood chip business. However, Songmetta group might have a conflict of interest within ACE Group, which can be classified by type of business as follows,

### 2.1 Fuel Material Supply Business Group

Songmetta group has the power to control other fuel supply businesses outside ACE Group as follows,

Name	Business Type
Global Woodchips Co., Ltd. ("GWC")	Generate and distribute chopped woods, log, and bark
Shaiyo Supply Chain Co., Ltd. ("SSC")	Generate and distribute chopped woods, log, and bark
Sribanpai Co., Ltd. ("SBP")	Generate and distribute chopped woods, log, and bark
Global Woodchip Trading Co., Ltd. ("GWT")	Generate and distribute chopped woods, log, and bark
Siam Agro Industry Product Trading Co., Ltd. ("SAIPT")	Buy and sell chopped woods, log, and bark
Advance Asian Co., Ltd. ("AAS")	Research and generate agricultural seedlings



ACE Group has made the fuel material purchase agreements which clearly specifies the method of calculating the price. The price is comparable to the market. The terms of the contract are according to the general trading principles to maintain the highest benefits of the shareholders which are according to the regulations of SET and SEC.

## 2.2 Power Plant Construction Business Group

Songmetta group has the power to control other power plant construction businesses outside ACE Group, which are as follows,

Name	Business Types
Advance Energy Development Co., Ltd. ("AED")	Engineering services, improve, repair, and maintenance buildings, factories, and machineries
Goodwill Innovation and Engineering Co., Ltd. ("GIE")	Construction
AED Fabrication Co., Ltd. ("AEDF")	Generate metal structure for the construction, industrial, machinery and parts.
Ascender Limited ("ASD")	Buy and sell machinery and tools

The Companies mentioned have knowledge to build and improve power plants, as well as procurement and maintenance of the machines. Previously, ACE Group had hired the mentioned companies to improve and build biomass and MSW power plants. As ACE Group is already aware of the potential conflicts that can arise, ACE Group has established policies and measures to prevent the potential conflicts.

## 2.3 Electricity Production and Distribution Business Group

Songmetta group has the power to control other businesses that generate and distribute electricity outside ACE Group. These businesses have not operated yet because the PPA contracts with EGAT had been canceled. The maximum amount of electricity offered was 8.0 megawatts and the expected installation capacity is 9.90 megawatts, as follows,

Name	Business Types
Advance Power Plant Co., Ltd. ("APP")	Generate and distribute electricity from biomass

The reason that ACE Group had not included APP as a part of ACE Group during the restructuring before being listed in the SET was because APP was in the process of requesting PEA to return the PPA. Afterwards, on June 21, 2019, The arbitrator made a final verdict on the clear dispute no. 73/2019 so that PEA must return the PPA contract number VSPP-PEA-159/2009 to APP. On August 28, 2019, the shareholders of APP sent a letter stating the purpose to sell the common share of APP to the Company. On October 28, the 1/2019 extraordinary general meeting approved the Company to buy shares of Advance Power Plant Co., Ltd. from a connected Songmetta group with a limit between 394 million baht and 472 million baht, with the payment and transfer of shares scheduled on the same day, which was within 120 days after the signing date of the purchase of Advance Power Plant Co., Ltd., with a contract to purchase the shares within 6 months from August 28, 2019 or within 15 days from when Advance Power Plant Co., Ltd. and PEA had signed a FiT

Moreover, to prevent the possible conflicts of interest, especially businesses that are competitive or businesses that operate to compete with the main business of ACE Group, Songmetta group, who is the director and/or the major shareholder of the Company, submit a letter to ACE Group to certify that they will not operate any power plant business to compete with ACE Group, dated November 29, 2018. The 5/2019 board of directors meeting on May 13, 2019, also approved the measure regarding the response of the investment offers from Songmetta group and agreed to let Songmetta group invest in businesses that might compete with ACE's main business if the Company had declined the investment offer.









# Important Financial Information

## 1. Summary of the Auditor's Report

### 1.1 Auditor

Financial Statements	Certified Public Accountant
Consolidated financial statements of the Company and subsidiaries, and separate financial statements of the Company. For the fiscal year ending December 31, 2017	Mr. Sudwin Panyawongkhanti Certified Public Accountant No. 3534 Price Water house Cooper ABAS Co., Ltd.
Consolidated financial statements of the Company and subsidiaries, and separate financial statements of the Company. For the fiscal year ending December 31, 2018	
Consolidated financial statements of the Company and subsidiaries, and separate financial statements of the Company. For the fiscal year ending December 31, 2019	

### 1.2 Summary of Auditor Report

Financial Statements	Independent Auditor's Report
Consolidated financial statement of the Company and its subsidiaries and the separate financial statements of the Company.  For the fiscal year ending December 31, 2017	<ul style="list-style-type: none"> <li>The auditor expressed an opinion that the consolidated financial statements of Absolute Clean Energy Public Company Limited ("the Company") and its subsidiaries ("ACE Group"), and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of ACE Group and of the Company as at December 31, 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs")</li> </ul>
Consolidated financial statement of the Company and its subsidiaries and the separate financial statements of the Company.  For the fiscal year ending December 31, 2018	<ul style="list-style-type: none"> <li>The auditor expressed an opinion that the consolidated financial statements of Absolute Clean Energy Public Company Limited ("the Company") and its subsidiaries ("ACE Group"), and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of ACE Group and of the Company as at December 31, 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs")</li> <li>The auditor drawn attention to Note 13 "Investment in subsidiaries - Establishment of an indirect subsidiary and business under common control" which explain the accounting method for business combination under common control that ACE Group used in acquiring power plant maintenance business</li> </ul>

Financial Statements	Independent Auditor's Report
	<p>and was unable to retrospectively restate the financial information under common control due to insufficient information. ACE Group has to follow the exemption of TAS 8 (revised 2017) "Accounting Policies, Changes in Accounting Estimates and Errors" and apply prospective adjustment.</p>
<p>Consolidated financial statement of the Company and its subsidiaries and the separate financial statements of the Company.</p> <p>For the fiscal year ending December 31, 2019</p>	<ul style="list-style-type: none"> <li>• The auditor expressed an opinion that the consolidated financial statements of the Company and its subsidiaries, and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of ACE Group and of the Company as at December 31, 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).</li> <li>• The auditor identified impairment assessment of construction in progress and machines under installation of the power plant which have Power Purchase Agreements under submission for dismissal of the termination and reinstate the agreements as Key audit matter. The matter was addressed in the context of their audit of the consolidated and separate financial statements as a whole. The auditor did not provide separate opinion on the matter.</li> </ul>



## 2. Summary of Financial Statements for the years ended December 31 of 2017, 2018, and 2019

### • Statements of Financial Position

Statements of Financial Position	Consolidated financial statements as at December 31					
	2017		2018		2019	
	Millions	Percen-tage	Millions	Percen-tage	Millions	Percen-tage
<b>Current assets</b>						
Cash and cash equivalents	5.26	0.04	104.50	0.75	71.92	0.51
Current portion of restricted deposits at a financial institution	-	-	-	-	250.26	1.77
Trade and other receivables	771.30	5.53	829.13	5.97	819.99	5.80
Current portion of receivables under finance lease (net)	95.15	0.68	97.94	0.71	96.17	0.68
Short-term loan to an indirect subsidiary						
Inventories	121.27	0.87	95.51	0.69	185.21	1.31
Value added tax (net)	15.32	0.11	4.54	0.03	11.06	0.07
<b>Total current assets</b>	<b>1,008.30</b>	<b>7.23</b>	<b>1,131.62</b>	<b>8.15</b>	<b>1,434.61</b>	<b>10.14</b>
<b>Non-current assets</b>						
Restricted deposits at financial institutions	279.76	2.00	324.98	2.34	248.38	1.76
Receivable under finance lease (net)	3,358.40	24.06	3,324.32	23.94	3,197.15	22.60
Investment property (net)	100.59	0.72	100.67	0.72	124.19	0.88
Property, plant, and equipments (net)	8,277.30	59.30	8,129.43	58.54	8,059.37	56.98
Advance payments for constructions and purchases of fixed assets	24.49	0.18	19.69	0.14	153.18	1.08
Right to service under concession arrangement (net)	821.19	5.88	760.98	5.48	811.67	5.74
Intangible assets (net)	53.46	0.38	50.72	0.37	48.28	0.34
Deferred tax assets (net)	25.53	0.18	43.81	0.32	56.06	0.40
Other non-current assets	10.38	0.07	0.52	-	12.29	0.08
<b>Total non-current assets</b>	<b>12,951.10</b>	<b>92.77</b>	<b>12,755.12</b>	<b>91.85</b>	<b>12,710.57</b>	<b>89.86</b>
<b>Total assets</b>	<b>13,959.40</b>	<b>100.00</b>	<b>13,886.74</b>	<b>100.00</b>	<b>14,145.18</b>	<b>100.00</b>
<b>Current liabilities</b>						
Short-term loans from financial institutions	293.90	2.11	369.05	2.66	227.40	1.61
Trade and other account payable	366.96	2.63	412.14	2.97	249.42	1.76
Current portion of						
- Liabilities under finance lease agreements (net)	1.58	0.01	0.38	-	0.39	-
- Long-term loans from financial institutions (net)	3,032.44	21.72	747.06	5.38	856.18	6.05
- Debentures (net)	-	-	49.21	0.36	-	-
Value added tax (net)	18.97	0.14	41.41	0.30	30.73	0.22
Accrued income tax	0.34	-	0.62	-	1.20	0.01
Other current liabilities	3.13	0.02	4.35	0.03	7.89	0.06
<b>Total current liabilities</b>	<b>3,717.32</b>	<b>26.63</b>	<b>1,624.22</b>	<b>11.70</b>	<b>1,373.21</b>	<b>9.71</b>

## Statements of Financial Position (Cont.)

Statements of Financial Position	Consolidated financial statements as at December 31					
	2017		2018		2019	
	Millions	Percen-tage	Millions	Percen-tage	Millions	Percen-tage
<b>Non-current liabilities</b>						
Provision for power plant maintenance under concession arrangement	7.75	0.05	17.29	0.12	25.22	0.18
Liabilities under finance lease agreements (net)	0.93	0.01	0.56	-	0.17	-
Long-term loans from financial institutions (net)	5,196.57	37.23	5,204.39	37.48	1,911.32	13.51
Debentures (net)	-	-	1,427.29	10.28	-	-
Deferred tax liabilities (net)	8.57	0.06	37.48	0.27	38.54	0.27
Employee benefits obligations	6.06	0.04	3.87	0.03	3.68	0.03
<b>Total non-current liabilities</b>	<b>5,219.88</b>	<b>37.39</b>	<b>6,690.88</b>	<b>48.18</b>	<b>1,978.93</b>	<b>13.99</b>
<b>Total liabilities</b>	<b>8,937.20</b>	<b>64.02</b>	<b>8,315.10</b>	<b>59.88</b>	<b>3,352.14</b>	<b>23.70</b>
<b>Share capital</b>						
Authorised share capital	4,579.00		5,488.00		5,488.00	
Issued and fully paid-up share capital	4,579.00	32.80	4,579.00	32.97	5,088.00	35.97
Share Premium	-	-	-	-	3,896.01	27.54
Retained earnings - Unappropriated	463.51	3.32	1,015.53	7.31	1,831.92	12.95
Deficit from business combination under common control	(20.31)	(0.14)	(22.89)	(0.16)	(22.89)	(0.16)
<b>Total equity</b>	<b>5,022.20</b>	<b>35.98</b>	<b>5,571.64</b>	<b>40.12</b>	<b>10,793.04</b>	<b>76.30</b>
<b>Total liabilities and equity</b>	<b>13,959.40</b>	<b>100.00</b>	<b>13,886.74</b>	<b>100.00</b>	<b>14,145.18</b>	<b>100.00</b>

## • Statements of Comprehensive Income

Statements of comprehensive income	Consolidated financial statements for the year ended December 31					
	2017		2018		2019	
	Millions	Percen-tage	Millions	Percen-tage	Millions	Percen-tage
<b>Income statement</b>						
Sales of goods and services	3,870.42	91.21	4,416.19	91.37	4,540.25	89.81
Revenue from finance lease under Power Purchase Agreement	372.86	8.79	417.02	8.63	410.38	8.12
Revenue from construction under a concession arrangement	-	-	-	-	104.64	2.07
<b>Total Revenues</b>	<b>4,243.28</b>	<b>100.00</b>	<b>4,833.21</b>	<b>100.00</b>	<b>5,055.27</b>	<b>100.00</b>
Cost of sales and services	(3,122.73)	(73.59)	(3,415.75)	(70.67)	(3,324.70)	(65.77)
Cost of construction under a concession arrangement	-	-	-	-	(104.64)	(2.07)
<b>Gross profit</b>	<b>1,120.55</b>	<b>26.41</b>	<b>1,417.46</b>	<b>29.33</b>	<b>1,625.93</b>	<b>32.16</b>
Net gain (loss) on exchange rate	(138.77)	(3.27)	(10.04)	(0.21)	(103.51)	(2.05)
Other income	102.87	2.42	15.73	0.33	32.90	0.65
<b>Profit before expenses</b>	<b>1,084.65</b>	<b>25.56</b>	<b>1,423.15</b>	<b>29.45</b>	<b>1,555.32</b>	<b>30.77</b>
<b>Expenses</b>						
Administrative expenses	(275.56)	(6.49)	(378.53)	(7.83)	(330.36)	(6.53)
Finance costs	(497.30)	(11.72)	(482.52)	(9.99)	(412.57)	(8.17)
<b>Total expenses</b>	<b>(772.86)</b>	<b>(18.21)</b>	<b>(861.05)</b>	<b>(17.82)</b>	<b>(742.93)</b>	<b>(14.70)</b>
<b>Profit before income tax</b>	<b>311.79</b>	<b>7.35</b>	<b>562.10</b>	<b>11.63</b>	<b>812.39</b>	<b>16.07</b>
Tax income (expense)	21.74	0.51	(15.53)	(0.32)	2.91	0.06
<b>Profit for the year</b>	<b>333.53</b>	<b>7.86</b>	<b>546.57</b>	<b>11.31</b>	<b>815.30</b>	<b>16.13</b>
<b>Other comprehensive income (loss) for the year</b>	<b>(1.53)</b>	<b>(0.04)</b>	<b>5.45</b>	<b>0.11</b>	<b>1.09</b>	<b>0.02</b>
<b>Total comprehensive income (loss) for the year</b>	<b>332.00</b>	<b>7.82</b>	<b>552.02</b>	<b>11.42</b>	<b>816.39</b>	<b>16.15</b>
<b>Profit (Loss) sharing</b>						
Attributable to owners of the parent	333.53		546.57		815.30	
Attributable to Non-controlling interests	-		-		-	
<b>Total profit (loss) sharing</b>						
Attributable to owners of the parent	332.00		552.02		816.39	
Attributable to non-controlling interests	-		-		-	
Basic profit (loss) per share (baht)	0.04 <sup>1</sup>		0.06 <sup>1</sup>		0.09 <sup>1</sup>	

<sup>1</sup> Calculated for the purpose of comparing financial information by using the total number of weighted common stocks as if the number of issued and paid-up common stock has changed, in accordance with the number of issued and paid-up ordinary shares changed from the par value, from the par value of 10 baht per share to the par value of 0.50 baht, which was registered with the Ministry of Commerce on July 16, 2018.

## • Statements of Cash Flows

Statements of Cash Flows	Consolidated financial statements for the year ended December 31		
	2017	2018	2019
	Millions	Millions	Millions
<b>Cash flows from operating activities</b>			
Profit before income tax	311.79	562.10	812.39
<b>Adjustment profit to net cash generated from operating activities</b>			
(Reversal of) loss from impairment - investment property	(19.70)	(0.08)	(4.18)
Depreciation	453.14	467.57	469.34
Loss on write-off - fixed assets	18.91	7.34	13.59
Loss on write-off - fixed assets on fire	-	-	2.60
(Reversal of) loss from impairment - fixed assets	28.29	28.86	(11.99)
Loss from impairment - damaged fixed assets on fire	-	-	0.80
Amortisation	63.31	63.97	57.79
Write-off prepaid litigation fee	-	9.72	-
Unrealised loss on exchange rate of receivable under finance lease agreement	114.93	10.27	102.34
Loss on write-off of inventory on fire	-	-	7.99
Provision for power plant maintenance under concession arrangement	7.10	9.55	7.93
Employee benefit obligations	1.04	2.05	1.17
Interest income	(3.88)	(3.23)	(6.35)
Gain on sales of land	-	(5.40)	-
Gain on sales of short-term investments	-	-	(1.13)
Finance costs - Interest expense from debentures	-	-	95.67
Finance costs - Interest expense from loans	478.62	464.27	281.60
Finance costs - Amortisation of prepaid transaction cost for debentures	-	-	23.49
Finance costs - Amortisation of prepaid transaction cost for borrowing	17.84	18.20	11.78
Finance costs - Interest expense from liabilities under finance lease agreements	0.34	0.06	0.03
Commitment fee	0.50	-	-
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>1,472.23</b>	<b>1,635.25</b>	<b>1,864.86</b>
<b>Changes in working capital</b>			
Trade and other receivables	(256.85)	(57.32)	9.22
Receivable under finance lease	(57.08)	21.01	26.60
Inventories	(64.38)	25.76	(97.70)
Value added tax	58.35	33.26	(17.20)
Other non-current assets	(6.33)	(0.28)	(11.77)
Trade and other payables	198.15	39.99	(157.26)
Other current liabilities	(1.60)	1.22	3.54
<b>Cash generated from operating activities before interest income received and income tax paid</b>	<b>1,342.49</b>	<b>1,698.89</b>	<b>1,620.29</b>
Interest income received	3.84	3.22	6.31
Income tax paid	(1.63)	(4.96)	(8.00)
<b>Net cash generated from operating activities</b>	<b>1,344.70</b>	<b>1,697.15</b>	<b>1,618.60</b>



## Statements of Cash Flows (Cont.)

Statements of Cash Flows	Consolidated financial statements for the year ended December 31		
	2017	2018	2019
	Millions	Millions	Millions
<b>Cash flows from investing activities</b>			
Payments for purchase of short-term investments	(10.00)	-	-
Cash received from sale of short-term investments	10.00	-	1.13
Restricted deposits at financial institutions (increase) decrease	108.23	(45.22)	(173.66)
Cash received from sale of other investment	1.32	-	-
Payments for business combination under common control	-	(6.30)	-
Payments for purchase of assets in a subsidiary	-	(31.77)	-
Cash received from disposals of fixed assets	0.10	10.73	-
Payments for purchases of investment property	-	-	(19.33)
Payments for purchases of fixed assets	(1,020.16)	(333.20)	(531.55)
Payments for intangible assets	(32.79)	(1.01)	(1.41)
Payments for rights to service under a concession arrangement	-	-	(101.30)
Payments for interest that is considered as cost of fixed assets and assets under service concession arrangements	(34.58)	-	-
Cash received from short-term loans to related parties	-	-	-
Cash received from short-term loans to a related person	-	6.12	-
<b>Net cash used in investing activities</b>	<b>(977.88)</b>	<b>(400.65)</b>	<b>(826.12)</b>
<b>Cash flows from financing activities</b>			
Cash received on short-term loans from financial institutions	21.47	75.14	-
Payments on short-term loans from financial institutions	-	-	(141.65)
Payments on liabilities under finance lease agreements	(7.01)	(1.64)	(0.40)
Cash received from long-term loans from financial institutions	922.68	307.29	124.36
Payments on long-term loans from financial institutions	(719.54)	(2,595.18)	(3,310.98)
Payments on direct borrowing cost	(1.50)	(5.00)	(2.14)
Cash received from debentures issuance	-	1,500.00	-
Payments on early redemption of debentures	-	-	(1,500.00)
Payments for debentures underwriting fee	-	(23.73)	-
Payments on finance costs - interest paid	(472.39)	(454.15)	(399.25)
Payments for unused credit facilities fee	(0.50)	-	-
Cash received from the capital increase and call for paid up share capital	76.50	-	4,405.01
Payments for payables from capital reduction before business combination under common control	(42.72)	-	-
Cash received from short-term loans from related parties and persons	3.26	-	-
Payments for short-term loans to related parties and persons	(179.56)	-	-
<b>Net cash used in financing activities</b>	<b>(399.31)</b>	<b>(1,197.27)</b>	<b>(825.05)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(32.49)</b>	<b>99.23</b>	<b>(32.57)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>37.75</b>	<b>5.26</b>	<b>104.49</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5.26</b>	<b>104.49</b>	<b>71.92</b>

### 3. Significant Liquidity Ratio

Liquidity Ratio	Unit	Consolidated financial statements for the year ended		
		December 31		
		2017	2018	2019
LIQUIDITY RATIO				
Liquidity ratio	Times	0.27	0.70	1.04
Quick ratio	Times	0.20	0.56	0.81
Cash flow liquidity ratio	Times	0.41	0.64	1.08
Account receivable turnover <sup>1</sup>	Times	7.33	6.24	6.22
Day receive	Day	49.10	57.68	57.88
Inventory turnover	Times	N/A	N/A	N/A
Average inventory period	Day	N/A	N/A	N/A
Account payable turnover <sup>2</sup>	Times	19.08	12.48	15.43
Average payment period	Day	18.87	28.84	23.33
Cash Cycle	Day	30.23	28.84	34.55
PROFITABILITY RATIO				
Gross profit margin from sales and services <sup>3</sup>	Percen-tage	26.41	29.33	32.84
Gross operating profit <sup>4</sup>	Percen-tage	19.07	21.61	24.74
Other gross profit	Percen-tage	0.00	0.00	0.00
Cash conversion ratio	Percen-tage	166.20	162.47	132.13
Net profit margin <sup>5</sup>	Percen-tage	7.67	11.27	16.36
Return on equity	Percen-tage	6.92	10.32	9.96
EFFICIENCY RATIO				
Return on assets	Percen-tage	2.44	3.89	5.82
Return on fixed assets	Percen-tage	8.06	12.36	15.87
Asset turnover	Times	0.30	0.35	0.36
FINANCIAL POLICY RATIO				
Debt-to-equity	Times	1.78	1.49	0.31
Interest-bearing debt to equity	Times	1.70	1.39	0.28
Net cash interest-bearing debt-to-equity <sup>6</sup>	Times	1.64	1.06	0.25
Debt service coverage ratio (in cash)	Times	0.76	0.58	0.41
Interest coverage ratio	Times	2.84	3.71	4.07

<sup>1</sup> Calculated from revenue from sales and services / average trade receivables (excluding the income from construction under the concession agreement )

<sup>2</sup> Calculated from cost of sales and services / average trade receivables (excluding the cost of construction under the concession agreement )

<sup>3</sup> Calculated from (revenue from sales and services - cost of sales and services) / revenue from sales and services

<sup>4</sup> Calculated from operating profit / revenue from sales and services

<sup>5</sup> Calculated from period profit (loss) / (revenue from sales and services + income from construction under the concession agreement + other income)

<sup>6</sup> Calculated from (interest-bearing liabilities - cash and cash equivalents - deposits at financial institutions used as collateral) / shareholder's equity



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# Core Business

## 1. Revenue Structure of the Company

The core business of ACE Group is electricity and steam generation and sale together with other supporting or related businesses. The main sources of revenue of ACE Group are selling electricity to PEA, EGAT and industrial users, providing waste disposal service by converting waste to energy, and selling steam to industrial users, etc.

Revenue Structure for the year ended 31 December 2017, 2018, 2019 presented below.

Revenue for the consolidated financial statements	For year ended 31 December					
	2017		2018		2019	
	MB	Percent	MB	Percent	MB	Percent
<b>Revenue from electricity sale</b>						
Biomass power plant <sup>1</sup>	2,335.65	53.74	2,614.81	53.93	2,603.31	51.16
Natural gas power plant	2.75	0.06	4.99	0.10	8.93	0.17
Waste-to-energy power plant	201.00	4.63	225.14	4.64	234.97	4.62
Solar power plant	-	-	0.41	0.01	7.12	0.14
<b>Revenue from Power Purchase Agreement<sup>2</sup></b>						
Revenue from financial Lease	372.86	8.58	417.02	8.60	410.38	8.07
Service Revenue	1,292.70	29.74	1,523.77	31.42	1,628.02	32.00
Revenue from waste disposal service	23.96	0.55	37.54	0.77	37.36	0.73
Revenue from steam sale	14.36	0.33	9.53	0.20	20.54	0.40
Revenue from construction Concession Agreement <sup>3</sup>	-	-	-	-	104.64	2.06
Other revenues <sup>4</sup>	102.87	2.37	15.73	0.33	32.90	0.65
<b>Total Revenue</b>	<b>4,346.15</b>	<b>100.00</b>	<b>4,848.94</b>	<b>100.00</b>	<b>5,088.17</b>	<b>100.00</b>

<sup>1</sup> Revenue from selling electricity to PEA from the Company's Biomass Power Plant Projects such as ACP1 Project, ACP2 Project, ACP3 Project, ALCP1 Project, ALCP2 Project, AAPP1 Project, AAPP2 Project, AAP1 Project and ABA1 Project, ALCP2 Project and ACP3 Project which commenced commercial operations (COD) in August 2015 and August 2017, respectively.

This excluded Revenues that ACE Group may receive from requesting to change the Power Purchase Agreement (PPA) from the original ("Adder") basis with lower tariff to 'Feed-in Tariff' basis ("FIT") with higher rate since January 24, 2015. ACE Group believed that they were qualified to receive the rights that the National Energy Commission (NEC) announced in 2015. However, PEA did not change the PPA until March 10, 2016 when NEC made a new announcement. Therefore, ACE Group filed a legal case against NEC, NCE and PEA for compensation of 622,150,282.54 baht and for damages of 3,901,248,000 baht if those parties could not amend the PPA to the "FIT" tariff. The case is still under consideration of the Central Administration Court.

<sup>2</sup> Revenue under Power Purchase Agreement (PPA) with EGAT from ACE Group Natural Gas Power Plant, AAA1, which commenced commercial operation in February 2017. Revenues under the PPA is the Revenues recognized under Thai Financial Reporting Standard #4, whether the agreement had financial lease (TFRIC4). Some part of revenues are recognized as Revenue from finance lease while the remaining are service revenues.

<sup>3</sup> Revenue recognition under ACE Group's Municipality Solid Waste Power Plant Project indicated that ACE Group, as an operator, constructed the infrastructure under a service concession. ACE Group would realize the revenue and construction costs on a percentage of completion basis under a fair value of the financial and intangible assets.

<sup>4</sup> Revenue included interest income, insurance claim income, rental income, salvage sales income, profit from land sales and Fuel surcharge income from Fuel Purchase Agreement in 2017.

## 2. Overview of business and production line

For the year ended December 31, 2019 the Company indirectly owns 14 projects which have already commenced commercial operation, its owned subsidiaries. The total installed capacity is 212.18 MW and they can be categorized into 4 types by the fuel used for generation, which are:

**1) Biomass Power Plant:** using the agricultural waste in the area nearby, such as bark, fuel-wood, husk, etc., as the fuel for electricity generation. There are 9 projects with total installed capacity of 89.1 MW, selling the electricity to PEA under the Power Purchase Agreement (PPA) of 15 – 16 years. (At the end of contract, the agreement may be considered for extension to 20 years.)

**2) Natural Gas Power Plant:** using the gas turbine cogeneration technology to generate electricity. There is 1 project with total installed capacity of 114.35 MW, selling the electricity to EGAT under the Power Purchase Agreement (PPA) with the term of 25 years.

**3) Municipality Waste-to-Energy Power Plant:** using the community's wastes collected from the municipalities surrounding the power plant to dispose by turning waste to fuel for electricity generation. There is 1 project with total installed capacity of 6.0 MW, selling the electricity to PEA under the Power Purchase Agreement (PPA) with the term of 5 years, starting from the commercial operation date and automatically renewed for 5 years at a time.

**4) Solar Energy Power Plant:** using the solar power to generate electricity. There are 3 projects with total installed capacity of 2.73 MW, selling the electricity to private customers under the Private Power Purchase Agreement (Private PPA) with the term of 25 years.

Apart from that ACE Group has 8 power projects under development, with total installed capacity of 100.29 MW, divided into 3 types of fuel, which are:

**1) Power plant project under the SPP Hybrid Firm 2017 renewable power plant projects** which will use biomass as the main fuel. There are 4 projects with total installed capacity of 93.0 MW. Currently, the Environmental Impact Assessment (EIA) report is under consideration of the related organizations. Therefore, the 4 SPP Hybrid power plant projects have not signed the power purchase agreement with EGAT. Such delay is the result from uncontrollable external factor. However, the Company who own the project has already submit a letter to request for extension of due date for signing of power purchase agreement and postpone the SCOD and provide explanation to ERC and EGAT in advance before the end of the timeframe for power purchase agreement execution (13 December 2019). Currently it is under consideration of ERC and the related organization.

**2) Municipality Waste-to-energy power plant project** which ACE Group has executed Power Purchase Agreement (PPA) for 1 project with total installed capacity of 5.0 MW.

### 3) Solar Energy power plant project

3.1) Solar Rooftop Project, 1 project with total installed capacity of 0.83 MW.

3.2) Solar Farm Project, 2 projects with total installed capacity of 1.46 MW.

Apart from that, ACE Group has the projects that are pending the reactivation of power purchase agreement, 10 projects with total installed capacity of 99.00 MW, consisted of:

**1) Biomass power plant project** that has already received the confirmation to return Power Purchase Agreement (PPA) from PEA and currently PEA confirms that the draft agreement to be returned to the project owner will be power purchase agreement in the form of Feed-in Tariff ("FiT") according to FiT announcement 2015, 1 project, with installed capacity of 9.9 MW.

**2) Biomass power plant project** that has already received approval from Thai Arbitration Institute that PEA shall return the Power Purchase Agreement (PPA) in the form of Feed-in Tariff ("FiT") and extend the SCOD for the project owner that PEA agrees to comply with the Arbitration approval. Currently, the discussion with PEA about the details of arbitration approval compliance is on-going, 8 projects with installed capacity of 79.2 MW.

**3) Biomass power plant project** that is pending the reactivation of the Power Purchase Agreement (PPA). The current status is the under the consideration by central administrative board, 1 project with installed capacity of 9.9 MW.

Apart from electricity generation and sale, ACE Group also sells the steam which is the byproduct from the production process to industrial users in the same area as the power plant through the pipe connecting directly to the customers. Currently, there are steam selling agreements with industrial users up to 127,800 tons per year.

• Table for the summary of ACE Group's power plants that are already achieved the COD.

Power plant	Operate by	Fuel type	Installed capacity (MW)	Contracted capacity <sup>1</sup> (MW)	Tariff	COD	Power Purchase Agreement (PPA) termination date <sup>2</sup>
Ban Bueng Power Plant Project ("ACP1")	ACP	Biomass	9.90	PEA : 8.00 IU: 0.46	FIT + FIT Premium	24 April 2012	23 July 2028
Phon Thong Power Plant Project ("ACP2")	ACP	Biomass	9.90	PEA : 8.00 IU: 0.54	FIT + FIT Premium	4 June 2013	3 June 2029
Bo Ploy Power Plant Project Power Plant Project ("ACP3")	ACP	Biomass	9.90	PEA : 8.00	FIT + FIT Premium	16 August 2017	15 December 2031
Si Chiang Mai Power Plant Project ("ALCP1")	ALCP	Biomass	9.90	PEA : 8.00	FIT + FIT Premium	26 December 2013	25 December 2029
Sirindhorn Power Plant Project ("ALCP2")	ALCP	Biomass	9.90	PEA : 8.00	FIT + FIT Premium	14 August 2015	13 December 2030
Ta Nee Power Plant Project ("AAPP1")	AAPP	Biomass	9.90	PEA : 8.00 IU: 0.46	FIT + FIT Premium	30 October 2012	29 January 2029
Chok Chai Power Plant Project ("AAPP2")	AAPP	Biomass	9.90	PEA : 8.00 IU: 0.86	FIT + FIT Premium	16 January 2013	15 April 2029
Nam Phong Power Plant Project ("AAP1")	AAP	Biomass	9.90	PEA : 8.00 IU: 0.76	FIT + FIT Premium	2 May 2012	1 August 2028
Thoen Power Plant Project ("ABA1")	ABA	Biomass	9.90	PEA : 8.00	FIT + FIT Premium	9 July 2014	8 March 2030
Koh Khanun SPP project ("AAA1")	AAA	natural gas	114.35	EGAT : 90.00 IU: 2.00	Capacity Charge + Fuel Saving	10 February 2017	9 February 2042
MSW Khon Kaen Power Plant Project ("ALCP3")	ALCP	Municipal Solid Waste	6.00	PEA : 4.50	Whole sale price of EGAT + Average Ft for whole sale + Adder	29 November 2016	The term of the agreement is 5 years from the execution date and continue for 5 years automatically
Solar Rooftop 1 Project ("ACE SOLAR 3")	ACE SOLAR	Solar	1.00	IU : 1.00	Discount rate from PEA price	20 November 2018	19 November 2043
Solar Rooftop 1 Project ("ACE SOLAR 3") (Extension)	ACE SOLAR	Solar	1.00	IU : 1.00	Discount rate from PEA price	28 September 2019	27 September 2044
Solar Rooftop 2 project ("ACE SOLAR 4")	ACE SOLAR	Solar	0.73	IU : 0.73	Discount rate from PEA price	22 February 2019	21 February 2044
<b>Total for projects that achieved COD</b>			<b>212.18</b>	<b>PEA &amp; EGAT : 166.50 IU : 7.81</b>			

<sup>1</sup> The Amount of Electricity Sales under the Power Purchase Agreement with each type of customers: EGAT, PEA and Industrial Users

<sup>2</sup> The announcement of National Energy Commission (NEC) on power purchase from alternative energy during transition period from ADDER to Feed-in Tariff in 2016 indicated that after the contract expire, both parties might discuss on extending the contract period and considering new tariff for the best interest of the public. However, ACE Group has filed the legal cases requesting for an FIT benefit under FIT announcement in 2015 for 20-year period after the COD date. The case is under consideration of the Central Administration Court.

<sup>3</sup> The Building Construction contract on August 18, 2011, indicated that the Building and Machinery will be transferred ownership on September 30, 2034.



• Table for the summary of ACE Group's power plants that are under development

Power plant	Operate by	Fuel type	Installed capacity (MW)	Contracted capacity (MW)	Tariff	SCOD	Power Purchase Agreement (PPA) termination date	Remark
Na Bon 2 SPP project ("BPP2")	BPP	Biomass	25.00	EGAT: 21.50	FIT	Within the 4 <sup>th</sup> quarter of 2021	20 years from COD	Selected by ERC to participate in renewable power generation in the form of SPP Hybrid.
Klong Klung SPP project ("BPP3")	BPP	Biomass / Solar	20.00	EGAT: 13.31	FIT		20 years from COD	Currently requesting the extension for power purchase agreement
Na Bon 1 SPP project ("ACE SOLAR 1")	ACE SOLAR	Biomass	25.00	EGAT: 21.50	FIT		20 years from COD	extension and postponement of SCOD <sup>1</sup>
Ranong SPP project ("ACE SOLAR 2")	ACE SOLAR	Biomass	23.00	EGAT: 20.00	FIT		20 years from COD	Entered into the power purchase agreement with PEA
Krabi Power Plant Project ("ALCP6")	ALCP	Municipal Solid Waste	5.00	PEA: 4.40	FIT	Within the 4 <sup>th</sup> quarter of 2021	20 years from COD <sup>2</sup>	
Solar Rooftop 3 Project ("ACE SOLAR 5")	ACE SOLAR	Solar	0.83	IU: 0.83	Discount rate from PEA price	Within the 2 <sup>nd</sup> quarter of 2020	25 years from COD	Under construction
Solar Farm 1 Project ("ACE SOLAR 6")	ACE SOLAR	Solar	0.77	IU: 0.77	Discount rate from PEA price	Within the 3 <sup>rd</sup> quarter of 2020	25 years from COD	Under construction
Solar Farm 2 Project ("ACE SOLAR 7")	ACE SOLAR	Solar	0.69	IU: 0.69	Discount rate from PEA price	Within the 3 <sup>rd</sup> quarter of 2020	25 years from COD	Under construction
<b>Total for projects during development</b>			<b>100.29</b>	<b>EGAT: 80.71</b> <b>IU: 2.29</b>				

<sup>1</sup> Refer to the NEC announcement on the lists of winners for SPP Hybrid Farm Alternative ENergy Projects on December 14, 2016 with the SCOD date within December 2021, the Power Purchase Agreement for all 4 projects could not be signed by December 13, 2019 as in original condition. As of December 31, 2019, all 4 projects are ready to proceed, except for the EIA report are still under consideration of the responsible organization.

<sup>2</sup> ACE Group is requesting to extend the PPA signing period and extend the SCOD date from the NEC and related organizations. The NEC announcement in 2016 on the Municipality Solid Waste Power Plant Projects with a Feed-in Tariff (FIT) said that the projects with COD date after December 31, 2019 will have contract expiry by December 31, 2049.

- Table for the summary of ACE Group's power plants that are pending the reactivation of power purchase agreement.

Power plant	Operate by	Fuel type	Installed capacity (MW)	Contracted capacity (MW)	Tariff <sup>1</sup>	SCOD	Power Purchase Agreement (PPA) termination date <sup>1</sup>	Remark
Klong Klung Power Plant Project ("ACP4")	ACP	Biomass	9.90	PEA : 8.00	FIT	N/A	20 years from COD	Receive the reply to return Power Purchase Agreement (PPA) from PEA and currently, PEA confirms that the draft agreement to be returned to the project owner will be power purchase agreement in the form of Feed-in Tariff ("FIT") according to FIT announcement 2015.
Song Pheonong Power Plant Project ("ACP5")	ACP	Biomass	9.90	PEA : 8.00	FIT	N/A	15 years, 4 months from COD <sup>2</sup>	Received arbitration award from arbitrators that PEA shall return the Power Purchase Agreement (PPA) in the form of Feed-in Tariff ("FIT") and extend the SCOD for the project owner that PEA agrees to comply with the arbitration award.
Bang Lane Power Plant Project ("ACP6")	ACP	Biomass	9.90	PEA : 8.00	FIT	N/A		
Khanu Worakksaburi Power Plant Project ("ACP7")	ACP	Biomass	9.90	PEA : 8.00	FIT	N/A		
Ban Bueng 2 Power Plant Project ("ALCP5")	ALCP	Biomass	9.90	PEA : 8.00	FIT	N/A		
Chok Chai Power Plant Project 2 ("AAPP3")	AAPP	Biomass	9.90	PEA : 8.00	FIT	N/A		
Senangkhanikhom Power Plant Project ("AFT1")	AFT	Biomass	9.90	PEA : 8.00	FIT	N/A		
Khok Kathiam Power Plant Project ("BPP1")	BPP	Biomass	9.90	PEA : 8.00	FIT	N/A		
Nadee Power Plant Project ("PSPR1")	PSPR	Biomass	9.90	PEA : 8.00	FIT	N/A		
Sri Saket Power Plant Project ("ALCP4")	ALCP	Biomass	9.90	PEA : 8.00	FIT 6	N/A	20 years from COD	The dispute is under consideration by central administrative court.
<b>Total for projects pending the return of power purchase agreement</b>			<b>99.00</b>	<b>PEA : 80.00</b>				

<sup>1</sup> The power plant projects pending the request for the power purchase agreement return are the power plants that are pending the reactivation of Power Purchase Agreement (PPA) that are cancelled since the Group cannot achieved synchronization within SCOD according to the PPA due to the force majeure which is not the fault of the Group.

<sup>2</sup> The Arbitrator had the final verdict that the Company to reactivate the power purchase agreement under a 2016 Feed-in-Tariff (FIT) per the Company's request to change the PPA according to the last Feed-in-Tariff (FIT) announcement. The Arbitrator ruled that PEA allegedly canceled the PPA, whereas the Company had earlier requested for the PPA change according to the first 2015 Feed-in-Tariff announcement. The Company would have successfully changed the PPA since then, therefore, considering requesting to the Arbitrator for reactivating the PPA according to the 2015 FIT announcement.

## 2.1 Business on electricity and steam generation and sale

As of December 31, 2019 the Company has 14 power plant projects that has commenced commercial operation through the operation by the indirect subsidiary, with total installed capacity of 212.18 MW. The projects can be divided into 4 categories by type of fuel, which are: Biomass power plant project, Natural gas power plant project, Waste-to-energy power plant project and Solar Energy power plant projects. The details are as follows:

### 2.1.1 Biomass power plant project

Initially, Biomass power plant project of ACE Group produces and sell electricity to PEA under the Non - Firm Power Purchase Agreement (PPA) at the amount stated in the PPA of each project, equal to 8 MW, with the Power Purchase Agreement (PPA) term of 5 years and continue automatically 5 years a time or until the termination or suspension of the PPA and the term termination date of the Power Purchase Agreement (PPA) is not specified.

Subsequently, ACE Group has brought all 9 Biomass power plant projects (At the moment achieved COD 8 projects, and under development 1 project) to enter into the amendment agreement of the Power Purchase Agreement (PPA) in September 2016 to restructure the tariff from Adder to Feed-in Tariff ("FiT"), effective from 11 March 2016. In this regard, the amendment of such agreement gives benefits to the electricity seller because the tariff that calculated from FiT system is higher than the tariff calculate from Adder system. At the same time, PEA has set the term termination date of the Power Purchase Agreement (PPA) for clarification by calculating the duration deducted from the duration of the project operation to deliver electricity to the system. As a result, the term of Biomass power plant project's PPA of ACE Group is about 15 –16 years<sup>1</sup> from the COD.

#### (1) Ban Bueng Power Plant Project ("ACP1")

Ban Bueng Power Plant Project ("ACP1") is the Biomass VSPP project using steam turbine system to drive the generator under the operation of Advance Clean Power Co., Ltd. ("ACP") which is an indirect subsidiary of the Company. ACP1 locates at Ban Bueng District, Chonburi Province on the land area 146-0-55 Rai, with installed capacity of 9.9 MW. ACP1 has achieved Commercial Operation Date (COD) on 24 April 2012.

- Table for the summary of the performance by Ban Bueng Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b>Ban Bueng Power Plant Project</b>			
Number of operation day (days)	327.00	344.00	334.00
Availability Factor (percentage)	89.71	94.22	91.41
Planned Outage Factor (percentage)	3.29	2.32	6.87
Unplanned Outage Factor (percentage)	7.00	3.46	1.72
Net Energy Generation (MW-hour)	69,698.85	71,531.66	70,952.60
Capacity Utilization (percentage)	89.58	87.54	89.50
Net Energy Sale (MW-hour)	61,997.27	63,560.67	62,857.17
Energy sold to PEA (MW-hour)	61,568.13	63,028.03	61,782.57
Energy sold to industrial customers (MW-hour)	429.14	532.64	1,074.60
Total steam sold (Tons)	-	-	-

<sup>1</sup> The Amount of Electricity and Steam Sales under the Power Purchase Agreement with all types of customers: EGAT, PEA and Industrial Users, in megawatts.

## (2) Phon Thong Power Plant Project ("ACP2")

Phon Thong Power Plant Project ("ACP2") is the Biomass VSPP project using steam turbine system to drive the generator under the operation of ACP which is an indirect subsidiary of the Company. ACP2 locates at Phon Thong District, Roi Ed Province on the land area 81-2-55 Rai, with installed capacity of 9.9 MW. ACP2 has achieved Commercial Operation Date (COD) on 4 June 2013.

- Table for the summary of the performance by Phon Thong Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b>Phon Thong Power Plant Project</b>			
Number of operation day (days)	337.00	339.00	310.00
Availability Factor (percentage)	92.43	92.75	84.96
Planned Outage Factor (percentage)	4.11	5.55	8.47
Unplanned Outage Factor (percentage)	3.46	1.70	6.57
Net Energy Generation (MW-hour)	70,177.97	72,036.51	64,341.49
Capacity Utilization (percentage)	87.55	89.55	87.33
Net Energy Sale (MW-hour)	63,787.24	64,680.62	57,306.06
Energy sold to PEA (MW-hour)	63,743.75	64,314.81	56,866.25
Energy sold to industrial customers (MW-hour)	43.49	365.81	439.81
Total steam sold (Tons)	-	-	-



### (3) Bo Ploy Power Plant Project (“ACP3”)

Bo Ploy Power Plant Project (“ACP3”) is the Biomass VSPP project using steam turbine system to drive the generator under the operation of ACP which is an indirect subsidiary of the Company. ACP3 locates at Bo Ploy District, Kanchanaburi Province, on the land area 120-1-50 Rai, with installed capacity of 9.9 MW. ACP3 has achieved Commercial Operation Date (COD) on 16 August 2017.

- Table for the summary of the performance by Bo Ploy Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Bo Ploy Power Plant Project</u></b>			
Number of operation day (days)	126.00	345.00	340.00
Availability Factor (percentage)	91.09	94.50	93.23
Planned Outage Factor (percentage)	-	3.79	3.80
Unplanned Outage Factor (percentage)	8.91	1.71	2.97
Net Energy Generation (MW-hour)	26,318.99	72,498.48	70,697.04
Capacity Utilization (percentage)	88.12	88.46	87.44
Net Energy Sale (MW-hour)	23,305.10	64,430.49	63,217.82
Energy sold to PEA (MW-hour)	23,305.10	64,430.49	63,217.82
Energy sold to industrial customers (MW-hour)	-	-	-
Total steam sold (Tons)	-	-	-

### (4) Si Chiang Mai Power Plant Project (“ALCP1”)

Si Chiang Mai Power Plant Project (“ALCP1”) is the Biomass VSPP project using steam turbine system to drive the generator under the operation of Alliance Clean Power Co., Ltd. (“ALCP”) which is an indirect subsidiary of the Company. ALCP1 locates at Si Chiang Mai District, Nong Khai Province on the land area 301-2-86 Rai, with installed capacity 9.9 MW. ALCP1 has achieved Commercial Operation Date (COD) on 26 December 2013.

- Table for the summary of the performance by Si Chiang Mai Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Si Chiang Mai Power Plant Project</u></b>			
Number of operation day (days)	344.00	342.00	351.00
Availability Factor (percentage)	94.38	93.81	96.18
Planned Outage Factor (percentage)	2.00	5.80	2.30
Unplanned Outage Factor (percentage)	3.62	0.39	1.52
Net Energy Generation (MW-hour)	71,342.20	72,792.70	74,383.95
Capacity Utilization (percentage)	87.16	89.48	89.18
Net Energy Sale (MW-hour)	64,095.47	65,472.54	66,542.07
Energy sold to PEA (MW-hour)	64,095.47	65,472.54	66,542.07
Energy sold to industrial customers (MW-hour)	-	-	-
Total steam sold (Tons)	-	-	-

#### (5) Sirindhorn Power Plant Project ("ALCP2")

Sirindhorn Power Plant Project ("ALCP2") is the Biomass VSPP project using steam turbine system to drive the generator under the operation of ALCP which is an indirect subsidiary of the Company. ALCP2 locates at Sirindhorn District, Ubon Ratchathani Province on the land area 114-3-48 Rai, with installed capacity of 9.9 MW. ALCP has achieved Commercial Operation Date (COD) on 14 August 2015.

- Table for the summary of the performance by Sirindhorn Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b>Sirindhorn Power Plant Project</b>			
Number of operation day (days)	344.00	350.00	345.00
Availability Factor (percentage)	94.13	95.86	94.63
Planned Outage Factor (percentage)	1.83	2.72	3.81
Unplanned Outage Factor (percentage)	4.04	1.42	1.56
Net Energy Generation (MW-hour)	72,231.91	74,127.57	73,571.47
Capacity Utilization (percentage)	88.48	89.16	89.65
Net Energy Sale (MW-hour)	65,450.03	66,888.62	66,248.66
Energy sold to PEA (MW-hour)	65,450.03	66,888.62	66,248.66
Energy sold to industrial customers (MW-hour)	-	-	-
Total steam sold (Tons)	-	-	-

#### (6) Ta Nee Power Plant Project ("AAPP1")

Ta Nee Power Plant Project ("AAPP1") is the Biomass VSPP project using steam turbine system to drive the generator under the operation of Advance Agro Power Plant Co., Ltd. ("AAPP") which is an indirect subsidiary of the Company. AAPP1 locates at Prasart District, Surin Province on the land area 123-0-33 Rai, with installed capacity of 9.9 MW. AAPP1 has achieved Commercial Operation Date (COD) on 30 October 2012.

- Table for the summary of the performance by Ta Nee Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b>Ta Nee Power Plant Project</b>			
Number of operation day (days)	310.00	328.00	322.00
Availability Factor (percentage)	85.03	89.93	88.34
Planned Outage Factor (percentage)	2.45	3.36	9.60
Unplanned Outage Factor (percentage)	12.52	6.71	2.06
Net Energy Generation (MW-hour)	65,247.25	68,891.40	68,291.33
Capacity Utilization (percentage)	88.48	88.33	89.13
Net Energy Sale (MW-hour)	58,381.67	61,982.34	61,399.42
Energy sold to PEA (MW-hour)	58,381.67	61,695.42	60,958.40
Energy sold to industrial customers (MW-hour)	-	286.92	441.02
Total steam sold (Tons)	-	-	-

### (7) Chok Chai Power Plant Project (“AAPP2”)

Chok Chai Power Plant Project (“AAPP2”) is the Biomass VSPP project using steam turbine system to drive the generator under the operation of AAPP which is an indirect subsidiary of the Company. AAPP2 locates at Chok Chai District, Nakhon Ratchasima Province, on the land area 59-0-38.4 Rai, with installed capacity of 9.9 MW. AAPP2 has achieved Commercial Operation Date (COD) on 16 January 2013.

- Table for the summary of the performance by Chok Chai Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Chok Chai Power Plant Project</u></b>			
Number of operation day (days)	302.00	327.00	327.00
Availability Factor (percentage)	82.63	89.50	89.59
Planned Outage Factor (percentage)	4.11	1.54	7.38
Unplanned Outage Factor (percentage)	13.26	8.96	3.03
Net Energy Generation (MW-hour)	59,045.72	68,635.30	68,407.61
Capacity Utilization (percentage)	82.40	88.42	88.04
Net Energy Sale (MW-hour)	52,669.73	61,952.72	61,487.71
Energy sold to PEA (MW-hour)	52,200.69	61,429.33	60,971.42
Energy sold to industrial customers (MW-hour)	469.04	523.39	516.29
Total steam sold (Tons)	21,542.00	604.00	32.24

### (8) Nam Phong Power Plant Project (“AAP1”)

Nam Phong Power Plant Project (“AAP1”) is the Biomass VSPP project using steam turbine system to drive the generator under the operation of Advance Asia Power Plant Co., Ltd. (“AAP”) which is an indirect subsidiary of the Company. AAP1 locates at Nam Phong District, Khon Kaen Province on the land area 52-2-15 Rai, with installed capacity of 9.9 MW. AAP1 has achieved Commercial Operation Date (COD) on 2 May 2012.

- Table for the summary of the performance by Nam Phong Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Nam Phong Power Plant Project</u></b>			
Number of operation day (days)	348.00	354.00	364.00
Availability Factor (percentage)	95.40	96.87	99.76
Planned Outage Factor (percentage)	2.98	2.79	0.00
Unplanned Outage Factor (percentage)	1.62	0.34	0.24
Net Energy Generation (MW-hour)	74,217.35	76,286.81	78,676.82
Capacity Utilization (percentage)	89.70	90.81	90.94
Net Energy Sale (MW-hour)	66,078.59	67,960.68	70,307.20
Energy sold to PEA (MW-hour)	66,078.59	67,509.66	69,572.58
Energy sold to industrial customers (MW-hour)	-	451.02	734.62
Total steam sold (Tons)	-	-	-

### (9) Thoen Power Plant Project (“ABA1”)

Thoen Power Plant Project (“ABA1”) is the Biomass VSPP project using steam turbine system to drive the generator under the operation of Advance Bio Asia Co., Ltd. (“ABA”) which is an indirect subsidiary of the Company. ABA1 locates at Thoen District, Lampang Province on the land area 69-1-47.6 Rai, with installed capacity of 9.9 MW. ABA1 has achieved Commercial Operation Date (COD) on 9 July 2014.

- Table for the summary of the performance by Thoen Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Thoen Power Plant Project</u></b>			
Number of operation day (days)	331.00	317.00	335.00
Availability Factor (percentage)	90.68	86.89	91.80
Planned Outage Factor (percentage)	2.30	2.74	4.28
Unplanned Outage Factor (percentage)	7.02	10.37	3.92
Net Energy Generation (MW-hour)	66,423.70	64,704.06	68,687.69
Capacity Utilization (percentage)	84.46	85.86	86.27
Net Energy Sale (MW-hour)	58,740.73	57,937.75	61,602.60
Energy sold to PEA (MW-hour)	58,740.73	57,937.75	61,602.60
Energy sold to industrial customers (MW-hour)	-	-	-
Total steam sold (Tons)	-	-	-



## Example picture of Biomass power plant project of ACE Group



Ban Bueng Biomass power plant (Ban Bueng District, Chonburi Province)  
with installed capacity of 9.9 MW



Si Chiang Mai Biomass power plant (Si Chiang Mai District,  
Nong Khai Province) with installed capacity of 9.9 MW



Phon Thong Biomass power plant (Phon Thong District, Roi Ed Province)  
with installed capacity of 9.9 MW



Bo Ploy Biomass power plant (Bo Ploy District, Kanchanaburi  
Province) with installed capacity of 9.9 MW



Bo Ploy Biomass power plant (Bo Ploy District, Kanchanaburi Province)  
with installed capacity of 9.9 MW



Sirindhorn Biomass power plant (Sirindhorn Province, Ubon Ratchathani Province) with installed capacity of 9.9 MW



Nam Phong Biomass power plant (Nam Phong District, Khon Kaen Province) with installed capacity of 9.9 MW



Nam Phong Biomass power plant (Nam Phong District, Khon Kaen Province) with installed capacity of 9.9 MW



Chok Chai Biomass power plant (Chok Chai District, Nakhon Ratchasima Province) with installed capacity of 9.9 MW



Ta Nee Biomass power plant (Prasart District, Surin Province) with installed capacity of 9.9 MW

## 2.1.2 Natural gas power plant project

### (1) Koh Khanun SPP project (“AAA1”)

Koh Khanun SPP project (“AAA1”) is the natural gas SPP project using cogeneration system for power generation under the operation of Advance Agro Asia Co., Ltd. (“AAA”) which is an indirect subsidiary of the Company. AAA1 locates at Phanom Sarakhram District, Chachoengsao Province, on the land area 194-2-77 Rai, with installed capacity of 114.35 MW. AAA1 has achieved Commercial Operation Date (COD) on 10 February 2017.

For the operation and management of AAA1 project, AAA as the project owner has entered into the natural gas agreement with PTT Public Company Limited (“PTT”) dated 1 October 2012. The term of commercial gas usage is 25 years from the Commercial Operation Date (COD) which will end on 9 February 2042.

#### Sample picture of the Natural gas power plant project of ACE Group



Koh Khanun SPP project (Phanom Sarakhram District, Chachoengsao Province) with installed capacity of 114.35 MW

#### • Table for the summary of the performance by Koh Khanun SPP project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>Koh Khanun SPP Project</u></b>			
Number of operation day (days)	329.50	365.00	365.00
Availability Factor (percentage)	96.04	97.90	99.45
Planned Outage Factor (percentage)	1.33	1.99	0.42
Unplanned Outage Factor (percentage)	2.63	0.11	0.13
Net Energy Generation (MW-hour)	612,794.69	660,714.85	674,885.92
Capacity Utilization (percentage)	86.10	83.80	85.61
Net Energy Sale (MW-hour)	588,150.20	632,954.25	646,099.04
Energy sold to EGAT (MW-hour)	587,514.84	631,535.37	643,451.87
Energy sold to industrial customers (MW-hour)	635.36	1,418.88	2,647.17
Total steam sold (Tons)	3,471.24	12,905.90	28,746.37
Amount of the fuel used (million BTU)	4,698,435.00	4,834,640.00	4,971,340.00
Average heat rate (BTU per unit)	7,667.23	7,317.29	7,366.19

### 2.1.3 Municipality Waste-to-Energy power plant Project

#### (1) MSW Khon Kaen Power Plant Project ("ALCP3")

MSW Khon Kaen Power Plant Project ("ALCP3") is the Waste-to energy power plant project using Municipal Solid Waste (MSW) as fuel under the operation of ALCP which is an indirect subsidiary of the Company. ALCP3 locates at Non Thon Sub-district, Mueang District, Khon Kaen Province in the area of Non Thon Sub-district Municipality with installed capacity of 6.0 MW. ALCP has an obligation to construct the power plant according to the building construction contract, giving the ownership to Khon Kaen City Municipality dated 18 August 2011. The term is 20 years from the commencement date. After the contract is terminated, the building and machine of the project will become under the ownership of Khon Kaen Municipality.

ALCP3 sells electricity according to the proposed amount in the contract which is 4.5 MW to PEA under the Non-Firm Power Purchase Agreement (PPA), dated 24 October 2013. The term of the PPA is 5 years from the Commercial Operation Date (COD) and automatically renewed for 5 years a time until the termination by a party. ALCP3 will receive the "Adder" of 3.5 baht per unit for 7 years from the Commercial Operation Date (COD).

Apart from that, ALCP3 has revenue from providing the municipal solid waste disposal service for Local Administration and private customers in the area. The Municipal Solid Wastes are used as the main fuel for electricity generation.



MSW Khon Kaen Power Plant Project (Mueang District, Khon Kaen Province)  
with installed capacity of 6.0 MW



Bringing waste into waste incinerator which is a closed system of MSW Khon Kaen Power Plant Project (Mueang District, Khon Kaen Province)

- Table for the summary of the performance by MSW Khon Kaen Power Plant Project

Summary of Performance	For year ended 31 December		
	2017	2018	2019
<b><u>MSW Khon Kaen Power Plant Project</u></b>			
Number of operation day (days)	309.00	336.00	346.00
Availability Factor (percentage)	84.73	91.98	94.93
Planned Outage Factor (percentage)	5.75	3.42	3.23
Unplanned Outage Factor (percentage)	9.52	4.60	1.84
Net Energy Generation (MW - hour)	40,746.84	45,589.37	47,689.96
Capacity Utilization (percentage)	91.50	94.29	95.58
Net Energy Sale (MW - hour)	32,813.24	36,216.83	37,165.32
Energy sold to PEA (MW - hour)	32,813.24	36,216.83	37,165.32
Energy sold to industrial customers (MW - hour)	-	-	-
Waste disposal amount (Tons)	128,483.28	135,944.60	130,067.44





Example picture of Solar Rooftop plant Project of ACE Group

## 2.1.4 Solar power plant project

### (1) Solar Rooftop Project

Solar Rooftop Project is the project under the operation of ACE Solar Co., Ltd. (“ACE SOLAR”). ACE Group has 3 Solar Rooftop Projects that has already commenced Commercial Operation, with contracted capacity of 2.73 MW. The Company has installed the power generating devices at the location of the purchaser to sell electricity throughout the term of the PPA. The details are as follows:

- Details of the Solar Rooftop Project are as follows:

Power Plant Project	ACE SOLAR 3	ACE SOLAR 3 (Extension)	ACE SOLAR 4
Project Name	Solar Rooftop 1	Solar Rooftop 1	Solar Rooftop 2
Company that operate the project	ACE SOLAR	ACE SOLAR	ACE SOLAR
Type of fuel	Solar	Solar	Solar
Project location			
• District	Sri Racha	Sri Racha	Chok Chai
• Province	Chonburi	Chonburi	Nakhon Ratchasima
Commercial Operation Date (COD) / Scheduled Commercial Operation Date (SCOD)	20 November 2018	28 September 2019	22 February 2019
Installed Capacity (MW)	1.00	1.00	0.73
Contracted Capacity (MW)	1.00	1.00	0.73
Duration of power purchase from Commercial Operation Date	25 years	25 years	25 years
Discount from tariff (percentage)	10.00	10.00	10.00

## 2.2 Permit for business operation and Investment Promotion

ACE Group is responsible for applying for the permit related to the development, construction and operation of the power plant of ACE Group. Previously, ACE Group has obtained all important permits for power plant operation, which are:

- 1) Approval of Environmental Impact Assessment Report (EIA) (not required for the case of the purchase from renewable energy VSPP)
- 2) Permit for Energy Industry Operation
- 3) Factory permit (Ror.Ngor.4)
- 4) Construction Permit (Aor.1) or Building construction notification form (Mor.39 Bi)
- 5) Permit for controlled power generation (PorKor. 2)
- 6) Building Certificate (Aor.6)
- 7) Investment Promotion Certificate

In this regard, all power plant projects that commenced Commercial Operation D (COD) of ACE Group are granted investment promotion from the Board of Investment of Thailand. Such Investment Promotion Certificate gives key benefits to ACE Group as follows:

- 1) Exemption from Corporate revenue tax for net profit obtained from the promoted business starting from the day that the project has revenue for 8 years.
- 2) Deduction of the loss of the year during the BOI period from the net profit occurred after corporate revenue tax exemption period, up to 5 years from the end of exemption period.
- 3) Reducing corporate revenue tax for net profit obtained from the promoted business at the rate of 50 percent of the normal rate for 5 years from the end of 8 - year period.
- 4) Exemption from import duty for importing machine for production as approved by the Committee.
- 5) Exemption from including the dividend from the promoted business that is granted Corporate revenue tax exemption to calculate the revenue tax, throughout the period of Corporate revenue tax exemption.

Apart from that, all Biomass power plant project and Waste-to-energy power plant Project is granted the additional privileges, which are:

- 1) Permission to deduct the cost of transportation, electricity and water supply 2 times of the cost for the period of 10 years starting from the day that the project has revenue.
- 2) Right to deduct investment in the installation or construction of facilities at the rate of 25 of the investment apart from the normal depreciation.
- 3) Reducing corporate revenue tax for net profit obtained from the promoted business at the rate of 50 percent of the normal rate for 5 years from the end of 8 year period.

In this regard, ACE Group must comply with the conditions stated in the Investment Promotion Certificate. For example, there must be Environmental Impact Measure and shall be implemented and the project must take action to obtain ISO 9000 or 14000 or other equivalent standard within 2 years from the business operation, etc. to get all the rights and benefits above.

## **2.3 Other business of ACE Group**

### **2.3.1 Management Services**

In 2017 the Company has entered into the management service agreement servicing contract with the indirect subsidiaries. Under such contract, the Company provides administrative services under the policy, order and conditions set in the scope of work to support the operation of the indirect subsidiaries, such as accounting and financial management, human resources management, information technology management and legal management, etc. The Company is responsible for providing advices, coordinate and negotiate for the subsidiaries in the scope of work mentioned above.

### **2.3.2 Maintenance Services**

As of December 31, 2019 the Company has the indirect investment of 100% of the share issued and paid up of PSMS which is a business established under ASCE on 3 May 2018 to operate the maintenance service providing for the power plant in ACE Group. In this regard, PSMS started to gain revenue from the business operation in the 2<sup>nd</sup> quarter of 2018.

## **3. Market and competition**

### **3.1 Target group**

The main power purchasers of the power plant project of ACE Group are PEA and EGAT. Under the current regulations and rules of business on power generation and sale, the entrepreneur must be obtained the right to sell electricity by entering into the Power Purchase Agreement (PPA) with related organization according to the structure of Thai power industry, which is PEA or MEA who is the electricity distributor of the country or EGAT who is the sole owner and controller of transmission system in the country.

With regard to seeking the industrial users, although nowadays such group of customers is not a big portion of revenue, ACE Group has a policy to expand the industrial users' base in the surrounding area of the power plant project of ACE Group by investing and developing network and power transmission line system in the area required by the customer, in order to generate power and transmit to such industrial users.

For the year ended December 31, 2019, all power plant projects that commenced commercial operation (not include Solar Rooftop Project) have the power/steam purchase agreement with the target groups, which are PEA, EGAT and industrial users, totaling to 175.08 MW. After deducting the power consumption inside the power plant project of about 12.51 MW, ACE Group will have surplus capacity of power/steam about 21.86 MW left for selling to the customer in additional. The details are shown in the table below:

Power Plant Project	Installed capacity (MW)	Contracted capacity for power/ steam (MW) <sup>1</sup>	Power consumption of the project (MW) <sup>2</sup>	Surplus capacity (MW)
Ban Bueng Power Plant Project ("ACP1")	9.90	8.46	0.95	0.49
Phon Thong Power Plant Project ("ACP2")	9.90	8.54	0.89	0.47
Bo Ploy Power Plant Project ("ACP3")	9.90	8.00	0.98	0.92
Si Chiang Mai Power Plant Project("ALCP1")	9.90	8.00	0.89	1.01
Sirindhorn Power Plant Project("ALCP2")	9.90	8.00	0.82	1.08
Ta Nee Power Plant Project ("AAPP1")	9.90	8.46	0.94	0.50
Chok Chai Power Plant Project ("AAPP2")	9.90	8.86	0.87	0.17
Nam Phong Power Plant Project ("AAP1")	9.90	8.76	0.97	0.17
Thoen Power Plant Project ("ABA1")	9.90	8.00	0.93	0.97
Koh Khanun SPP project ("AAA1")	114.35	95.50	3.17	15.68
MSW Khon Kaen Power Plant Project ("ALCP3")	6.00	4.50	1.10	0.40
<b>Total</b>	<b>209.45</b>	<b>175.08</b>	<b>12.51</b>	<b>21.86</b>

<sup>1</sup> The Amount of Electricity and Steam Sales under the Power Purchase Agreement with all types of customers: EGAT, PEA and Industrial Users, in megawatts.

<sup>2</sup> Calculated from actual usage amount in 2019.

### 3.2 Setting the selling price

ACE Group has considered to set the electricity selling price separated by the type of power purchaser, which are: 1) The proposal to sell electricity to PEA and EGAT will be in accordance with the tariff structure set in the Power Purchase Agreement (PPA). If ACE Group proposes the price by oneself, for example in case of the bidding for the right to sell electricity, ACE Group will consider the selling price by analyzing the relevant factors and risks to assess the feasibility of the project and the expected return to correspond with the investment policy set out by the Board of Directors; and 2) For the proposal to sell electricity to industrial users, ACE Group will set the price by referring the tariff or setting the discount rate from the tariff of PEA or MEA as the case may be.

### 3.3 Market Condition and competition

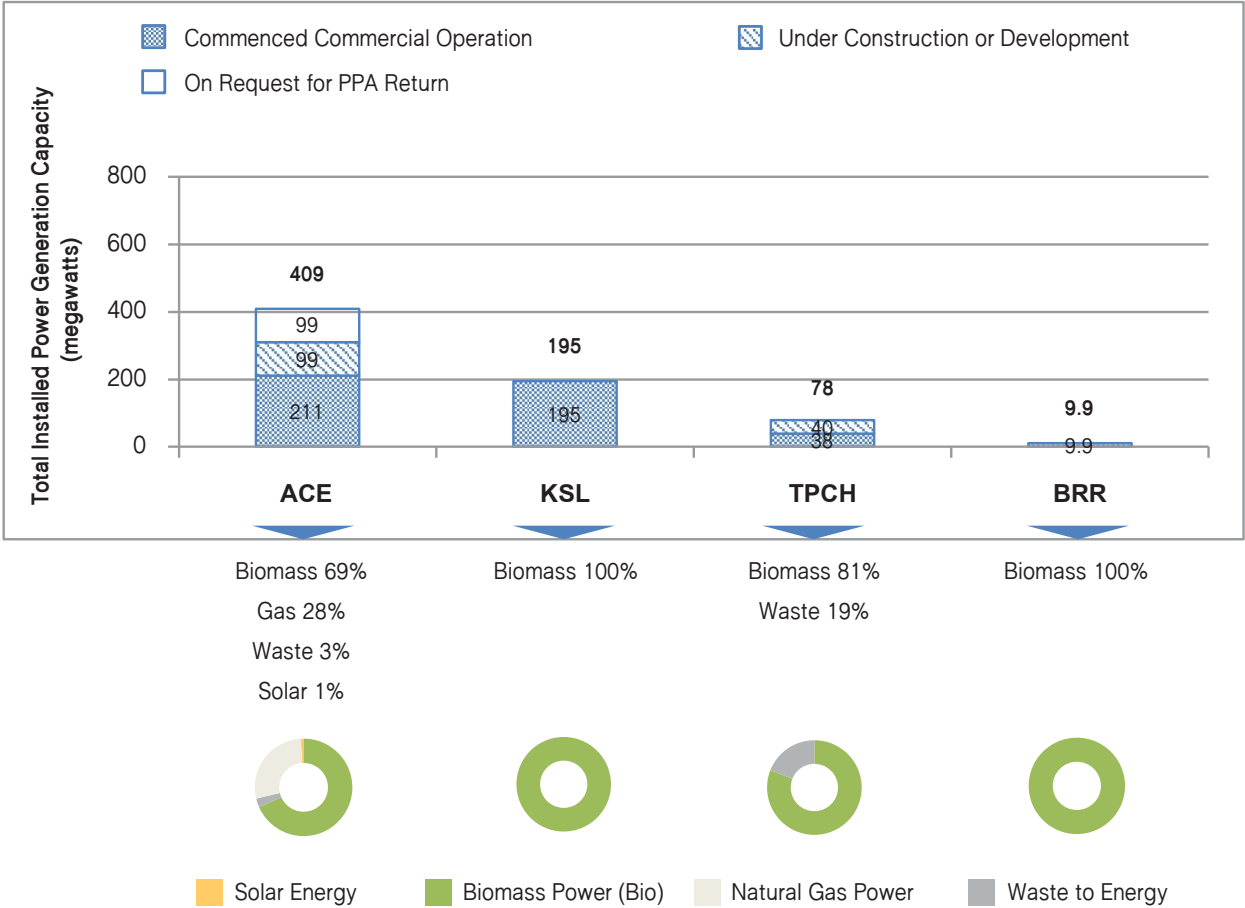
#### 3.3.1 Competition in renewable energy generation industry

Renewable energy generation industry under the type of Biomass power plant in the past is the persons who want to invest in such power plant business, especially VSPP Biomass power plant with installed capacity up to 9.9 MW can submit the document and project proposal to enter into the power purchase agreement with the electricity distribution authorities, which are PEA and MEA directly. PEA and MEA will consider the proposal of the project by considering from the readiness in various aspects, especially the qualification of the applicant which is the main factor of the consideration. In the past, there are many entrepreneurs who get the power purchase agreement from PEA and EGAT. The entrepreneurs are registered company and other juristic persons, including in many cases that the registered company has purchased the power plant project from other juristic person.



In this regard, the registered company that runs the renewable power production and distribution business with the Biomass power plant as the main type of power plant of the business can be summarized as follows:

• **Chart showing the capacity of the renewable power producer and distributor**



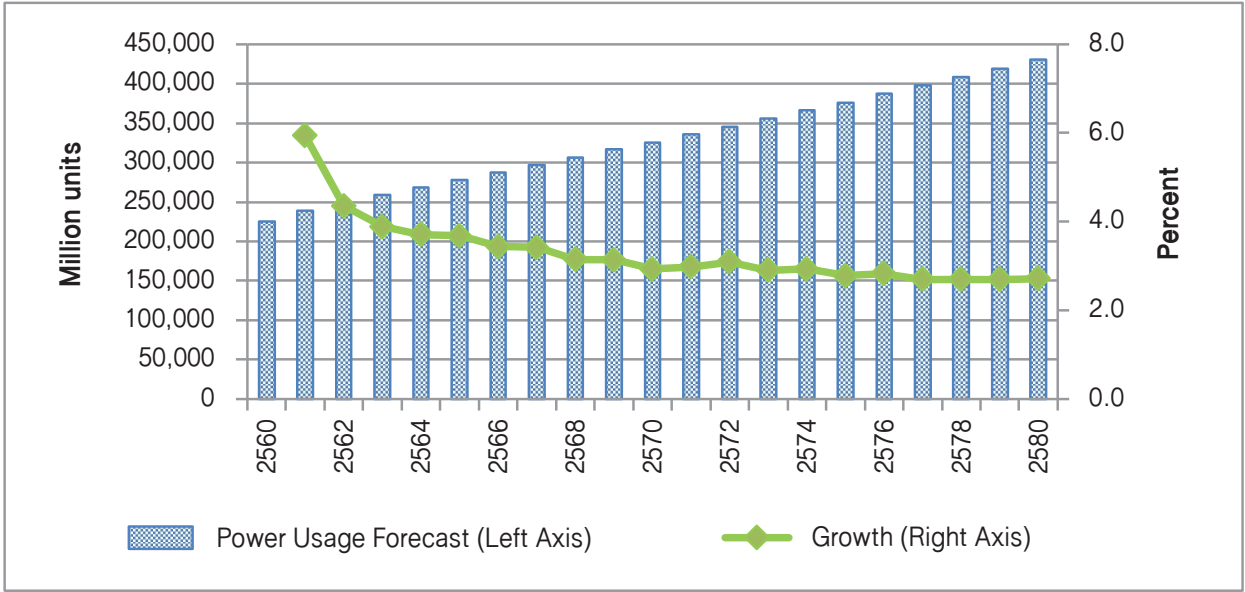
Source : Data from Annual report 2018 of each company

From the chart above, the Biomass power plant entrepreneurs can be divided into 2 main groups, which are: 1) The entrepreneurs who use fuel that is the remaining from the main production process of oneself (Waste or By-Product), which are ACE Group of power plant of the sugar factory entrepreneurs, such as KSL or BRR, etc. who use one own raw material as the main fuel to generate electricity. The power generated will be mainly used in the factory of the main product. The remaining power will be sold to the factory under PEA and/or EGAT as the case may by; and 2) ACE Group of entrepreneur that provides the agricultural waste from outside to be biomass fuel. The almost all produced power will be sold to PEA and EGAT. The entrepreneurs in this group are the Company and TPCH, etc.

**3.3.2 Trend of the power generation industry in Thailand**

PDP 2018 forecasts the power demand of the country under the assumption from the estimation of the expansion of GDP average 3.8 percent per year and forecast the population birth rate -0.02% per year during 2017 – 2037 by Office of the National Economic and Social Development Council (“NESDC”).

In PDP2018 mentioned above, it states that between 2018 – 2037 the maximum power usage demand of the country and the amount of power usage of the country will increase at the accumulated average growth rate per year at 3.03 percent and 3.3 percent, respectively, from 34,102.0 MW and 225,114.0 million units in 2017 to 61,965.0 MW and 430,693.0 million units in 2037 respectively. The forecast is reduced in 2017 – 2027 as compared to PDP2015 and the forecast is increased as compared to the original plan in 2027– 2036.



Source: PDP 2018 Plan

Apart from PDP2018, Ministry of Energy also adjust the Alternative Energy Development Plan 2018 – 2037 or “AEDP2018” to support the power generation from the alternative raw materials available in the country. The development of potential to produce alternative energy using suitable technology to create the growth on good quality of life and environmental friendly. The target of the energy purchase from renewable energy in 2037 is 18,696.0 MW.

The renewable power purchase plan according to AEDP2018 will correspond with the remaining potential of the country, which are solar energy, Biomass, biogas, hydro-floating solar, wind, and other renewable energy. The target of the purchase price is set at not more than Grid Parity to maintain the retail power price. The contracted capacity is as follows:

Renewable energy	Unit	As of the end of 2037
1. Solar	MW	10,000
2. Biomass	MW	3,376
3. Hydro-floating solar	MW	2,725
4. Wind	MW	1,485
5. Bio Gas	MW	546
6. Industrial Waste	MW	44
7. Other according to supporting policy of the government	MW	520
<b>Total</b>	<b>MW</b>	<b>18,696</b>

Source: Performance of Department of Alternative Energy Development and Efficiency and AEDP2018

Apart from that, AEDP 2018 also support renewable power generation by the government by focusing social problems, which is Municipal Solid Waste issues, and the support on power generation from Biomass and bio gas to use the agricultural waste, responding to the target to achieve local growth, resulting on stability, revenue distribution and provide job opportunity in the local area and maximize the benefit from local resources.

## 4. Product or service supply

### 4.1 Power plant project development before operation

ACE Group runs the business by investing in the power plant project which have to take action to obtain the right to sell electricity by participating in the bidding for electricity sale or by submitting the proposal to sell electricity according to the process of the relevant organization. Before taking action to obtain the right to sell electricity, ACE Group has carefully and cautiously get ready by preparing information and assert the readiness in various aspects of the project to be invested. For example, the feasibility of the project, the readiness in terms of source of capital, technology, raw material, land and the permit obtained, etc. When the power plant project that has potential and meet the criteria of the Company is granted the right to sell electricity from the related organization, ACE Group will proceed with the development of power plant project further. The Power plant project development process can be summarized as follows:

#### 4.1.1 Application for permit for power plant project

ACE Group must take action to obtain important permits for the energy company according to ERC notification on Categorization and duration of the permit and approval for energy business operation B.E. 2551 and regulations/notifications of ERC and/or the Government Agency in charge, which are:

Approval/Permit/Certificate	Related law	Government Agency in charge
Approval of Environmental Impact Assessment Report (EIA) (not required for the case of the purchase from renewable energy VSPP)	The Enhancement and Conservation of the. National Environmental Quality Act, B.E. 2535	Office Of Natural Resources and Environmental Policy and Planning ("ONEP")
Permit for Energy Industry Operation	Energy Industry Operation Act B.E. 2550	The Office of the Energy Regulatory Commission ("ERC")
Factory permit (Ror.Ngor.4)	Factory Act B.E. 2535	ERC / Department of Industrial Works ("DIW")
Construction Permit (Aor.1) or Building construction notification form (Mor.39 Bi)	Building Control B.E. 2522 Industrial Estate Authority of Thailand Act B.E. 2522	ERC / Local Administrative Organization Industrial Estate Authority of Thailand ("IEAT")
Permit for controlled power generation (PorKor. 2)	Energy Development and Promotion Act B.E. 2535	ERC / Department of the Energy Development and Promotion (DEDE)
Building Certificate (Aor.6)	Building Control B.E. 2522 Industrial Estate Authority of Thailand Act B.E. 2522	ERC / Local Administrative Organization IEAT
Investment Promotion Certificate	Investment Promotion Act B.E. 2520	The Office of the Board of Investment of Thailand

#### 4.1.2 Power plant project construction

##### (1) Engagement of contractor for power plant construction

For the construction of the biomass power plant and Waste-to-energy power plant of ACE Group previously, ACE Group employed Advance Energy Development Co., Ltd. ("AED") which is the Company that related to the major shareholder to be the contractor for power plant construction of ACE Group for all the time. The procurement will be done mainly by price negotiation, however, to conduct the power plant construction in the future in organized and reduce the possibility of the conflict of interest, ACE Group has set the policy for engagement of the EPC Contractor. ACE Group will try to avoid employing the related person which shall include AED to be the EPC Contractor at all cases, except when it is necessary and cannot be avoided and ACE Group has considered that it is reasonable and maximizes the benefits for the Company and the shareholders in overall. In this regard, it must comply with the criteria of the bidding process or EPC Contractor selection process as ACE Group use with the external parties and such item must be in accordance with the policy for transaction related to the Company and related laws. The beneficiary of such item cannot approve or vote for such matter.

##### (2) Technology selection

The power plant projects of ACE Group select the machine and equipment for production as sorted by type of project as follows:



### **1) Biomass power plant project**

The Company has set the details for the standard and qualification of machine and equipment that meet the standard, efficient and has prolonged usage period, such as using the high quality steel from Germany in all Boiler tube system or designing the machine in the factory by German engineer who is expertise and professional in designing machine to support various types of biomass fuel and support fuel with high humidity. In this regard, for biomass power plant of ACE Group that will be newly constructed in the future, regardless of being SPP Hybrid or VSPP, the Company has a plan to develop machine and production process that will increase the efficiency of the biomass power plant. For example, using the machine that can use steam at higher temperature and pressure in order to increase the efficiency according to the steam cycle, resulting in a higher electricity with less fuel use. At the same time, such production process has a higher investment value due to the requirement of material that is durable for higher pressure and temperature too.

### **2) Natural gas power plant project**

Natural gas power plants of ACE Group mainly use the technology from the USA and Japan.

### **3) Waste-to-energy power plant Project**

The Municipal Solid Waste in Thailand is not categorized from household. Therefore, there are various types of wastes mixed together, such as remaining from vegetables and fruits, or solid waste that are waste with high humidity and low heat rate, making them hard to burn. ACE Group, therefore, use the suitable technology together with the engineering design that is able to support the waste incineration with such qualification. The technology that the Company uses can deal with waste with humidity of 80 percent without being separated or dried, so the it saves the cost of waste management before bringing to the power plant.

### **4) Solar energy power plant project**

Each Solar Rooftop project consists of solar panel installed on the roof, power inverter and transformer. The solar panel generates direct current power with low voltage when getting the sunlight at daytime and use Inverter to invert the direct current power with low voltage into the alternate current power with low voltage. Then the power generated by solar panel will be transformed by the transformer to increase the voltage to 22.0 kV. After that the power will be sold to the customers.

## **4.2 Power plant project during operation**

### **4.2.1 Fuel material Procurement**

#### **(1) Biomass fuel**

The Biomass fuel is a main fuel material for the production process of biomass power plant project. The biomass fuel refers to the remaining or waste from agriculture, such as the energy crops, barks, chopped fuel-wood, husk, palm bunch, corn cob / corn husk, and wood chips, etc. They can be categorized from the source into 3 types, which are:

- 1) The biomass fuel collected from the agricultural product plant, such as husk from rice mill, bark from chopped wood plant, slab, wood chips and sawdust from sawmill and palm bunch from palm oil plant, etc.
- 2) The biomass fuel collected from the garden, farm, and rice field, such as rice straw, wood tip, root in the garden and corn husk from corn farm, etc.
- 3) The biomass fuel that is the energy crop that the agriculturists plant and deliver to the project, such as eucalyptus, plant in Acacia family, Napier Grass and energy crop in reed grass family such as Orlando, etc.

ACE Group has a policy to procure biomass fuel from various sources, which can be divided into 2 method as follows:

- 1) Announcement to purchase the Biomass fuel widely given to the retail agriculturists. The fuel purchase division will negotiate for the price and condition according to the type of fuel, heat rate and humidity as specified by the Company.
- 2) Contacting the agricultural product plant directly to negotiate to purchase the agricultural remains from the production process from the plant owner.

In this regard, as of the year ended December 31, 2019 ACE Group mainly uses 4 types of biomass fuel, which are:

- 1) Bark which is the remaining from the production process of chopped wood from fast growing plants, such as eucalyptus which is the bark obtained from peeling the bark from the wood piece.
- 2) Fuel-wood which are various kinds of wood that are left from tree cutting from farm, garden or field. The fuel-wood can be generally found.
- 3) Palm bunch which is remaining from palm oil extraction in the form of empty palm bunch, fiber and palm shell that can be used as fuel.
- 4) Rice husk which is the hard cover of rice grain remained from the production process of rice mill. ACE Group uses rice husk as fuel in Biomass power plant project.
- 5) Other fuels consists of corn husk/cob, sugar crane leaf/ bagasse, potato rhizome, sawdust, wood chips, etc.

• **Picture of bark and fuel-wood**



- Picture of energy crop and sugar crane leaf



- Picture of corn cob and corn husk



- Picture of rice straw and husk



- Picture of palm bunch and potato rhizome





## **(2) Natural Gas**

Natural Gas power plant project of ACE Group has entered into the long-term natural gas purchase agreement with PTT Public Company Limited (“PTT”) who is the sole entrepreneur who can supply natural gas to the natural gas power plant project in the country. The contract term is equal to the term of the Power Purchase Agreement (PPA) with EGAT.

## **(3) Municipality Solid Waste**

Municipal Solid Waste is the main raw material for power generation of Waste-to-energy plant Project of ACE Group. The Waste-to-energy plant Project of ACE Group has entered into the waste disposal service agreement with various organizations in the relevant area nearby. They can be categorized according to source of the waste as follows:

- 1) at waste disposal site of Khon Kaen Municipality which is the place where the project is located with no revenue, the deadline is 28 September 2023
- 2) which the Waste-to-energy plant Project of ACE Group has entered into with the municipality nearby and the private company, which the project receive the return in the form of servicing fee, for the period from 1 to 25 years as the case may be.

Apart from that, ACE Group also entered into the construction agreement and the solid waste management system with Krabi Municipality according to the agreement dated 22 February 2019, with the condition that the waste disposal must be done not less than the amount specified in the agreement. ACE Group is granted the right to operate the system management for 25 years from the contract signing date.

## **(4) Raw water**

ACE Group needs to use raw water in the power generation process to produce steam for power generation and to cool down the temperature of the machine and equipment. When procuring the raw water, ACE Group will manage to prepare the storage area of all power plant project of ACE Group adequately for the water use of each project throughout the year, in order to reduce the risk of raw water shortage for power generation and reduce the cost for purchasing raw water or industrial water. Most of the raw water will be stored from natural rainfall or pumping from the source of water nearby in rainy season, as permitted by the related organization.

However, the project has limitation in terms of the area that cannot store water in the project are, which is the waste-to-energy plant project of ACE Group in Khon Kaen. The project has to enter into raw water purchase contract with a seller who is the relevant person of the Company with the period of 10 years from the Commercial Operation Date (COD). Not less than 30 days before the contract termination date, if one of the party does not send a letter to notify the termination to another party, it shall be considered that the parties agree that the contract shall be renewed for 1 year at a time. The waste-to-energy plant project shall pay the servicing fee to the seller on monthly basis at the rate specified in the contract.



## 5. Environmental Impact

ACE Group has environmental impact controlling measure to be in accordance with the Notification of the Ministry of Natural Resources or Notification of the Ministry of Industry or the relevant notifications / laws. All power plant projects of ACE Group has completely prepared the Environmental Safety Assessment (ESA) report and the Code of Practice (CoP) or the Environmental Impact Assessment (EIA) report, as the case may be. ACE Group has employed the external company that is permitted by Department of Industrial Works to examine the environmental quality of in the power plant and the community nearby as specified by law. The result of the examination meets the standard set by the regulator.

In this regard, the details of the environmental impact, preventive and corrective measure of environmental impact and the environmental quality monitoring measure of the power plant projects of ACE Group can be summarized as follows:

### 5.1 Reducing Air pollution

The source of air pollution is from the combustion chamber of boiler. The main pollutes that usually caused by the combustion are dust, sulfur dioxide ("SO<sub>2</sub>") and nitrogen oxide ("NO<sub>x</sub>") etc. However, ACE Group designs and installed the dust collector and exhaust gas treatment system for controlling the emission of dust, SO<sub>2</sub> and NO<sub>x</sub> before letting them out of the funnel. Each power plant will measure the air quality from the funnel 1 - 2 times a year. The measured values will be compared with the standards according to the criteria of the regulator. In this regard, to control and to reduce the air pollution to be in the standard. ACE Group has the measure to reduce the impact as follows:

- 1) Control the condition in the combustion chamber by using the appropriate measuring tools, so that they can adjust the feeding rate to create a complete combustion process.
- 2) Increase capacity of the dust collector and exhaust gas treatment system in some cases to be able to collect the dust more.
- 3) In the case that the plant cannot decrease the air pollution emission value, the Company will decrease the generation of the steam generator, so that the combustion decreases and the concentration of the pollution emitted to be not over the controlling value of the pollution emission from the funnel of the project.
- 4) In case the generation of the steam generator is decreased but the concentration of the pollution emitted is still higher than the controlled value of the project, the project will stop the operation for repairing further.
- 5) In the controlling technology or the treatment of air pollution from the solid waste fuel combustion, the operation is Semi-Dry method using lime spray and Activated Carbon to eliminate sulfur dioxide (SO<sub>2</sub>), hydrogen chloride (HCl), Dioxin and heavy metal and use air filter bag system to eliminate tiny dust which is the system widely used in the waste-to-energy plant.
- 6) Use Selective Non-catalytic Reduction (SNCR) system or adding ammonia into the combustion chamber to eliminate nitrogen oxide (NO<sub>x</sub>).

- 7) Install the Continuous Emission Monitoring System or OPMS system to monitor the air quality before letting in out of the plant and also connect to the system of Department of Industrial Works and Department of Pollution control too.

## 5.2 Reducing noise pollution

The main source of noise are steam generator, steam turbine power generator, and gas turbine power generator. The level of noise from the machine that may impact the community nearby based on the 2 main factors, which are the distance between community and the source of noise; and noise controlling tools. The project has the measure to reduce the impact as follows:

- 1) Arrange the noise level monitoring in the area around the project regularly at least once a year.
- 2) Check and maintain the equipment/machine to be in a good condition regularly to prevent the noise that may occur.
- 3) Grow the plant with opaque leaves along the project fencing to prevent the noise
- 4) Refrain from construction activities that may cause noise during 18.00 - 07.00 hrs.

## 5.3 Reducing smell pollution

The main sources of smell are the solid waste storage area of the Waste-to-energy plant project which locates at the existing solid waste landfill of Non Thon Sub-district Municipality, Khon Kaen Province. In this regard, ACE Group is aware of the impact to the surrounding community. The project has the measure to manage the smell pollution of the new wastes to reduce the impact, as follows:

- 1) Design the solid waste chamber to be a closed system with the door between the solid waste storage and the field for the garbage truck to put the solid waste in the storage. The door will open only for the garbage truck to enter and put the solid waste in the storage in the chamber and go out.
- 2) Install the fan to pull the air inside the waste chamber above the storage and above the waste feeder to use as the air for combustion in the combustion chamber. Such measure will make the air pressure inside and above the area lower than the pressure in the atmosphere and prevent the smell and dust from spreading outside in order to reduce the problems about the smell inside the waste storage chamber and the smell that will go out to from the waste storage chamber outside.
- 3) Garbage truck that will enter into the project area must be designed to be free from the leachate leaking to the ground. In case the leachate leaks from the garbage truck to the road or the area inside the project, it must be cleaned / washed immediately to prevent the smell.

## 5.4 Reducing water pollution

The activity that may cause impact to the quality of surface water are 1) waste water from the office; 2) Waste water from boiler 3) Waste water from cooling tower; and 4) water with sediment from the demineralize water production. Each project will collect the waste water from various sources into the

water treatment pool and treat the water with water treatment system to improve the water quality to meet the standard before utilization in the project area, such as watering the green area of the project, etc. without letting the water out to public water source or Zero Discharge.

## **5.5 Waste management**

The waste in the project can be divided into 2 types, which are waste from the office building/canteen and waste from production process. The details are as follows:

### **5.5.1 Waste from office building / canteen**

The project will prepare the tank to store the waste in 3 types, which are general waste, recycle waste and dangerous waste. The container for each type of waste will be placed at various places inside the project area adequately. The project has the policy to sort the solid waste to maximize the benefit of solid waste usage. The waste remained from the sorting will be collected to send to the organization permitted by the government agency for further elimination.

### **5.5.2 Waste from production process**

Waste from the production of the project will be managed according to the law related to all types of waste management. The waste will be collected on the container with the characteristic and size appropriate to each type of waste before contacting the organization approved by Department of Industrial Works for appropriate elimination. In this regard, the project will give the details about types, amount and the name of the treatment company and show the elimination method to seek approval to bring the waste or used material outside the plant or the Sor Gor.2 Permit. There must be approval from Department of Industrial Works before bringing the waste out from the project area.

#### **(1) Ash from Boiler's fuel combustion**

The ash is divided into 2 portions, which are Bottom Ash and Fly Ash. The Company will send the ash for analysis the component in order to categorize the waste, so that the elimination of the ash is done according to Notification of Ministry of Industrial, concerning waste or used material elimination B.E. 2548.

If the result of the component analysis of the ash is better than the standard, the project will collect it to use as soil improvement or soil replacement or use as the raw material in cement production and other replacement materials. But if the result of the ash analysis has lower quality than standard of the Company, the project will send to the organization permitted by Department of Industrial Works for further elimination.

#### **(2) Used Lubricants**

Most of them are used in machine maintenance which require lubricating oil replacing according to the period of time. The oil will be collected in a tank and leaving in the building with roof and contact the organization permitted by Department of Industrial Works for further elimination.

## **6. The work that has not been delivered**

- None -

# Securities and Shareholders Information

## 1. Number of Registered and Paid-up Capital

### 1.1 Absolute Clean Energy Public Co., Ltd. ("The Company")

As of 31 December 2019, the Company has a registered capital of 5,487,999,980 baht and a paid-up capital of 5,087,999,980 baht. This consists of 10,975,999,960 common shares at a par value of 0.50 baht per share.

### 1.2 Subsidiary Company

As of 31 December 2019, the Company has 12 subsidiary companies, consisting of 1 direct subsidiary and 11 indirect subsidiaries, with the details of registered capital, issued and paid-up capital of each subsidiary company as follows:

Company	Registered Capital As of 31 December, 2019 (baht)	Issued and Paid-up Capital As of December 31, 2019 (baht)
1. ASCE	9,000,000,000	8,840,000,000
2. ACP	2,000,000,000	1,654,200,000
3. ALCP	1,970,000,000	1,887,080,000
4. AAPP	1,000,000,000	955,045,000
5. AAP	500,000,000	500,000,000
6. ABA	750,000,000	690,500,000
7. AFT	10,000,000	5,500,000
8. BPP	150,000,000	130,779,000
9. ACE SOLAR	320,000,000	250,760,000
10. PSPR	200,000,000	95,923,000
11. AAA	1,500,000,000	1,463,500,000
12. PSMS	30,000,000	22,500,000



## 2. Shareholders

### 2.1 List of the Company's Top 10 Shareholders

The structure of the Company's shareholders as of 31 December 2019, as follows:

Shareholder Name	Number of Shares (Shares)	Percentage
<b>Songmetta Group<sup>1</sup></b>		
1. Mr. Wirachai Songmetta	2,282,528,920	22.4
2. Mr. Pornmett Songmetta	2,203,977,400	21.7
3. Mr. Teerawut Songmetta	1,884,014,820	18.5
4. Mr. Natt Songmetta	1,619,184,080	15.9
- Mr. Tanavijit Ankapipatchai <sup>2</sup>	20	0.0
<b>Total</b>	<b>7,989,705,240</b>	<b>78.5</b>
5. Siam Commercial Bank Public Co, Ltd. <sup>3</sup>	379,103,940	3.7
6. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	161,000,000	1.6
7. Brooker Group Public Co., Ltd. <sup>3</sup>	140,441,560	1.4
8. Ms. Chamaimart Chartmethakul	118,892,900	1.2
9. MORGAN STANLEY & CO. INTERNATIONAL PLC	100,000,000	1.0
10. Mr. Issaret Chirathivat	75,820,800	0.7
<b>Total of Top 10 Shareholders</b>	<b>8,964,964,440</b>	<b>88.1</b>
11. Other Shareholders	1,211,035,520	11.9
<b>Total</b>	<b>10,175,999,960</b>	<b>100.0</b>

<sup>1</sup> Grouped according to the definition of related parties or persons with possible conflicts, in accordance with the Kor Jor.17/2008 announcement of SEC and SET, dated 15 December, 2008, not (Group Classification) grouped under section 258 or acting in consent and compliance with section 246 and 247.

<sup>2</sup> Shareholding of Mr. Tanavijit Ankapipatchai is included in the total shareholding of the Songmetta group according to the definition of related parties or persons with possible conflicts, in accordance with the Kor Jor.17/2008 announcement of SEC and SET, dated 15 December 2008. The number of shares held as of 15 December 2019, is not included in the top 10 shareholder of the Company.

<sup>3</sup> Siam Commercial Bank Public Co, Ltd. and Brooker Group Public Co., Ltd. are independent shareholders with the usual voting right which does not participate in management and does not have any representative in the board of directors.

### 2.2 Shareholders of Subsidiary Companies

Asia Clean Energy Co., Ltd. ("ASCE") is a direct subsidiary company of the Company. As of 31 December 2019, the Company held 899,999,998 shares of ASCE (100% of issued and paid-up capital) together with Mr. Teerawut Songmetta and Mr. Pornmett Songmetta who held 1 share each.

ASCE has acquired shares in 10 power plant companies (subsidiary company that operates main business) and 1 other supporting company, PSMS. All these 11 companies are 100% owned by ASCE, making them indirect subsidiary of the Company, with the details of shareholding structure of each company as follows:

Indirect Subsidiary Company Name	ASCE		Mr. Teerawut Songmetta		Mr. Pornmett Songmetta		Other Shareholders <sup>1</sup>	
	Number of Shares (Shares)	Percentage	Number of Shares (Shares)	Percentage	Number of Shares (Shares)	Percentage	Number of Shares (Shares)	Percentage
1. ACP	199,999,998	100.0	1	0.0	1	0.0	-	-
2. ALCP	196,999,998	100.0	1	0.0	1	0.0	-	-
3. AAPP	99,999,997	100.0	2	0.0	1	0.0	-	-
4. AAP	49,999,998	100.0	1	0.0	1	0.0	-	-
5. ABA	74,999,998	100.0	1	0.0	1	0.0	-	-
6. AFT	999,993	100.0	2	0.0	-	-	5	0.0
7. BPP	14,999,998	100.0	1	0.0	-	-	1	0.0
8. ACE SOLAR	31,999,998	100.0	1	0.0	-	-	1	0.0
9. PSPR	19,999,998	100.0	1	0.0	1	0.0	-	-
10. AAA	149,999,997	100.0	1	0.0	1	0.0	1	0.0
11. PSMS	2,999,997	100.0	1	0.0	1	0.0	1	0.0

Remarks: <sup>1</sup> Other shareholders are

1. Mr. Natt Songmetta holds 1 share of AAA

2. Mr. Tanavijit Ankapipatchai hold 5 shares of AFT and 1 share of BPP, ACE, ACE SOLAR, and PSMS

## Shareholder's Agreement

The Company does not have any shareholder's agreement in matters that affects the securities issuance or offering; or the Company management in which the Company is the co-signer of the agreement.

## 3. Issuance of other securities

### 3.1 Debenture

As of 31 December 2019, the Company had not issued any other securities. In 2019, the Company had prematurely redeemed all debentures of 1,500,000 units at a price of 1,000 baht per unit, totaling of 1,500,000,000 baht. As of 31 December 2019, the Company was in the process of releasing the collaterals of the mentioned debentures.

# Company and Subsidiaries' Dividend Payment Policy

## Dividend Payment Policy of the Company

The Company has a policy to pay the dividend to the shareholders at the rate not less than 30% of the net profit, according to the separate financial statements after deducting the corporate income tax and other reserves as specified by the law and company regulations. The dividend payment rate might be different from the specified rate, depending on the performance, financial status, cash flow, liquidity rate, investment plans, conditions and contractual terms which the Company is bound to, as well as the economic conditions, necessity, and other suitability as the Board of Directors deems appropriate. The annual dividend payment must be approved at the shareholders' meeting except for the interim dividend payment which the board of directors may approve from time to time when it deems that the Company has made enough profit to do so, and report the payment of interim dividend to the next shareholders' meeting.

Furthermore, since the Company operates by holding shares of other companies and do not have any significant business of their own (Holding Company). As a result, the ability to pay dividends would mainly depends on the performance and the dividend payment of the Company and the subsidiary companies.

## Dividend Payment Policy of the Subsidiary Companies

The subsidiary companies have a policy to pay the dividend to the shareholders at the rate not less than 40% of the net profit according to the separate financial statements after deducting the corporate income tax and other reserves as specified by the law and company regulations. The dividend payment rate might be different from the specified rate, depending on the performance, financial status, cash flow, liquidity rate, investment plans, conditions and contractual terms which the Company is bound to, as well as the economic conditions, necessity, and other suitability as the Board of Directors deems appropriate. The annual dividend payment must be approved at the shareholders' meeting except for the interim dividend payment which the board of directors may approve from time to time when it deems that the Company has made enough profit to do so, and report the payment of interim dividend to the next shareholders' meeting.

Furthermore, for the consideration and approval of the payment of the annual dividends and interim dividends, the subsidiary companies need to request an approval from the meeting of the board of directors of the Company first, which must be in accordance with the supervision policy of the subsidiaries and associates companies.



ABSOLUTE CLEAN ENERGY  
PUBLIC COMPANY LIMITED

# MANAGEMENT DISCUSSION AND ANALYSIS

ABSOLUTE CLEAN ENERGY PUBLIC COMPANY LIMITED



# Independent Auditor's Report

To the shareholders and the Board of Directors of Absolute Clean Energy Public Company Limited

## My opinion

In my opinion, the consolidated financial statements of Absolute Clean Energy Public Company Limited ("the Company") and its subsidiaries ("ACE Group") and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of ACE Group and of the Company as of 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

## What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as of 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of ACE Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements 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 matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determined one key audit matter: impairment assessment of construction in progress and machines under installation of the power plant which have Power Purchase Agreements under submission for dismissal of the termination and reinstate the agreements. 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 the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Impairment assessment of the power plants under construction which have Power Purchase Agreements under submission for dismissal the termination and reinstate the agreements and extend the scheduled commercial operation date.</i></b></p> <p>Refer to Note 4 c) Estimation of impairment of property, plant and equipment, Note 15 Property, plant and equipment and Note 40.11 Power Purchase Agreements under submission for dismissal the termination and reinstate the agreements and extend the scheduled commercial operation date</p> <p>As of 31 December 2019, ACE Group had construction in progress and machines under installation with a cost of Baht 627.53 million less the provision for impairment of Baht 28.67 million. This is a net book value of Baht 598.86 million, which represents 4.23% of the total consolidated assets. Most of the construction in progress and machines under installation were from the construction of</p>	<p>I carried out the following procedures in relation to management's impairment assessment of the power plants under construction which have Power Purchase Agreements under submission for dismissal the termination and reinstate the agreements and extend the scheduled commercial operation date.</p> <ul style="list-style-type: none"> <li>- Challenged management on the characteristics of individual assets, their overall quality and geographic location.</li> <li>- Discussed with management about the possibility of the reinstatement of the Power Purchase Agreements under submission for dismissal the termination and reinstate the agreements and extend the scheduled commercial operation date</li> </ul>

Key audit matter	How my audit addressed the key audit matter
<p>two power plants in Thailand, valued Baht 552.73 million. Since Power Purchase Agreements are under submission for dismissal of the termination and reinstate the agreements, the construction in progress and machines under installation of these power plant might not generate economic benefits in the future for ACE Group. So, management assessed the impairment of the construction in progress and machines under installation of these power plants and considered setting up a provision for impairment at the amount of Baht 28.67 million. Management believed that an incremental provision for impairment which might be incurred after the set up amount would not materially impact the financial statement.</p> <p>I focussed on the impairment assessment of the residual value of construction in progress and machines under installation and the nature of management's judgements and assumption involved in determining the provision for impairment e.g. the assets' conditions and the possibility that ACE Group retrieve the agreements.</p>	<p>- Evaluated the competencies and capabilities of the independent valuer including the terms of engagement to determine whether there were any matters that might affect objectivity or impose scope limitations on his work</p> <p>Based on the above procedures, I found the key assumptions used by management in the assessment of the impairment of construction in progress and machines under installation were appropriate.</p>

### Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine 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, the directors are responsible for assessing ACE Group 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 the directors either intend to liquidate ACE Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing ACE Group 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 scepticism 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 ACE Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 ACE Group 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 ACE 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 ACE Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of ACE Group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee 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 the audit committee 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 the audit committee, 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.

Price Water house Cooper ABAS Co., Ltd.



**Sudwin Panyawongkhanti**

Certified Public Accountant (Thailand) No. 3534

Bangkok

24 February 2020

# Statement of Financial Position

Absolute Clean Energy Public Company Limited

As of 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	71,920,411	104,496,224	13,881,505	4,157,108
Current portion of restricted deposits at					
a financial institution	8	250,265,060	-	-	-
Trade and other receivables	9	819,986,032	829,130,975	1,217,120	8,040,518
Current portion of receivable					
under finance lease (net)	10	96,169,495	97,940,417	-	-
Short-term loan to an indirect subsidiary	36 b)	-	-	-	700,000
Inventories	11	185,213,817	95,509,275	-	-
Value added tax (net)	12	11,058,924	4,541,998	4,744,431	1,024,942
<b>Total current assets</b>		<b>1,434,613,739</b>	<b>1,131,618,889</b>	<b>19,843,056</b>	<b>13,922,568</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	8	248,378,851	324,983,359	-	-
Receivable under finance lease (net)	10	3,197,149,598	3,324,323,137	-	-
Investments in subsidiaries	13	-	-	8,839,999,980	6,067,999,980
Investment property (net)	14	124,188,475	100,671,875	-	-
Property, plant and equipment (net)	15	8,059,367,762	8,129,424,177	1,241,660	1,401,587
Advance payments for constructions and purchases					
of fixed assets		153,178,428	19,692,394	-	-
Rights to service under concession arrangement (net)	16	811,668,380	760,982,804	-	-
Intangible assets (net)	17	48,284,366	50,718,812	2,179,000	895,050
Deferred tax assets (net)	18	56,055,686	43,806,330	203,383	-
Other non-current assets	19	12,291,714	518,852	257,005	-
<b>Total non-current assets</b>		<b>12,710,563,260</b>	<b>12,755,121,740</b>	<b>8,843,881,028</b>	<b>6,070,296,617</b>
<b>Total assets</b>		<b>14,145,176,999</b>	<b>13,886,740,629</b>	<b>8,863,724,084</b>	<b>6,084,219,185</b>

# Statement of Financial Position

Absolute Clean Energy Public Company Limited

As of 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	20	227,400,011	369,047,020	-	-
Short-term loans from an indirect subsidiary	36 c)	-	-	-	14,000,000
Trade and other payables	21	249,419,046	412,137,810	9,712,733	18,838,480
Current portion of					
- Liabilities under finance lease agreements (net)	24	390,720	377,931	-	-
- Long-term loans from financial institutions (net)	25	856,178,343	747,059,404	-	-
- Debentures (net)	26	-	49,216,871	-	49,216,871
Value added tax (net)	12	30,729,209	41,412,118	-	-
Accrued income tax		1,199,203	618,987	-	-
Other current liabilities	22	7,895,600	4,352,601	4,002,778	1,287,986
<b>Total current liabilities</b>		1,373,212,132	1,624,222,742	13,715,511	83,343,337
<b>Non-current liabilities</b>					
Provision for power plant maintenance under concession arrangement	23	25,220,655	17,292,000	-	-
Liabilities under finance lease agreements (net)	24	166,684	557,404	-	-
Long-term loans from financial institutions (net)	25	1,911,321,338	5,204,394,322	-	-
Debentures (net)	26	-	1,427,289,264	-	1,427,289,264
Deferred tax liabilities (net)	18	38,538,366	37,476,767	-	4,591,272
Employee benefit obligations	27	3,678,205	3,869,889	1,016,915	537,505
<b>Total non-current liabilities</b>		1,978,925,248	6,690,879,646	1,016,915	1,432,418,041
<b>Total liabilities</b>		3,352,137,380	8,315,102,388	14,732,426	1,515,761,378

# Statement of Financial Position

Absolute Clean Energy Public Company Limited

As of 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	28				
Authorised share capital 10,975,999,960 ordinary shares of Baht 0.50 per share		5,487,999,980	5,487,999,980	5,487,999,980	5,487,999,980
Issued and fully paid-up share capital					
10,175,999,960 ordinary shares (2018: 9,157,999,960 shares) of Baht 0.50 each		5,087,999,980	4,578,999,980	5,087,999,980	4,578,999,980
Share premium		3,896,006,978	-	3,896,006,978	-
Retained earnings (deficit)					
- Unappropriated		1,831,919,622	1,015,525,222	(135,015,300)	(10,542,173)
Deficit from business combination under common control	13	(22,886,961)	(22,886,961)	-	-
Equity attributable to owners of the parent		10,793,039,619	5,571,638,241	8,848,991,658	4,568,457,807
Total equity		10,793,039,619	5,571,638,241	8,848,991,658	4,568,457,807
Total liabilities and equity		14,145,176,999	13,886,740,629	8,863,724,084	6,084,219,185



# Statements of Comprehensive Income

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Sales of goods and services	30	4,540,252,115	4,416,185,488	72,483,000	68,326,000
Revenue from finance lease under Power Purchase Agreement	10	410,384,524	417,023,646	-	-
Revenue from construction under a concession arrangement		104,636,084	-	-	-
Cost of sales and services	30	(3,324,700,552)	(3,415,747,495)	(55,615,848)	(51,823,664)
Cost of construction under a concession arrangement		(104,636,084)	-	-	-
<b>Gross profit</b>		1,625,936,087	1,417,461,639	16,867,152	16,502,336
Net gain (loss) on exchange rate		(103,507,119)	(10,037,793)	14,387	10,552
Other income	31	32,899,176	15,728,142	2,957,728	45,897
<b>Profit before expenses</b>		1,555,328,144	1,423,151,988	19,839,267	16,558,785
Administrative expenses		(330,364,776)	(378,530,506)	(25,695,321)	(19,532,072)
Finance costs	33	(412,570,690)	(482,526,097)	(120,816,784)	(3,783,481)
<b>Profit (loss) before income tax</b>		812,392,678	562,095,385	(126,672,838)	(6,756,768)
Tax income (expense)	34	2,913,009	(15,529,804)	2,396,070	(7,029,861)
<b>Profit (loss) for the year</b>		815,305,687	546,565,581	(124,276,768)	(13,786,629)
<b>Other comprehensive income:</b>					
Item that will not be reclassified to profit or loss					
- Remeasurements of post-employment benefit obligations	27	1,360,891	6,280,722	(245,449)	(446,795)
- Income tax on item that will not be reclassified to profit or loss	18	(272,178)	(830,293)	49,090	89,359
Total item that will not be reclassified to profit or loss		1,088,713	5,450,429	(196,359)	(357,436)
<b>Other comprehensive income (expense) for the year net of tax</b>		1,088,713	5,450,429	(196,359)	(357,436)
<b>Total comprehensive income (expense) for the year</b>		816,394,400	552,016,010	(124,473,127)	(14,144,065)

# Statements of Comprehensive Income

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

Notes	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
<b>Profit (loss) attributable to:</b>				
Owners of the parent	815,305,687	546,565,581	(124,276,768)	(13,786,629)
Non-controlling interests	-	-	-	-
	<u>815,305,687</u>	<u>546,565,581</u>	<u>(124,276,768)</u>	<u>(13,786,629)</u>
<b>Total comprehensive income (expenses) attributable to:</b>				
Owners of the parent	816,394,400	552,016,010	(124,473,127)	(14,144,065)
Non-controlling interests	-	-	-	-
	<u>816,394,400</u>	<u>552,016,010</u>	<u>(124,473,127)</u>	<u>(14,144,065)</u>
<b>Earnings (loss) per share</b>				
<b>- owners of the parent</b>				
Basic earnings (loss) per share (Baht)	35	0.09	0.06	(0.01)
		<u>0.00</u>	<u>(0.00)</u>	<u>(0.00)</u>

# Statement of Changes in Equity

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

Consolidated financial statements (Baht)						
Notes	Attributable to owners of the parent				Deficit from	
	Issued and fully paid-up share capital	Share premium	Retained earnings - Unappropriated	business combination under common control	Total owners of the parent	Total equity
28	4,578,999,980	-	1,015,525,222	(22,886,961)	5,571,638,241	5,571,638,241
	509,000,000	3,896,006,978	-	-	4,405,006,978	4,405,006,978
	-	-	816,394,400	-	816,394,400	816,394,400
<b>Opening balance as of 1 January 2019</b>						
Increase in ordinary share capital						
Total comprehensive income for the year						
<b>Closing balance as of 31 December 2019</b>	<b>5,087,999,980</b>	<b>3,896,006,978</b>	<b>1,831,919,622</b>	<b>(22,886,961)</b>	<b>10,793,039,619</b>	<b>10,793,039,619</b>

Consolidated financial statements (Baht)						
	Attributable to owners of the parent				Deficit from	
	Issued and fully paid-up share capital	Share premium	Retained earnings - Unappropriated	business combination under common control	Total owners of the parent	Total equity
<b>Opening balance as of 1 January 2018 (as previously reported)</b>	4,578,999,980	-	554,905,751	(20,311,832)	5,113,593,899	5,113,593,899
	-	-	(91,396,539)	-	(91,396,539)	(91,396,539)
<b>Effect from a change in accounting treatment</b>						
<b>Opening balance as of 1 January 2018 - restated</b>	4,578,999,980	-	463,509,212	(20,311,832)	5,022,197,360	5,022,197,360
Deficit from business combination under common control	-	-	-	(2,575,129)	(2,575,129)	(2,575,129)
Total comprehensive income for the year	-	-	552,016,010	-	552,016,010	552,016,010
<b>Closing balance as of 31 December 2018</b>	<b>4,578,999,980</b>	<b>-</b>	<b>1,015,525,222</b>	<b>(22,886,961)</b>	<b>5,571,638,241</b>	<b>5,571,638,241</b>

# Statement of Changes in Equity

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

Separate financial statements (Baht)				
Note	Issued and fully paid-up share capital	Share premium	Deficits - Unappropriated	Total equity
28	4,578,999,980	-	(10,542,173)	4,568,457,807
	509,000,000	3,896,006,978	-	4,405,006,978
<b>Opening balance as of 1 January 2019</b>				
Increase in share capital				
<b>Change in equity for the year 2019</b>				
Net loss for the year	-	-	(124,473,127)	(124,473,127)
<b>Closing balance as of 31 December 2019</b>	<u>5,087,999,980</u>	<u>3,896,006,978</u>	<u>(135,015,300)</u>	<u>8,848,991,658</u>

Separate financial statements (Baht)				
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficits) - Unappropriated	Total equity
<b>Opening balance as of 1 January 2018</b>	4,578,999,980	-	3,601,892	4,582,601,872
<b>Change in equity for the year 2018</b>				
Net loss for the year	-	-	(14,144,065)	(14,144,065)
<b>Closing balance as of 31 December 2018</b>	<u>4,578,999,980</u>	<u>-</u>	<u>(10,542,173)</u>	<u>4,568,457,807</u>

# Statement of Cash Flows

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		812,392,678	562,095,385	(126,672,838)	(6,756,768)
Adjustments					
Unrealised loss on exchange rate of receivable					
under finance lease agreement	10	102,341,647	10,270,596	-	-
Loss on write-off of inventory on fire	11	7,995,257	-	-	-
(Reversal of) loss from impairment - investment property	14	(4,185,600)	(84,763)	-	-
- fixed assets	15	(11,992,250)	28,864,785	-	-
- damaged fixed assets on fire	15	804,388	-	-	-
Depreciation	15	469,337,891	467,573,688	618,763	294,153
Loss on write-off - fixed assets	15	13,585,774	7,341,210	-	-
- fixed assets on fire	15	2,601,629	-	-	-
Amortisation	16, 17	57,788,904	63,966,144	-	-
Write-off prepaid litigation fee	19	-	9,722,852	-	-
Provision for power plant maintenance under					
concession arrangement	23	7,928,655	9,544,711	-	-
Employee benefit obligations	27	1,169,207	2,054,519	233,961	38,385
Interest income	31	(6,354,152)	(3,229,424)	(2,957,728)	(45,897)
Gain on sales of land	31	-	(5,396,000)	-	-
Gain on sales of short-term investments	31	(1,128,221)	-	-	-
Finance costs	33				
- Interest expense from debentures		95,665,755	-	95,665,755	-
- Interest expense from loans		281,603,650	464,269,269	1,657,164	3,347,346
- Interest expense from liabilities under finance lease agreements		25,461	59,490	-	-
- Amortisation of prepaid transaction cost for debentures		23,493,865	-	23,493,865	-
- Amortisation of prepaid transaction cost for borrowing		11,781,959	18,197,338	-	436,135
		1,864,856,497	1,635,249,800	(7,961,058)	(2,686,646)
Changes in working capital					
- Trade and other receivables		9,222,804	(57,322,394)	6,847,546	(6,329,623)
- Receivable under finance lease		26,602,814	21,011,788	-	-
- Inventories		(97,699,799)	25,758,617	-	-
- Value added tax		(17,199,835)	33,259,927	(3,719,489)	(1,548,489)
- Other non-current assets		(11,772,862)	(278,407)	(257,005)	-
- Trade and other payables		(157,265,268)	39,992,131	(5,778,401)	11,525,854
- Other current liabilities		3,542,999	1,225,214	2,714,792	962,049
Cash generated from (used in) operating activities					
before interest income received and income tax paid		1,620,287,350	1,698,896,676	(8,153,615)	1,923,145
Interest income received		6,307,514	3,216,456	2,964,803	38,141
Income tax paid		(7,997,933)	(4,963,009)	(2,380,718)	(2,306,979)
Net cash generated from (used in) operating activities		1,618,596,931	1,697,150,123	(7,569,530)	(345,693)



# Statement of Cash Flows

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Net cash received from sales of short-term investments		1,128,221	-	-	-
Restricted deposits at financial institutions (increase) decrease	8	(173,660,552)	(45,220,383)	-	2,232,498
Payments for short-term loans to an indirect subsidiary	36 b)	-	-	-	(700,000)
Cash received for short-term loans to an indirect subsidiary	36 b)	-	-	700,000	-
Cash received from short-term loans to a related person	36 b)	-	6,126,330	-	-
Payments for addition investment in a direct subsidiary	13	-	-	(2,772,000,000)	(1,485,000,000)
Payments for business combination under common control		-	(6,303,455)	-	-
Payments for purchase of assets in a subsidiary		-	(31,770,332)	-	-
Cash received from disposals of fixed assets	15	-	10,730,000	-	-
Payments for purchases of					
- Investment property	14	(19,331,000)	-	-	-
- Fixed assets		(531,547,249)	(333,198,226)	(458,836)	(1,583,657)
- Rights to service under a concession arrangement		(101,302,928)	-	-	-
- Computer software	17	(1,403,950)	(1,011,225)	(1,283,950)	(716,040)
Net cash used in investing activities		(826,117,458)	(400,647,291)	(2,773,042,786)	(1,485,767,199)
<b>Cash flows from financing activities</b>					
Cash received on short-term loans from financial institutions	20	-	75,143,020	-	-
Payments on short-term loans from financial institutions	20	(141,647,009)	-	-	-
Cash received from short-term loans from an indirect subsidiary	36 c)	-	-	133,100,000	14,000,000
Payments for short-term loans to an indirect subsidiary	36 c)	-	-	(147,100,000)	-
Payments on liabilities under finance lease agreements	24	(403,392)	(1,640,502)	-	-
Cash received from long-term loans from financial institutions	25	124,360,577	307,289,423	-	-
Payments on long-term loans from financial institutions	25	(3,310,984,335)	(2,595,179,522)	-	-
Payments on direct borrowing cost	25	(2,140,000)	(5,000,000)	-	-
Cash received from debentures issuance	26	-	1,500,000,000	-	1,500,000,000
Payments on early redemption of debentures	26	(1,500,000,000)	-	(1,500,000,000)	-
Payments for debentures underwriting fee	26	-	(23,730,000)	-	(23,730,000)
Payments on finance costs - interest paid		(399,248,105)	(454,154,222)	(100,670,265)	-
Cash received from the capital increase and call for paid up share capital	28	4,405,006,978	-	4,405,006,978	-
Net cash generated from (used in) financing activities		(825,055,286)	(1,197,271,803)	2,790,336,713	1,490,270,000
<b>Net increase (decrease) in cash and cash equivalents</b>		(32,575,813)	99,231,029	9,724,397	4,157,108
Cash and cash equivalents at the beginning of the year		104,496,224	5,265,195	4,157,108	-
Cash and cash equivalents at the end of the year	7	71,920,411	104,496,224	13,881,505	4,157,108

# Statement of Cash Flows

Absolute Clean Energy Public Company Limited

For the year ended 31 December 2019

		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Notes		Baht	Baht	Baht	Baht
<b>Non-cash transactions</b>					
Payables from the purchases of fixed assets	21	<u>11,204,571</u>	<u>5,586,746</u>	<u>-</u>	<u>-</u>
Retentions	21				
- Rights to service under a concession arrangement		3,333,156	-	-	-
- Fixed assets		<u>834,006</u>	<u>232,029</u>	<u>-</u>	<u>-</u>
		<u>4,167,162</u>	<u>232,029</u>	<u>-</u>	<u>-</u>
Payables from the purchases of assets under finance lease agreements	24	<u>571,472</u>	<u>974,864</u>	<u>-</u>	<u>-</u>

# Notes to the Consolidated and Separate Financial Statements

## 1. General Information

Absolute Clean Energy Public Company Limited (“the Company”) is a public limited company under Public Limited Company Act on 16 July 2018.

The address of the Company’s registered office is 140/6 ITF Tower 7<sup>th</sup> floor, Silom Road, Suriyawong, Bangrak, Bangkok.

According to the letter of the Stock Exchange of Thailand dated 13 November 2019, the Board of the Stock Exchange of Thailand has accepted the ordinary shares of Absolute Clean Energy Public Company Limited as listed securities on the Stock Exchange of Thailand which is classified as resources/energy and utilities stocks and using the abbreviation for trading securities as “ACE”.

For reporting purposes the Company and its subsidiaries are referred to as “ACE Group”.

ACE Group’s principal business operations are operating biomass, natural gas, municipal solid waste, and solar energy power plants.

The Company’s principal business operation is investing in Asia Clean Energy Company Limited at 100%. Asia Clean Energy Company Limited has invested in 11 subsidiaries as described in Note 13.

The consolidated and separate financial statements were approved by the Company’s authorised directors on 24 February 2020.

## 2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### 2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRSs”) and the financial reporting requirements issued under the Securities and Exchange Act.

## 2.2 New financial reporting standards, and revised financial reporting standards

### 2.2.1 Financial reporting standards are effective for annual periods beginning on or after 1 January 2019.

#### a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that ACE Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

#### b) Thai Accounting Standard no.40 (revised 2018), Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer which do not have a significant impact to ACE Group.

#### c) Thai Financial Reporting Interpretation no.22 (TFRIC 22), Foreign currency transactions and advance consideration

TFRIC 22 clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency - denominated contracts which do not have a significant impact to ACE Group.

The adoption of these financial reporting standards do not have a significant impact to ACE Group.

### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020.

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by ACE Group.

#### a) Financial instruments

ACE Group of financial instruments reporting standards consist of the following standards:

<b>TAS 32</b>	Financial instruments: Presentation
<b>TFRS 7</b>	Financial Instruments: Disclosures
<b>TFRS 9</b>	Financial Instruments
<b>TFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation
<b>TFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments

#### b) TFRS 16, Leases

Where ACE Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

#### c) Other new/amended standards

The new and amended financial reporting standards that will have significant impact on ACE Group are:

<b>TAS 12</b>	Income tax
<b>TAS 19</b>	Employee benefits
<b>TAS 23</b>	Borrowing cost
<b>TFRS 3</b>	Business combinations
<b>TFRS 9</b>	Financial instruments
<b>TFRIC 23</b>	Uncertainty over income tax treatments

**Amendment to TAS 12, Income tax** - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

**Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement)** - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

**Amendment to TAS 23, Borrowing costs** - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.



**Amendment to TFRS 3, Business combinations** - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The previously held interest is therefore re-measured.

**Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation)** - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

**TFRIC 23, Uncertainty over income tax treatments** - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that ACE Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that ACE Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

ACE Group does not adopt new and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 before the effective date. ACE Group's management is currently assessing the impact of initial adoption of these standards.

## 2.3 Foreign currency translation

### (a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and ACE Group's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

### **(c) Group companies**

The results and financial position of all ACE Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **2.4 Cash and cash equivalents**

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash on hand, cheque on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from date of acquisition and are not used as collateral.

In the consolidated and separate statements of financial position, bank overdrafts are shown in current liabilities.

## **2.5 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

## **2.6 Inventories**

Inventories comprise of fuel raw materials, consumable materials and spare parts which are stated at cost less allowance for slow-moving and obsolete inventories. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of inventory, such as import duties and transportation charges, less all attributable discounts. Allowance is made, where necessary for slow-moving and obsolete inventories which recognised as cost of sales.

## 2.7 Group accounting - Investments in subsidiaries

### a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which ACE Group has control. ACE Group controls an entity when ACE Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to ACE Group. They are deconsolidated from the date that control ceases.

ACE Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by ACE Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, ACE Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by ACE Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

A list of ACE Group's subsidiaries is set out in Note 13.

**b) Transactions with non-controlling interests**

ACE Group treats transactions with non-controlling interests as transactions with equity owners of ACE Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**c) Disposal of subsidiaries**

When ACE Group ceases to have control it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if ACE Group had directly disposed of the related assets and liabilities.

**d) Business combination under common control**

ACE Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. ACE Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Deficit/Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed (transfer to retained earnings).

#### **e) Separate financial statements**

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

### **2.8 Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by ACE Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

ACE Group's investment property is land held for rental yield and land which is currently undetermined future use.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to ACE Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

### **2.9 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and provision for impairment of assets. Initial cost included purchase price, both cash and cash equivalent cash price, and other direct cost related to assets acquisition to be located or get ready of their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ACE Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.



Land and land not used in operation has not been depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost of each asset to their residual value over the estimate useful lives as follows:

<b>Land improvement</b>	5 - 25 years
<b>Building and building improvement - Power plant</b>	3 - 25 years
<b>Building and building improvement - Office</b>	5 - 20 years
<b>Machinery and equipment</b>	2 - 25 years
<b>Tool and equipment</b>	3 - 10 years
<b>Office equipment, furniture and fixture</b>	3 - 5 years
<b>Vehicle</b>	5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in profit or loss.

## 2.10 Service concession arrangements

Service concession arrangements are arrangements between government (the grantor) and a private sector entity (an operator) which involve the operator constructing the infrastructure used to provide the public service or upgrading it, operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. The grantor controls or regulates that services that the operator must provide with the infrastructure, to whom it must provide them, and service fee and the grantor control-through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

If ACE Group as the operator provides construction or upgrade services, revenue and costs relating to construction or upgrade services shall be accounted for based on the stage of completion on the construction contract. The consideration received or receivable by the operator shall be recognised at its fair value of a financial asset or an intangible asset.

ACE Group shall recognise financial assets to extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services

and recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the operator's consideration. Revenue and costs relating to operation services shall be recognised when service is provided by reference to the contract term.

Contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognised and measured at the best estimate of expenditure that would be required to settle the present obligation at the end of the reporting period.

Currently, ACE Group has recognised service concession arrangements as intangible assets (Note 2.11 and Note 16).

## 2.11 Intangible assets

### Rights to service under concession arrangements

Rights to service under concession arrangements is the rights obtained from the concession arrangement to provide waste management service and to convert solid waste into electrical energy. According to accounting policy no. 2.10, rights to service under concession arrangements is amortised as expense in statement of comprehensive income using straight-line method throughout the 20-year period as specified in the contract.

### Rights to use transmission line

Rights to use transmission line is cost paid to acquire the rights to use transmissions.

Rights to use transmission line is stated at historical cost less accumulated amortisation. Amortisation is calculated using straight-line method over contract period of 20 to 25 years.

### Rights to use gas pipe

Rights to use gas pipe are expenses paid in order to acquire the rights to use gas pipe.

Rights to use gas pipe is stated at historical cost less accumulated amortisation. Amortisation is calculated using straight-line method over contract period of 25 years.

### Computer software

Computer software is recognised as intangible asset and is amortised over their estimated useful lives, which does not exceed 3 to 10 years.

## 2.12 Impairment of assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.13 Accounting for long-term leases

### Finance leases - where ACE Group is the lessee

Leases of property, plant and equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or lease term.

### Operating leases - where ACE Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### Finance leases - where ACE Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

#### Operating leases - where ACE Group is the lessor

Assets leased out under operating leases are included in investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with ACE Group's investment property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **2.14 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless ACE Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### **2.15 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expense in the period in which they are incurred.

The capitalisation rate used to determine the amount of borrowing cost to be capitalised is a weighted average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the acquisition, construction or production of assets, the amount of borrowing costs eligible for capitalisation on the asset is determined at the actual borrowing cost incurred on the borrowing during the period less any investment income on the temporary investments of those borrowings.

## 2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

### Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by ACE Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



## 2.17 Employee benefits

### 2.17.1 Post-employment

ACE Group's employee benefits are in a form of defined benefit plans.

#### Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### 2.17.2 Termination benefits

Termination benefits are payable when employment is terminated by ACE Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. ACE Group recognises termination benefits at the earlier of the following dates: (a) when ACE Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within scope of TAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### 2.17.3 Contribution - provident fund

ACE Group has set up a provident fund in accordance with the Provident Fund Act B.E. 2530, and registered its membership with a mutual fund. The Ministry of Finance approved the registration of the provident fund on 19 July 2018. The fund's assets are separate from ACE Group's assets and are managed by a fund manager.

According to the provident fund policy, employees contribute 2% of their salaries and ACE Group will contribute another 2% of employees' salaries to the provident fund. ACE Group appointed the licensed fund manager to manage the provident fund in accordance with the Ministerial Regulation No. 2 issued under the Provident Fund Act B.E. 2530.

ACE Group's contributions to the provident fund are recorded as expenses in the statement of comprehensive income for the period.

## **2.18 Provisions**

Provision for power plant maintenance under concession arrangement and other provisions are recognised when ACE Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions exclude the provisions for employee benefits. The accounting policy for employee benefit is mentioned in Note 2.17

## **2.19 Financial assets and financial liabilities**

Financial assets carried on the statement of financial position include cash and cash equivalents, trade and other accounts receivable, receivables under finance lease, certain parts of other current assets, restricted deposits at financial institutions, and certain part of other non-current assets. Financial liabilities carried on the statement of financial position include short-term loans from financial institutions, trade and other accounts payable, payable from capital reduction, short-term loans from related parties, certain parts of other current liabilities, liabilities under finance lease and long-term loans from financial institutions. The particular accounting policies are disclosed individually.

## **2.20 Share capital**

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.21 Revenue recognition

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer as details below.

### Revenue from sales of electricity

#### (a) Revenue under the PPA which are not classified as lease

- Energy Payments are recognised at a point in time when the controls over the products are transferred to the customers at destinations as stated in the agreements. The revenue from Energy Payments are recognised based on transaction price net of output tax, rebates and discounts.

#### (b) Revenue under the Power Purchase Agreements which are classified as lease

- Finance lease income under the Power Purchase Agreements is recognized on an effective interest method over the period of the agreements, adjusted with change in accounting estimate from a reduction in cash flow which fluctuates with other factors such as production units.
- Finance lease income under the Power Purchase Agreements is recognized on an effective interest method over the period of the agreements, adjusted with change in accounting estimate from a reduction in cash flow which fluctuates with other factors such as production units.

### Revenue from sales of steam

Revenue from sales of steam is recognised at a point in time when the controls over the products are transferred to customers at destinations as stated in the agreements. The revenue are recognised based on transaction price net of output tax, rebates and discounts.

### Revenue from rendering of services

- ACE Group recognises revenue from rendering services at a point in time when services are performed for a customer that satisfy a performance obligation. This includes revenue from waste management services.
- ACE Group recognises revenue from rendering services over time when services are performed for a customer that satisfy a performance obligation. This includes revenue from construction under concession arrangement.

Other income recognised in accordance with the criteria as follows:

- Management income is recognised based on accrual basis under the relevant contracts
- Interest income is recognised using the effective interest rate method
- Rental income is recognised on a straight-line basis over the rental contract period
- Dividend income is recognised when the right to receive payment is established
- Other income is recognised as risk and reward is transferred

## **2.22 Finance costs**

Finance costs comprise interest expense from loan from financial institutions, loans from related parties, amortisation of direct cost related to loans, interest expense from liabilities under finance lease agreements and commitment fee.

## **2.23 Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in ACE Group's financial statements in the period in which the dividends and interim dividend are approved by the Board of Directors.

## **2.24 Segment reporting**

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

ACE Group carried out the operation only in Thailand, information is only presented according the operating segment.

# **3. Financial risk management**

## **3.1 Financial risk factors**

ACE Group's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk (including currency risk, interest rate risk). ACE Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on ACE Group's financial performance.

### **3.1.1 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, ACE Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

Liquidity risk might increase if the customer has not repaid the debt to ACE Group on time. To control the level of liquidity risk, ACE Group has assessed the customer credit ability intermittently.

### **3.1.2 Credit risk**

ACE Group manage the credit risk on the basis of ACE Group's policies in which the main customers of ACE Group are the government, low-risk agencies.

Customer's risk assessment was conducted within ACE Group by considering the financial status, business success indicators ,past experience and other factors. The risk level of each customer is determined by using the result of the evaluation Group internal affairs as determined by management. For each customer, the risk is categorized under the guidelines established within ACE Group ranging from very low risk to very high risk. This categorization reflects the risk of delinquency of customers and so similar to the risk being categorized by the external organizations.

### **3.1.3 Foreign exchange risk**

The operation of ACE Group is subject to foreign exchange risk from various currencies since ACE Group purchased and imported most of the machines from overseas. Most transactions are carried in US dollars. ACE Group protects this foreign exchange risk by entering into foreign currency forward contracts (Note 37.3). For local sales, most transactions are in Thai Baht and are not subject to foreign exchange rate risk except the foreign exchange risk from receivable under finance lease agreement from EGAT (Note 10). A component of this agreement is denominated in foreign currency. This foreign exchange risk arises from a change in foreign exchange rate used to calculate the monthly capacity payment due from EGAT. As at 31 December 2019, ACE Group had receivable under finance lease agreement of US Dollars 44.3 million, equivalent to Baht 1,329.2 million (2018 : US Dollars 44.7 million, equivalent to Baht 1,444.4 million).

### **3.1.4 Interest rate risk**

Since ACE Group has no interest bearing assets with significant value, income and cash flow from operating activities of ACE Group are not affected by interest rate fluctuation.

However, ACE Group has a risk of interest rate fluctuation that may happen in the future, since ACE Group mostly has long-term loans from financial institution which directors estimate that the interest rate risk will not affect ACE Group. Plus, ACE Group has a plan to change the term of loan agreement or find new source of financing that provides low interest burden to compensate for existing loan.



Outstanding balances of financial assets, financial liabilities and interest rates as of 31 December 2019 and 2018 are as follows:

Consolidated financial statements							
2019							
Fixed interest rate			Floating interest rate	Non-interest bearing rate	Total	Interest rate	
Within 1 year	1 - 5 years	Over 5 years					
Baht	Baht	Baht	Baht	Baht	Baht	%	
<b>Financial assets</b>							
Cash and cash equivalents	-	-	69,643,956	2,276,455	71,920,411	0.38 to 0.70	
Trade and other receivables	-	-	-	794,242,167	794,242,167	-	
Restricted deposits at financial institutions	-	-	498,643,911	-	498,643,911	0.38 to 0.70	
Receivable under finance lease	96,169,495	121,607,888	3,075,541,710	-	3,293,319,093	12.60	
	<u>96,169,495</u>	<u>121,607,888</u>	<u>3,075,541,710</u>	<u>568,287,867</u>	<u>4,658,125,582</u>		
<b>Financial liabilities</b>							
Bank overdrafts	-	-	11	-	11	MOR	
Short-term loans from financial institutions	-	-	227,400,000	-	227,400,000	MLR-1.00	
Trade and other payables	-	-	-	249,348,655	249,348,655	-	
Liabilities under finance lease agreements (net)	390,720	166,684	-	-	557,404	7.52 to 8.36	
Long-term loans from financial institutions (net)	-	-	2,767,499,681	-	2,767,499,681	MLR -2.00 to MLR -2.50	
	<u>390,720</u>	<u>166,684</u>	<u>2,994,899,692</u>	<u>249,348,655</u>	<u>3,244,805,751</u>		
Consolidated financial statements							
2018							
Fixed interest rate			Floating interest rate	Non-interest bearing rate	Total	Interest rate	
Within 1 year	1 - 5 years	Over 5 years					
Baht	Baht	Baht	Baht	Baht	Baht	%	
<b>Financial assets</b>							
Cash and cash equivalents	-	-	103,250,845	1,245,379	104,496,224	0.38 to 0.75	
Trade and other receivables	-	-	-	810,119,443	810,119,443	-	
Restricted deposits at financial institutions	-	-	324,983,359	-	324,983,359	0.38 to 1.40	
Receivable under finance lease	97,940,417	129,682,113	3,194,641,024	-	3,422,263,554	12.60	
	<u>97,940,417</u>	<u>129,682,113</u>	<u>3,194,641,024</u>	<u>811,364,822</u>	<u>4,661,862,580</u>		
<b>Financial liabilities</b>							
Bank overdrafts	-	-	31,434,020	-	31,434,020	MOR	
Short-term loans from financial institutions	-	-	337,613,000	-	337,613,000	MLR - 1.00	
Trade and other payables	-	-	-	412,067,498	412,067,498	-	
Liabilities under finance lease agreements (net)	377,931	557,404	-	-	935,335	7.52 to 8.36	
Long-term loans from financial institutions (net)	-	-	5,951,453,726	-	5,951,453,726	MLR - 1.00 to MLR - 0.50	
Debentures (net)	49,216,871	1,427,289,264	-	-	1,476,506,135	6.80	
	<u>49,594,802</u>	<u>1,427,846,668</u>	<u>6,320,500,746</u>	<u>412,067,498</u>	<u>8,210,009,714</u>		

Outstanding balances of financial assets, financial liabilities and interest rates as of 31 December 2019 and 2018 are as follows: (Cont'd)

Separate financial statements						
2019						
Fixed interest rate			Floating interest rate	Non-interest bearing rate	Total	Interest rate
Within 1 year	1 - 5 years	Over 5 years				
Baht	Baht	Baht	Baht	Baht	Baht	%
<b>Financial assets</b>						
Cash and cash equivalents	-	-	13,881,505	-	13,881,505	0.38
Trade and other receivables	-	-	-	364,481	364,481	-
	<u>-</u>	<u>-</u>	<u>13,881,505</u>	<u>364,481</u>	<u>14,245,986</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	9,712,733	9,712,733	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,712,733</u>	<u>9,712,733</u>	
Separate financial statements						
2018						
Fixed interest rate			Floating interest rate	Non-interest bearing rate	Total	Interest rate
Within 1 year	1 - 5 years	Over 5 years				
Baht	Baht	Baht	Baht	Baht	Baht	%
<b>Financial assets</b>						
Cash and cash equipments	-	-	4,157,108	-	4,157,108	0.38
Trade and other receivables	-	-	-	6,658,656	6,658,656	-
Short-term loan to an indirect subsidiary	700,000	-	-	-	700,000	1.25
	<u>700,000</u>	<u>-</u>	<u>4,157,108</u>	<u>6,658,656</u>	<u>11,515,764</u>	
<b>Financial liabilities</b>						
Short-term loan to an indirect subsidiary	14,000,000	-	-	-	14,000,000	MLR - 0.50
Trade and other payables	-	-	-	18,838,480	18,838,480	-
Debentures (net)	49,216,871	1,427,289,264	-	-	1,476,506,135	6.80
	<u>63,216,871</u>	<u>1,427,289,264</u>	<u>-</u>	<u>18,838,480</u>	<u>1,509,344,615</u>	

### 3.2 Accounting for derivative financial instruments and hedging activities

ACE Group is party to derivative financial instruments, foreign currency forward contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect ACE Group from movements in exchange rates. ACE Group enters into contract establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled in the future. ACE Group does not recognise foreign currency forward contracts

transaction in the financial statements until the contracts are settled. The realised gain (loss) from the settlement of foreign currency forward contracts will be included in gain (loss) on exchange rate in profit or loss. The fee incurred in establishing each contract is amortised over the contract period.

### 3.3 Fair value estimation

The table below analyses financial instruments carried and disclosed at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

		<b>Fair value disclosure</b>	
		<b>Consolidated</b>	
		<b>financial statements</b>	
		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>Level</b>	
		<b>Baht</b>	<b>Baht</b>
<b>Statement of financial position</b>			
<b>as at 31 December</b>			
Investment property	14	2	128,261,000 104,703,450
Long-term loans from financial institutions	25	2	2,686,782,611 5,771,860,672
Forward contracts	37.3	2	(6,193,305) (118,572)

#### Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

ACE Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as the date end of the report.

During 2019, ACE Group has not transferred the fair value hierarchy of investment property (Note 14).

## 4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting estimates and assumptions

ACE Group makes estimates and assumptions concerning the future. The result of accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### a) Impairment of investment in subsidiaries and associates

The investments in a subsidiary and associates are reported using the cost method in the separate financial statements. A provision for impairment was recognised as the cost of the investments in a subsidiary and associates exceeded the recoverable amount, which determines by the value in use. As to whether the impairment provision should be provided or reversed, the management made an assessment by considering from past performance, external factors that may affect the business operations, and produced and reviewed financial forecast and expected future cash inflow. The Company use Weighted Average Cost of Capital (WACC) of the Company as discount rate in determining the current estimate of value in use.

#### b) Impairment of investment property

ACE Group has assessed the impairment of land for rent when there is any indicator that book amount of the property would not be realized or when book amount of the property exceeded recoverable amount the management carried out the assessment by considering rental income and fluctuation in value of land in located area (Note 14).

#### c) Property, plant and equipment

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment loss in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenue and expenses relating to the assets subject to the review (Note 15).

#### **d) Deferred Income tax**

Deferred tax assets come from the estimation of some temporary difference effects which is probable to utilise tax benefit. Management's estimation comes from an assumption based on an available future income and any factors or external exposures which might affect the projected future performance. ACE Group also considered the utilisation of the past tax losses and assessed the estimation on a conservative basis.

#### **e) Employee benefit obligations**

The present value of employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations. ACE Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate.

ACE Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 27.

#### **f) Provisions**

ACE Group has liabilities that may arise from being sued for damages. The management uses judgment of assess the outcome of the case in which ACE Group has been charged. If the management considers that there may be damaged occurred, ACE Group recorded a provision for losses that might arise in such circumstances. If management determines and believes that ACE Group will not be damaged, ACE Group does not record contingent liabilities as at the end of accounting period.

### **5. Capital risk management**

ACE Group's objectives when managing capital are to safeguard ACE Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, ACE Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or sell assets to reduce debt.



## 6. Segment information

ACE Group operates in Thailand in four business segments: biomass power plants, solid waste power plant, natural gas power plant and solar energy power plant. Also ACE Group operates in one geographical segment, i.e., in Thailand. So, the Board of Directors is the highest decision-making authority for the business operations and it considers ACE Group's segment information for the years ended 31 December 2019 and 2018 to be as follows:

Certain part of consolidated statement of comprehensive income  
for the years ended 31 December 2019 and 2018 (Baht)

	Biomass power plants		Solid waste power plant		Natural gas power plant		Solar energy power plant		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sales of goods and services										
- Timing of revenue recognition										
- point in time	2,603,337,988	2,615,215,622	272,329,165	262,674,132	1,657,464,725	1,537,888,405	7,120,237	407,329	4,540,252,115	4,416,185,488
Revenue from finance lease under a Power Purchase Agreement	-	-	-	-	410,384,524	417,023,646	-	-	410,384,524	417,023,646
Revenue from construction under a concession arrangement										
- Timing of revenue recognition										
- over time	-	-	104,636,084	-	-	-	-	-	104,636,084	-
Cost of sales and services	(1,690,841,561)	(1,878,731,299)	(136,196,343)	(148,837,508)	(1,491,040,419)	(1,387,772,982)	(6,622,229)	(405,706)	(3,324,652,552)	(3,415,747,495)
Cost of construction under a concession arrangement	-	-	(104,636,084)	-	-	-	-	-	(104,636,084)	-
Gross segment profit	912,496,427	736,484,323	136,132,822	113,836,624	576,808,830	567,139,069	498,008	1,623	1,625,936,087	1,417,461,639
Net loss on exchange rate									(103,507,119)	(10,037,793)
Other income									32,899,176	15,728,142
Administrative expenses									(330,364,776)	(378,530,506)
Finance costs									(412,570,690)	(482,526,097)
Tax income (expenses)									2,913,009	(15,529,804)
Net profit for the year									815,305,687	546,565,581
Depreciation (Note 15)	440,730,030	444,094,965	4,699,323	3,829,774	21,063,429	19,442,408	2,845,109	206,541	469,337,891	467,573,688
Amortisation (Note 16 and 17)	3,352,380	3,352,219	53,950,508	60,212,328	358,199	358,199	127,817	43,398	57,788,904	63,966,144

ACE Group operates in Thailand in four business segments: biomass power plants, solid waste power plant, natural gas power plant and solar energy power plant. Also ACE Group operates in one geographical segment, i.e., in Thailand. So, the Board of Directors is the highest decision-making authority for the business operations and it considers ACE Group's segment information for the years ended 31 December 2019 and 2018 to be as follows: (Cont'd)

Certain part of consolidated statement of financial position  
as of 31 December 2019 and 2018 (Baht)

	Biomass power plants		Solid waste power plant		Natural gas power plant		Solar energy power plant		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment assets	8,485,804,431	8,255,787,895	952,235,342	836,190,719	4,346,486,273	4,520,325,746	220,383,142	125,614,863	14,004,909,188	13,737,919,223
Unallocated assets									140,267,811	148,821,406
Consolidated total assets									<u>14,145,176,999</u>	<u>13,886,740,629</u>
Segment liabilities									3,300,268,602	8,267,848,809
Unallocated liabilities	2,273,689,607	4,644,128,550	400,363,006	468,689,247	623,311,168	3,153,563,754	2,904,821	1,467,258	<u>51,868,778</u>	<u>47,253,579</u>
Consolidated total liabilities									<u>3,352,137,380</u>	<u>8,315,102,388</u>

ACE Group has two main customers whose combine revenue for the year ended 31 December 2019 is 98.26% of total revenues (2018 : 98.74%). These customers are the Provincial Electricity Authority (PEA), purchasing from the biomass power plants and the solid waste power plant, and the Electricity Generating Authority of Thailand (EGAT), purchasing from the natural gas power plant.

The Board of Directors has reconsidered the presentation of the reportable segment revenues by separating the timing of revenue recognition to a point in time and over time. For the year ended 31 December 2019, the comparative segment information was reclassified to conform with the presentation in current year.

## 7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	473,635	478,183	-	-
Cash at banks - current accounts	-	79,452	-	-
- savings accounts	69,643,956	103,171,393	13,881,505	4,157,108
Cheque on hand	1,802,820	767,196	-	-
	<u>71,920,411</u>	<u>104,496,224</u>	<u>13,881,505</u>	<u>4,157,108</u>

Cash at banks - savings accounts as of 31 December 2019 carries interest at the rates of 0.38% to 0.70% per annum (2018 : 0.38% to 0.75% per annum).

## 8. Restricted deposits at financial institutions

Restricted deposits at financial institutions which are savings accounts and certificate of deposit as of 31 December 2019 and 2018 as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Restricted deposits at financial institutions	498,643,911	324,983,359	-	-
<u>Less</u> Current portion				
Guarantee for compliance with Power Purchase Agreements before the commercial operation date				
- Cash at bank	<u>(250,265,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current portion				
Guarantee for long-term loans from financial institutions (Note 25)				
- Cash at bank	247,578,851	324,183,359	-	-
Guarantee for electricity usage (Note 38.1)				
- Cash at bank	800,000	-	-	-
- Certificate of deposit	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
	<u>248,378,851</u>	<u>324,983,359</u>	<u>-</u>	<u>-</u>

**Current portion of restricted deposits at a financial institution**

On 13 December 2019, Asia Clean Energy Company Limited, a direct subsidiary, entered into a Collateral Deposit Agreement. Deposits of Baht 250,265,060 from a savings bank account were pledged to secure the issuance of letters of guarantee for compliance with the Power Purchase Agreements before the commercial operation date of Bio Power Plant Company Limited and ACE Solar Company Limited, the indirect subsidiaries. The letters of guarantee amounting to Baht 278,480,000 and Baht 172,000,000 respectively (Note 38.1 and 38.2) and a letter of guarantee for compliance with the Power Purchase Agreement of ACE Solar Company Limited amounting to Baht 160,000,000 for which an indirect subsidiary has already returned the letter of guarantee for compliance with the Power Purchase Agreement to a financial institution in 2019.

As of 31 December 2019, the indirect subsidiary was in process of releasing restricted deposits at a financial institution amounting to Baht 160,043,442.

**Non-current portion of restricted deposits at financial institutions**

ACE Group's restricted deposits at financial institutions as of 31 December 2019 amounting to Baht 247,578,851 (2018 : Baht 324,183,359) are savings accounts reserved with financial institutions for receiving payment under the Power Purchase Agreements, which have been pledged as securities for loans from financial institutions with sufficient reserves for the repayment of principal, interest and repair and major maintenance reserve accounts. These reserves are retained from revenue received from the sales of electricity. However, withdrawals of cash from each deposit must be made with the financial institutions' approval.

Restricted deposits at financial institutions as of 31 December 2019 and 2018 have interest rates as follows:

	Interest rate (% per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash at bank - savings accounts	0.38 to 0.70	0.38 to 0.90	-	-
Certificate of deposit	-	1.40	-	-

## 9. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable				
- Billed				
- Provincial Electricity Authority	247,390,698	260,000,018	-	-
- third parties	5,661,416	2,659,999	-	-
- related parties (Note 36 a))	7,598,611	620,477	363,800	6,420,000
	<u>260,650,725</u>	<u>263,280,494</u>	<u>363,800</u>	<u>6,420,000</u>
- Unbilled				
- Provincial Electricity Authority	257,500,774	254,540,809	-	-
- third parties	708,701	3,284,883	-	-
- related parties (Note 36 a))	4,128,767	2,953,454	-	226,000
	<u>262,338,242</u>	<u>260,779,146</u>	<u>-</u>	<u>226,000</u>
Receivable from service under Power Purchase Agreement				
- Electricity Generating Authority of Thailand	<u>267,835,671</u>	<u>277,152,779</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable	<u>790,824,638</u>	<u>801,212,419</u>	<u>363,800</u>	<u>6,646,000</u>
Other accounts receivable				
- third parties	2,725,390	7,408,415	-	4,900
Accrued interest income				
- third parties	98,084	51,446	681	934
- a related party (Note 36 a))	-	-	-	6,822
Accrued land rental income				
- a related party (Note 36 a))	54,925	76,459	-	-
Advance payment				
- employees	235,779	463,534	-	-
- a related party (Note 36 a))	-	200,000	-	-
Advance payment for repair and maintenance of machinery				
- third parties	4,958,505	6,219,328	-	-
- a related party (Note 36 a))	1,548,391	-	-	-
Prepaid insurance expenses	12,858,570	8,878,649	266,992	-
Advance payment for land rental due within 1 year				
- a related person and a related party (Note 36 a))	515,552	-	-	-
Prepaid expenses	5,627,068	3,250,021	585,647	1,381,862
Deposits received within 1 year	<u>539,130</u>	<u>1,370,704</u>	<u>-</u>	<u>-</u>
Total	<u>819,986,032</u>	<u>829,130,975</u>	<u>1,217,120</u>	<u>8,040,518</u>



Outstanding trade accounts receivable as of 31 December 2019 and 2018 can be analysed as follows:

(Unit: Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts receivable				
- Provincial Electricity Authority				
- Billed				
Not yet due	247,390,698	260,000,018	-	-
- Unbilled	<u>257,500,774</u>	<u>254,540,809</u>	-	-
	<u>504,891,472</u>	<u>514,540,827</u>	-	-
- Third parties				
- Billed				
Not yet due	3,277,668	179,155	-	-
Over due less than 3 months	2,383,748	2,480,844	-	-
- Unbilled	<u>708,701</u>	<u>3,284,883</u>	-	-
	<u>6,370,117</u>	<u>5,944,882</u>	-	-
- Related parties (Note 36 a))				
- Billed				
Not yet due	4,219,998	620,477	149,800	6,420,000
Over due less than 3 months	3,378,613	-	214,000	-
- Unbilled	<u>4,128,767</u>	<u>2,953,454</u>	-	<u>226,000</u>
	<u>11,727,378</u>	<u>3,573,931</u>	<u>363,800</u>	<u>6,646,000</u>
Receivable from service under				
Power Purchase Agreement				
- Electricity Generating				
Authority of Thailand				
- Billed				
Not yet due	142,461,205	143,881,400	-	-
- Unbilled	<u>125,374,466</u>	<u>133,271,379</u>	-	-
	<u>267,835,671</u>	<u>277,152,779</u>	-	-
Total	<u>790,824,638</u>	<u>801,212,419</u>	<u>363,800</u>	<u>6,646,000</u>

ACE Group's credit term for trade accounts receivable - not yet due is 30 days.

## 10. Receivable under finance lease (net)

During the year ended 31 December 2017, Advance Agro Asia Company Limited, an indirect subsidiary, completed the construction of a natural gas power plant in Chachoengsao and started selling electricity to the Electricity Generating Authority of Thailand. ACE Group's management assessed the Power Purchase Agreement in accordance with TFRIC 4 "Determining whether an arrangement contains a lease" and found that the agreements are finance lease. Therefore, ACE Group's management derecognised building and equipment and recognised to receivables under finance lease net of unearned financial income. Revenue from sales of electricity under Power Purchase Agreement will be recognised as revenue from finance lease agreement under Power Purchase Agreement and revenue from service under Power Purchase Agreement and are included in sales of goods and services.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Receivable under finance lease	9,858,315,960	10,638,854,505	-	-
<u>Less</u> Unearned financial income	<u>(6,564,996,867)</u>	<u>(7,216,590,951)</u>	<u>-</u>	<u>-</u>
	3,293,319,093	3,422,263,554	-	-
<u>Less</u> Current portion (net)	<u>(96,169,495)</u>	<u>(97,940,417)</u>	<u>-</u>	<u>-</u>
	3,197,149,598	3,324,323,137	-	-
<u>Less</u> Due over 1 year but not over 5 years	<u>(121,607,888)</u>	<u>(129,682,113)</u>	<u>-</u>	<u>-</u>
Over 5 years but not over 25 years	<u>3,075,541,710</u>	<u>3,194,641,024</u>	<u>-</u>	<u>-</u>

As of 31 December 2019, ACE Group had receivable under finance lease which had not yet received the payments for 2 months amounting to Baht 71,337,604 (2018 : not yet received the payment for 2 months amounting to Baht 74,136,688).

Movements of receivable under finance lease and unearned financial income for the years ended 31 December 2019 and 2018 are as follows:

	2019 (Baht)			2018 (Baht)		
	Receivable under finance lease	Unearned financial income	Total	Receivable under finance lease	Unearned financial income	Total
Opening balance	10,638,854,505	(7,216,590,951)	3,422,263,554	11,117,638,320	(7,664,092,382)	3,453,545,938
Cash received from sale of electricity	(436,117,950)	-	(436,117,950)	(437,753,439)	-	(437,753,439)
Recognised as revenue from finance lease agreement under a power purchase agreement	-	410,412,230	410,412,230	-	421,701,994	421,701,994
Adjusting to revenue from finance lease under power purchase agreement from decrease in expected cash flow due to production does not reach the minimum production capacity	(27,706)	-	(27,706)	(4,678,348)	-	(4,678,348)
Realised loss on exchange rate	(9,094,889)	8,225,501	(869,388)	(1,459,401)	1,177,406	(281,995)
Unrealised loss on exchange rate	(335,298,000)	232,956,353	(102,341,647)	(34,892,627)	24,622,031	(10,270,596)
Closing balance	<u>9,858,315,960</u>	<u>(6,564,996,867)</u>	<u>3,293,319,093</u>	<u>10,638,854,505</u>	<u>(7,216,590,951)</u>	<u>3,422,263,554</u>

During the year ended 31 December 2019, ACE Group recognised revenue from service under a Power Purchase Agreement amounting to Baht 1,628,017,072 (2018 : 1,523,771,753) (Note 30) and revenue from finance lease under a Power Purchase Agreement amounting to Baht 410,384,524 (2018 : 417,023,646).

Minimum receivables under finance lease as of 31 December 2019 and 2018 are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Due within 1 year	498,617,213	516,578,149	-	-
Due over 1 year but not over 5 years	1,495,478,630	1,769,765,835	-	-
Due over 5 years but not over 25 years	<u>7,864,220,117</u>	<u>8,352,510,521</u>	<u>-</u>	<u>-</u>
	<u>9,858,315,960</u>	<u>10,638,854,505</u>	<u>-</u>	<u>-</u>

## 11. Inventories

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Fuel raw materials	118,883,148	41,354,876	-	-
Consumable materials	13,030,446	11,501,944	-	-
Spare parts	53,300,223	42,652,455	-	-
	<u>185,213,817</u>	<u>95,509,275</u>	<u>-</u>	<u>-</u>

On 3 March 2019, there was a fire at a fuel storage area of Advance Bio Asia Company Limited, an indirect subsidiary. This was because the fire wind from the vicinity forest. The Company had to write-off fuel raw materials amounting to Baht 7.99 million and equipment amounting to Baht 4.06 million. The total cost of damage was Baht 12.05 million. The incident also resulted in a temporary shutdown of the power plant's operation. The power plant resumed normal operation on 4 March 2019. The property was insured which covered this damage. In 2019, the indirect subsidiary received an insurance claim totalling to Baht 12.35 million.

The cost of inventories recognised as expenses and included in cost of sales amounting to Baht 2,211,493,779 (2018 : Baht 2,282,259,893).

## 12. Value added tax (net)

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Value added tax receivables	15,630,230	4,692,640	4,487,832	1,243,305
Value added tax payables	(9,274,264)	(21,967,850)	-	-
Undue input tax	2,853,393	10,044,499	280,399	201,637
Undue output tax	<u>(28,879,644)</u>	<u>(29,639,409)</u>	<u>(23,800)</u>	<u>(420,000)</u>
	<u>(19,670,285)</u>	<u>(36,870,120)</u>	<u>4,744,431</u>	<u>1,024,942</u>
Presented as assets (net)	<u>11,058,924</u>	<u>4,541,998</u>	<u>4,744,431</u>	<u>1,024,942</u>
Presented as liabilities (net)	<u>(30,729,209)</u>	<u>(41,412,118)</u>	<u>-</u>	<u>-</u>

### 13. Investment in subsidiaries

Investment in subsidiaries as of 31 December 2019 and 2018 comprise the following:

Direct subsidiary	Located in/ Incorporated in	Nature of business	Separate financial statements										(Unit: Baht)	
			Registered share capital		Paid-up share capital		Percentage of shareholding		Cost method		Dividend income			
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
Asia Clean Energy Company Limited	Thailand	Hold investments	9,000,000,000	6,500,000,000	8,840,000,000	6,068,000,000	100.00	100.00	8,839,999,980	6,067,999,980	814,172,448	376,859,485	814,172,448	376,859,485

## Investment in subsidiaries as of 31 December 2019 and 2018 comprise the following (Cont'd)

All indirect subsidiaries owned by Asia Clean Energy Company Limited are as follows:

Indirect subsidiaries	Located in/ Incorporated in	Nature of business	Registered share capital		Paid-up share capital		Percentage of shareholding		Cost method		Dividend income - Asia Clean Energy Company Limited	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
							%	%				
Advance Clean Power Company Limited	Thailand	Electricity generation at Chonburi, Roi - Et and Kanchanaburi	2,000,000,000	2,000,000,000	1,654,200,000	1,606,985,000	100.00	100.00	1,654,199,980	1,606,984,980	252,657,617	162,305,485
Advance Agro Power Plant Company Limited	Thailand	Electricity generation at Surin and Nakhon Ratchasima	1,000,000,000	1,000,000,000	955,045,000	955,045,000	100.00	100.00	955,044,970	955,044,970	134,661,341	-
Advance Farm Tree Company Limited	Thailand	Hold the Power Purchase Agreement at Amnat Charoen	10,000,000	4,000,000	5,500,000	4,000,000	100.00	100.00	5,499,960	3,999,970	-	-
Alliance Clean Power Company Limited	Thailand	Electricity generation at Nong Khai, Ubon Ratchathani and Khon Kaen	1,970,000,000	1,650,000,000	1,887,080,000	1,556,000,000	100.00	100.00	1,888,780,000	1,557,700,000	205,849,998	135,554,000
Advance Agro Asia Company Limited	Thailand	Electricity generation at Chachoengsao	1,500,000,000	1,500,000,000	1,463,500,000	1,463,500,000	100.00	100.00	1,463,500,000	1,463,500,000	60,003,499	-
Advance Asia Power Plant Company Limited	Thailand	Electricity generation at Khon Kaen	500,000,000	500,000,000	500,000,000	500,000,000	100.00	100.00	501,370,000	501,370,000	160,999,993	79,000,000
Advance Bio Asia Company Limited	Thailand	Electricity generation at Lampang	750,000,000	500,000,000	690,500,000	490,800,000	100.00	100.00	652,500,000	452,800,000	-	-
ACE Solar Company Limited	Thailand	Solar energy generation at Chonburi and Nakhon Ratchasima	320,000,000	200,000,000	250,760,000	147,066,000	100.00	100.00	249,460,000	157,706,000	-	-
Bio Power Plant Company Limited	Thailand	Hold the land and Power Purchase Agreement at Lopburi	150,000,000	150,000,000	130,779,000	51,958,000	100.00	100.00	128,979,000	50,158,000	-	-
Power Supply and Maintenance Service Company Limited	Thailand	Power plant maintenance Service	30,000,000	20,000,000	22,500,000	20,000,000	100.00	100.00	22,499,970	19,999,970	-	-
Prasartporn Rungrueng Company Limited	Thailand	Hold the land and Power Purchase Agreement at Prachinburi	200,000,000	200,000,000	95,923,000	50,750,000	100.00	100.00	91,954,980	46,781,980	-	-
									7,613,788,860	6,816,045,870	814,172,448	376,859,485

ACE Group's management has reviewed the allowance for impairment of investment in subsidiaries. The allowance for impairment of such investment is based on the past and prospective future performance of subsidiaries, including other factors (if any).

All shares of a subsidiary and indirect subsidiaries, totalling 7 companies have been pledged as collateral for loans from financial institutions (Note 20 and 25).



### Consolidation Preparation

1) The financial information of subsidiaries are included in the consolidated financial statements since the received date (the day which the Company has power to control its subsidiaries) up to the date which such control has ended.

2) For business combination under common control, the Company uses pooling of interest method for business combination by recording net assets of subsidiaries at book value only the proportion under common control in the consolidated financial statement of the ultimate parent at the date of the business combination under common control. When acquiring business under common control, retrospective adjustments are required as if the subsidiaries were acquired before prior period of comparative year. This practice follows the guidance of business combination under common control as issued by the Federation of Accounting Professions. However, the Company was unable to do the retrospective adjustments for the business combination under common control due to limited information. The Company, therefore, followed the exception in the Thai Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors, by applying the prospective adjustments.

3) Accounting period of subsidiaries is ended on the same date of the Company's accounting period. The accounting period used for preparation of consolidated financial statement starts from 1 January 2019 to 31 December 2019, except Prasartporn Rungrueng Company Limited whose accounting period ended 31 March 2019. However, this indirect subsidiary has changed its accounting period to be ended on 31 December 2019 and has prepared financial information from 1 January 2019 to 31 December 2019 to be used for the preparation of consolidated financial statement.

4) Non-controlling interest is profit or loss and net asset of subsidiaries, which is not attributable to ACE Group. It will be disclosed separately in statement of comprehensive income and equity part of consolidated financial statements.

As of 31 December 2019 and 2018, ACE Group had deficit from business combination under common control totalling Baht 22,886,961.

### **Investments in new subsidiaries in 2018 approved by the Board of Directors of the Company**

#### **Establishment of an indirect subsidiary and business combination under common control**

On 3 May 2018, Asia Clean Energy Company Limited had established Power Supply and Maintenance Service Company Limited, which aims to provide power plant maintenance service. An indirect subsidiary has Baht 20,000,000 of registered shares capital which consist of 2,000,000 ordinary shares at par value of Baht 10.00 each. Issued shares of the indirect subsidiary are held by Asia Clean Energy Company Limited in total of 1,999,997 shares, which is 100% of shareholding.

## **Approval of the purchase and transfer of all shares of Prasartporn Rungrueng Company Limited from a related person**

Asia Clean Energy Company Limited has entered into the share purchase and sale agreement with Mr. Suthep Songmetta, a related person, on 19 October 2018, and Prasartporn Rungrueng Company Limited has become an indirect subsidiary of the Company since 19 October 2018. The Company has already paid cash totalling Baht 31,781,980 in 2018 and has paid additional cash in 2019 amounting to Baht 15,000,000, totalling Baht 46,781,980.

Issuance of new ordinary shares and call for paid-up share capital approved in the Extraordinary Shareholder's meeting or the Board of Directors Meeting

### Direct subsidiary - Asia Clean Energy Company Limited

During the year ended 31 December 2019, Asia Clean Energy Company Limited called for paid-up share capital which was held by the shareholders totalling 450,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 9.04 per share to the paid-up of Baht 10.00 per share, totalling Baht 432,000,000.

In addition, the direct subsidiary increased share capital totalling Baht 2,500,000,000 by issuing 250,000,000 ordinary shares valued at Baht 10.00 per share. In 2019, the direct subsidiary called for paid-up share capital totalling 250,000,000 shares at Baht 9.36 per share, totalling Baht 2,340,000,000. Asia Clean Energy Company Limited has already received the increase in share capital totalling Baht 2,772,000,000 in 2019. The direct subsidiary registered with the Ministry of Commerce in 2019.

### Indirect subsidiary - Advance Clean Power Company Limited

During the year ended 31 December 2019, Advance Clean Power Company Limited called for paid-up share capital which was held by the shareholders totalling 95,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 5.863 per share to the paid-up of Baht 6.36 per share, totalling Baht 47,215,000. Asia Clean Energy Company Limited had already received the call for paid-up share capital in full amount in 2019.

### Indirect subsidiary - Advance Farm Tree Company Limited

During the year ended 31 December 2019, Advance Farm Tree Company Limited increased capital totalling Baht 6,000,000 by issuing 600,000 ordinary shares valued at Baht 10.00 per share. In 2019, the indirect subsidiary called for paid-up share capital totalling 600,000 shares at 2.50 per share, totalling Baht 1,500,000. Asia Clean Energy Company Limited had already received the increase in share capital in full amount in 2019. The indirect subsidiary registered with the Ministry of Commerce in 2019.

#### Indirect subsidiary - Alliance Clean Power Company Limited

During the year ended 31 December 2019, Alliance Clean Power Company Limited called for paid-up share capital which was held by the shareholders totalling 20,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 5.30 per share to the paid-up of Baht 10.00 per share, totalling Baht 94,000,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital in 2019.

In addition, the indirect subsidiary increased share capital totalling Baht 320,000,000 by issuing 250,000,000 ordinary shares (valued at Baht 10.00 per share). During the year 2019, the indirect subsidiary called for paid-up share capital totalling 20,000,000 shares at par, totalling Baht 200,000,000 and called for paid-up share capital totalling 12,000,000 shares at 3.09 per share, totalling Baht 37,080,000. Asia Clean Energy Company Limited had already paid the increase and call for paid-up share capital totalling Baht 237,080,000 in 2019. The indirect subsidiary registered with the Ministry of Commerce in 2019.

#### Indirect subsidiary - Advance Bio Asia Company Limited

During the year ended 31 December 2019, Advance Bio Asia Company Limited called for paid-up share capital which was held by the shareholders totalling 40,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 9.77 per share to the paid-up of Baht 10.00 per share, totalling Baht 9,200,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital in 2019.

In addition, the indirect subsidiary increased share capital totalling Baht 250,000,000 by issuing 25,000,000 ordinary shares valued at Baht 10.00 per share. In 2019, the indirect subsidiary called for paid-up share capital totalling 20,000,000 shares at par, totalling Baht 200,000,000 and called for paid-up share capital totalling 25,000,000 shares at Baht 7.62 per share, totalling Baht 190,500,000. Asia Clean Energy Company Limited had already paid the increase and call for paid-up share capital in 2019. The indirect subsidiary registered with the Ministry of Commerce in 2019.

#### Indirect subsidiary - ACE Solar Company Limited

During the year ended 31 December 2019, ACE Solar Company Limited called for paid-up share capital which was held by the shareholders totalling 19,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 7.94 per share to the paid-up of Baht 10.00 per share, totalling Baht 40,994,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital in 2019.

In addition, the indirect subsidiary increased share capital totalling Baht 120,000,000 by issuing 12,000,000 ordinary shares valued at Baht 10.00 per share. In 2019, the indirect subsidiary called for paid-up share capital totalling 12,000,000 shares at par, totalling Baht 200,000,000 and called for paid-up share capital totalling 25,000,000 shares at Baht 4.23 per share, totalling Baht 50,760,000. Asia Clean Energy Company Limited had already paid the increase and call for paid-up share capital in 2019. The indirect subsidiary registered with the Ministry of Commerce in 2019.

During the year ended 31 December 2018, ACE Solar Company Limited called for paid-up share capital which was held by the shareholders totalling 19,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 4.06 per share to the paid-up of Baht 7.94 per share, totalling Baht 77,212,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital totalling Baht 65,272,000 in 2018 and Baht 11,940,000 in 2019.

#### Indirect subsidiary - Bio Power Plant Company Limited

During the year ended 31 December 2019, Bio Power Plant Company Limited called for paid-up share capital which was held by the shareholders totalling 14,900,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 3.42 per share to the paid-up of Baht 8.71 per share, totalling Baht 78,821,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital in 2019.

#### Indirect subsidiary - Power Supply and Maintenance Service Company Limited

During the year ended 31 December 2019, Power Supply and Maintenance Service Company Limited increased share capital totalling Baht 10,000,000 by issuing 1,000,000 ordinary shares valued at Baht 10.00 per share. In 2019, the indirect subsidiary called for paid-up share capital totalling 1,000,000 shares at 2.50 per share, totalling Baht 2,500,000. Asia Clean Energy Company Limited had already paid for the increase in share totalling Baht 2,500,000 in 2019. The indirect subsidiary registered with the Ministry of Commerce in 2019.

#### Indirect subsidiary - Prasartporn Rungrueng Company Limited

During the year ended 31 December 2019, Prasartporn Rungrueng Company Limited called for paid-up share capital which was held by the shareholders totalling 19,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 2.50 per share to the paid-up of Baht 4.77 per share, totalling Baht 45,173,000. Asia Clean Energy Company Limited had already paid for the additional paid-up share capital in 2019.

### **Dividend payments approved by Board of Director of the Company**

#### Indirect subsidiary - Advance Clean Power Company Limited

During the year ended 31 December 2019, Advance Clean Power Company Limited paid dividends to shareholders according to the portion of share paid-up, totalling Baht 252,657,620 (2018: Baht 162,305,485) and has allocated a net profit as a legal reserve in the amount of Baht 17,415,000 (2018: Baht 37,600,00).

#### Indirect subsidiary - Advance Agro Power Plant Company Limited

During the year ended 31 December 2019, Advance Agro Power Plant Company Limited paid dividends to shareholders according to the portion of share paid-up, totalling Baht 134,661,345 and has allocated a net profit as a legal reserve in the amount of Baht 42,331,000.

Indirect subsidiary - Alliance Clean Power Company Limited

During the year ended 31 December 2019, Alliance Clean Power Company Limited paid dividends to shareholders according to the portion of share paid-up, totalling Baht 205,850,000 (2018: Baht 135,554,000) and has allocated a net profit as a legal reserve in the amount of Baht 17,735,000 (2018: Baht 23,400,000).

Indirect subsidiary - Advance Agro Asia Company Limited

During the year ended 31 December 2019, Advance Agro Asia Company Limited paid dividends to shareholders according to the portion of share paid-up, totalling Baht 60,003,500 and has allocated a net profit as a legal reserve in the amount of Baht 10,735,000.

Indirect subsidiary - Advance Asia Power Plant Company Limited

During the year ended 31 December 2019, Advance Asia Power Plant Company Limited paid dividends to shareholders according to the portion of share paid-up, totalling Baht 161,000,000 (2018: Baht 79,000,000) and has allocated a net profit as a legal reserve in the amount of Baht 13,645,000 (2018: Baht 22,500,000).

## 14. Investment property (net)

ACE Group's investment property (net) is land for rent and land held for a currently undetermined future use which has movements for the years ended 31 December 2019 and 2018 as follows:

(Unit: Baht)

	Consolidated financial statements		
	Land for rent	Land held for a currently undetermined future use	Total
<b>As of 1 January 2018</b>			
Cost	40,416,137	70,558,425	110,974,562
<u>Less</u> Provision for impairment	<u>(10,387,450)</u>	<u>-</u>	<u>(10,387,450)</u>
Net book amount	<u>30,028,687</u>	<u>70,558,425</u>	<u>100,587,112</u>
<b>For the year ended 31 December 2018</b>			
Opening net book amount	30,028,687	70,558,425	100,587,112
Reversal of provision for impairment	84,763	-	84,763
Closing net book amount	<u>30,113,450</u>	<u>70,558,425</u>	<u>100,671,875</u>
<b>As of 31 December 2018</b>			
Cost	40,416,137	70,558,425	110,974,562
<u>Less</u> Provision for impairment	<u>(10,302,687)</u>	<u>-</u>	<u>(10,302,687)</u>
Net book amount	<u>30,113,450</u>	<u>70,558,425</u>	<u>100,671,875</u>
<b>For the year ended 31 December 2019</b>			
Opening net book amount	30,113,450	70,558,425	100,671,875
Addition	-	19,331,000	19,331,000
Reversal of loss from impairment	4,185,600	-	4,185,600
Closing net book amount	<u>34,299,050</u>	<u>89,889,425</u>	<u>124,188,475</u>
<b>As of 31 December 2019</b>			
Cost	40,416,137	89,889,425	130,005,562
<u>Less</u> Provision for impairment	<u>(6,117,087)</u>	<u>-</u>	<u>(6,117,087)</u>
Net book amount	<u>34,299,050</u>	<u>89,889,425</u>	<u>124,188,475</u>
Fair value as of 31 December 2019	34,340,000	93,921,000	128,261,000
Fair value as of 31 December 2018	30,113,450	74,590,000	104,703,450



On 12 February 2019, Bio Power Plant Company Limited, an indirect subsidiary, purchased land at Nakhon Luang, Ayutthaya for Baht 19,331,000 in order to bid on the construction of a power plant in Tumbol Bang La Gum, Amphur Nakhon Luang, Ayutthaya. On 25 February 2019, the indirect subsidiary received a letter stating that the Company's bid was not selected. The Company did not receive the highest bidding points, even though it was qualified and had the technical capability. So, this plot of land currently has no purpose and is presented as an investment property.

ACE Group assessed the provision for impairment of land for rent by comparing the net book value with the recoverable amount (the higher of the value in use or fair value less cost of disposal) calculated at the cash-generating unit level, which is each plot of land for rent. The recoverable amount determined based on the fair value less cost of disposal was appraised by Landmark Consultant Company Limited (2018: Landmark Consultant Company Limited), an independent valuer with a recognised relevant professional qualification and adequate experience in appraising land value with the same nature and in the same vicinity as the appraised land using the market approach (2018: using market approach).

Based on the assessment of provision for impairment of land for rent for the year ended 31 December 2019, ACE Group found that the recoverable amount of land for rent of 2 indirect subsidiaries (2018: 1 indirect subsidiary), which are Advance Clean Power Company Limited and Advance Asia Power Plant Company Limited, is higher than the net book value. Thus, ACE Group recognised a reversal of provision for impairment amounting to Baht 4,185,600 (2018 : Baht 84,763) in the financial statements as administrative expenses. The reversal of provision for impairment is as follows:

(Unit: Baht)

	Consolidated financial statements		
	2018	Reversal	2019
Loss from impairment of investment property of indirect subsidiaries			
- Advance Clean Power Company Limited	(7,461,387)	2,289,300	(5,172,087)
- Advance Asia Power Plant Company Limited	(2,841,300)	1,896,300	(945,000)
	<u>(10,302,687)</u>	<u>4,185,600</u>	<u>(6,117,087)</u>

As of 31 December 2019, ACE Group's investment property at cost of Baht 30,891,137 (2018: Baht 30,891,137) have been mortgaged and pledged to secure long-term loans from financial institutions (Note 25).

The fair value of ACE Group's investment property as of 31 December 2019 was assessed by an independent valuer, with a recognised relevant professional qualification and adequate experience in appraising land with the same nature and in the same vicinity as appraised land, using the market approach. The fair value of Baht 128,261,000 (2018: Baht 104,703,450), has been defined as level 2 in the fair value hierarchy for investment property.

The amount recognised in profit and loss from investment property for the years ended 31 December 2019 and 2018 are as follows:

	<b>(Unit: Baht)</b>	
	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
Rental income - a related party	<u>133,125</u>	<u>133,204</u>

ACE Group has no direct cost from investment property for the years ended 31 December 2019 and 2018.

## 15. Property, plant and equipment (net)

(Unit: Baht)

	Consolidated financial statements							
	Land	Land improvement	Building and building improvement - power plant	Building and building improvement - office	Machinery and equipment	Tool and equipment	Office equipment and furniture and fixture	Construction in progress and machines under installation
<b>As of 1 January 2018</b>								
Cost	1,656,940,467	517,975,614	786,403,477	155,226,845	6,047,039,697	24,392,383	17,945,605	505,749,621
Less Accumulated depreciation	-	(50,939,936)	(153,366,295)	(22,648,618)	(1,167,909,072)	(7,821,901)	(10,313,380)	(1,413,248,382)
Provision for impairment	(28,291,250)	-	-	-	-	-	-	(28,291,250)
Net book amount	1,628,649,217	467,035,678	633,037,182	132,578,227	4,879,130,625	16,570,482	7,632,225	8,277,298,638
<b>For the year ended 31 December 2018</b>								
Opening net book amount	1,628,649,217	467,035,678	633,037,182	132,578,227	4,879,130,625	16,570,482	7,632,225	8,277,298,638
Additions	94,292,800	2,202,004	1,255,358	2,904,714	84,017,972	9,130,167	6,268,723	112,825,726
Net increase from business combination under common control (net)	-	-	-	-	4,162,740	1,597,737	-	-
Increase from purchase and transfer of shares from related parties	40,116,011	-	-	-	-	-	-	-
Transfer in (out)	-	22,341,167	770,860	1,269,105	41,997,917	240,638	33,500	(66,653,187)
Disposal - Cost	(5,334,000)	-	-	-	-	-	-	-
Write-off - Cost	-	-	-	-	(22,313,393)	(2,194,087)	(250,680)	(452,200)
- Accumulated depreciation	-	-	-	-	16,671,632	1,040,409	157,109	-
Depreciation charges	-	(30,995,855)	(39,630,245)	(8,056,831)	(379,699,222)	(5,222,841)	(3,031,666)	(937,028)
Loss on impairment of fixed assets	(188,070)	-	-	-	-	-	-	(28,676,715)
Closing net book amount	1,757,535,958	460,582,994	595,433,155	128,695,215	4,623,968,271	21,162,505	10,809,211	8,129,424,177
<b>As of 31 December 2018</b>								
Cost	1,786,015,278	542,518,785	788,429,695	159,400,664	6,154,904,933	33,166,838	23,997,148	551,469,960
Less Accumulated depreciation	-	(81,935,791)	(192,996,540)	(30,705,449)	(1,530,936,662)	(12,004,333)	(13,187,937)	(1,862,952,920)
Provision for impairment	(28,479,320)	-	-	-	-	-	-	(28,676,715)
Net book amount	1,757,535,958	460,582,994	595,433,155	128,695,215	4,623,968,271	21,162,505	10,809,211	8,129,424,177

## Property, plant and equipment (net) (Cont'd)

(Unit: Baht)

	Consolidated financial statements									
	Land	Land improvement	Building and building improvement - power plant	Building and building improvement - office	Machinery and equipment	Tool and equipment	Office equipment and furniture and fixture	Vehicle	Construction in progress and machines under installation	Total
<b>For the year ended 31 December 2019</b>										
Opening net book amount	1,757,535,958	460,582,994	595,433,155	128,695,215	4,623,968,271	21,162,505	10,809,211	8,443,623	522,793,245	8,129,424,177
Additions	130,674,327	611,605	3,423,066	919,593	142,611,915	6,246,782	2,879,136	-	116,914,593	404,281,017
Transfer in (out)	-	-	396,193	491,884	39,374,937	589,683	-	-	(40,852,697)	-
Write-off - Cost	-	-	-	-	(25,005,001)	(678,044)	(279,827)	-	-	(25,962,872)
- Accumulated depreciation	-	-	-	-	11,599,565	573,086	204,447	-	-	12,377,098
Write-off of damaged fixed assets on fire (Note 11)	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	(4,118,526)	(46,300)	-	-	-	(4,164,826)
- Accumulated depreciation	-	-	-	-	1,554,319	8,878	-	-	-	1,563,197
Depreciation charges	-	(31,236,937)	(40,347,538)	(7,824,240)	(378,949,093)	(6,131,853)	(3,701,166)	(1,147,064)	-	(469,337,891)
Reversal of loss from impairment of fixed assets	11,992,250	-	-	-	-	-	-	-	-	11,992,250
Loss on impairment of damaged fixed assets on fire (Note 11)	-	(664,211)	-	-	(140,177)	-	-	-	-	(804,388)
Closing net book amount	1,900,202,535	429,293,451	558,904,876	122,282,452	4,410,896,210	21,724,737	9,911,801	7,296,559	598,855,141	8,059,367,762
<b>As of 31 December 2019</b>										
Cost	1,916,689,605	543,130,390	792,248,954	160,812,141	6,307,768,258	39,278,959	26,659,457	9,629,831	627,531,856	10,423,686,451
Less Accumulated depreciation	-	(113,172,728)	(233,344,078)	(38,329,689)	(1,896,731,871)	(17,554,222)	(16,684,656)	(2,333,272)	-	(2,318,350,516)
Provision for impairment	(16,487,070)	(664,211)	-	-	(140,177)	-	-	-	(28,676,715)	(45,968,173)
Net book amount	1,900,202,535	429,293,451	558,904,876	122,282,452	4,410,896,210	21,724,737	9,911,801	7,296,559	598,855,141	8,059,367,762

	(Unit: Baht)
	<b>Separate financial statements</b>
	<b>Office equipment and furniture and fixture</b>
<b>As of 1 January 2019</b>	
Cost	1,713,037
<u>Less</u> Accumulated depreciation	<u>(311,450)</u>
Net book amount	<u><u>1,401,587</u></u>
<b>For the year ended 31 December 2019</b>	
Opening net book amount	1,401,587
Additions	458,836
Depreciation charge	<u>(618,763)</u>
Closing net book amount	<u><u>1,241,660</u></u>
<b>As of 31 December 2019</b>	
Cost	2,171,873
<u>Less</u> Accumulated depreciation	<u>(930,213)</u>
Net book amount	<u><u>1,241,660</u></u>

As of 31 December 2019, ACE Group has pledged property, plant and equipment at the cost of Baht 13,431,245,610 (2018 : Baht 13,309,734,857) as collaterals against loans from financial institutions (Note 20 and 25). Under the term of the loan agreements, ACE Group is required to mortgage and pledge land, building, and machinery as collaterals with financial institutions. The pledged collateral includes land, buildings and machinery which under Power Purchase Agreements are classified as receivable under finance lease and the right to service under concession arrangement.

As of 31 December 2019, the cost of fully depreciated buildings and equipment that are still in used as included in the financial statements were Baht 131,678,120 (2018 : Baht 105,341,682).

#### Impairment of land not used in operation

In 2019 and 2018, ACE Group's management assessed the progress of the proposal to cancel the termination of the Power Purchase Agreements and to reinstate the Power Purchase Agreements and extend the scheduled commercial operation date of indirect subsidiaries (Note 40.11 and 40.12) and plan to grow energy crops to be used as fuel materials for power plant. ACE Group's management also considered indicators of provision for impairment of land not used in operation that has purpose for constructing a power plant construction under the mentioned dispute. ACE Group assessed the impairment of land not used in operation

by comparing the net book value with the recoverable amount (the higher of the value in use or fair value less cost of disposal) calculated at the cash-generating unit level, which is each plot of land upon management decision. The recoverable amount is determined based on the fair value less cost of disposal as appraised by Landmark Consultant Company Limited, (2018: Landmark Consultant Company Limited) an independent valuer holding a recognised relevant professional qualification with adequate experience in appraising the value of land with the same nature and in the same vicinity, using the market approach (2018 : market approach). The fair value has been defined as level 2 in the fair value hierarchy.

As of 31 December 2019, ACE Group owned land not used in operation, with a net book value of Baht 652,281,434 (Cost of Baht 668,768,504 less provision for impairment of Baht 16,487,070). The land is intended to be used for the construction of power plants. ACE Group is in the process of submitting a proposal for the cancellation of terminated power purchase agreements and the return of power purchase agreements, together with an extension of commercial operation date (Note 40.11 and 40.12) and a plan to grow energy crops to be used as fuel materials for power plant in the future. Therefore, the land is not considered as investment property and is included in property, plant and equipment in the consolidated financial statements.

From the assessment of provision for impairment of land not used in operation, ACE Group found the assets of 3 indirect subsidiaries were subject to reversal of provision for impairment as the net book value of land for rent were lower than their recoverable amount. ACE Group recognised a reversal of provision for impairment of Baht 11,992,250 in the financial statements and be recognised as a part of the administrative expenses.

Impairment of design cost for power plant construction - Alliance Clean Power Company Limited  
In 2019 and 2018, ACE Group's management assessed the progress of the proposal to cancel the termination of the Power Purchase Agreement and to return of Power Purchase Agreement, together with an extension of the commercial operation date of an indirect subsidiary (Note 40.11 and 40.12) and ACE Group's management also considered indicators of provision for impairment of construction in progress of Alliance Clean Power Company Limited which is the owner of the project. As at 31 December 2019, an indirect subsidiary invested in this project amounting of Baht 217,247,272 including machinery and equipment under the installation agreement amounting of Baht 188,570,557 and design cost for power plant construction under subcontractor agreement amounting of Baht 28,676,715.

For the part of machines and equipment under installation, ACE Group engaged Panns Integrated Property Company Limited, an independent valuer holding a recognised relevant professional qualification with adequate experience in appraising the value of asset. There is no indicator that the progress of machines and equipment under installation is not in line with ACE Group's payments. There is also no indicator of



obsolescence or physical defect. However, if the project owner could not retrieve the Power Purchase Agreement, ACE Group considers that the assets could be used for other projects which is currently in the process of negotiating the return for the Power Purchase Agreements with the arbitration committee (Note 40.11 and 40.12) which is expected to be completed in April 2019. Thus, ACE Group did not recognise provision for impairment.

For the part of construction design of the power plant, if the indirect company which is a project owner could not retrieve the Power Purchase Agreement, ACE Group considered that adapting the design plan to other projects is highly not probable because the design plan is specific to the project and is not highly probable to apply to other projects. Thus, ACE Group recognised provision for impairment amounting of Baht 28,676,715 (2018 : Baht 28,676,715).

The movement of impairment of land and fixed assets for the year ended 31 December 2019 is as follows:

	<b>(Unit: Baht)</b>		
	<b>Consolidated financial statements</b>		
		<b>Reversal</b>	
	<b>2018</b>	<b>(Additions)</b>	<b>2019</b>
Loss on impairment of land not used in operation held by indirect subsidiaries			
- Alliance Clean Power Company Limited	(14,497,500)	6,862,500	(7,635,000)
- Advance Bio Asia Company Limited	(9,931,750)	2,554,950	(7,376,800)
- Bio Power Plant Company Limited	(4,050,070)	2,574,800	(1,475,270)
	<u>(28,479,320)</u>	<u>11,992,250</u>	<u>(16,487,070)</u>
Loss on impairment of design cost for power plant construction by an indirect subsidiary			
- Alliance Clean Power Company Limited	(28,676,715)	-	(28,676,715)
	<u>(28,676,715)</u>	<u>-</u>	<u>(28,676,715)</u>
Loss on impairment of damaged fixed asset on fire by an indirect subsidiary			
- Advance Bio Asia Company Limited	-	(804,388)	(804,388)
	<u>-</u>	<u>(804,388)</u>	<u>(804,388)</u>
<b>Total</b>	<u><b>(57,156,035)</b></u>	<u><b>11,187,862</b></u>	<u><b>(45,968,173)</b></u>

Fixed assets, including equipment, under finance lease agreements where ACE Group is a lessee are as follows:

(Unit: Baht)

	<b>Consolidated financial statements</b>	
	<b>2018</b>	<b>2019</b>
Cost - capitalised finance leases	1,664,560	1,664,560
<u>Less</u> Accumulated depreciation	<u>(525,484)</u>	<u>(325,482)</u>
Net book amount	<u>1,139,076</u>	<u>1,339,078</u>

### **Approval for purchase of land, buildings and equipment**

In 2019 and 2018, 3 indirect subsidiaries have purchased land from unrelated persons for which land purchased have been approved by the Board of Directors of each indirect subsidiary as follows:

#### Advance Bio Asia Company Limited

The Company has been approved to purchase land in Lampang province for use in the business of Thoen power plant totalling of Baht 1,980,000. However, as of 31 December 2019, an indirect subsidiary has not yet purchased the above land.

#### Bio Power Plant Company Limited

The Company has been approved to purchase land in Kamphangphet from Mr. Wirachai Songmetta, Mr. Suthep Songmetta, Mrs. Jintana Songmetta and Mr. Natt Songmetta, related persons for the purpose of proposing power purchase agreement to Energy Regulatory Commission (ERC) at value appraised by an independent valuer of Baht 19,300,000. However, as of 31 December 2018, an indirect subsidiary had not yet purchased the land. During 2019, the Board of Directors of an indirect subsidiary has approved to cancel the above land purchase and sale agreements. Later, a related party has purchased and transferred ownership from related persons and an indirect subsidiary has entered into long-term land rental agreements from the above related party.

An indirect subsidiary has also purchased land in Nakhon Sri Thamarat province for the purpose of operating, producing and distributing the electricity for Nabon 2 Power Plant Project (SPP Hybrid) totalling of Baht 27,931,328. The land has been purchased and transferred ownership in 2019.

#### ACE Solar Company Limited

The Company has purchased land from unrelated persons in Ranong and Nakhon Sri Thamarat province for the purpose of operating, producing and distributing the electricity for Ranong Power Plant Project (SPP Hybrid) and Nabon 1 Power Plant Project (SPP Hybrid) totalling of Baht 16,779,218 and Baht 38,109,377 respectively. The land has been purchased and transferred ownership in 2019.

#### Prasartporn Rungrueng Company Limited

The Company has purchased land from unrelated persons in Nakhon Sri Thammarat province to be used as a location for a raw water production plant project for use in the industrial sector totalling of Baht 47,854,403. The land has been purchased and transferred ownership in 2019.

### **16. Rights to service under concession arrangement (net)**

#### The first contract : Waste management services agreement with Khon Kaen municipality

On 18 August 2011, Alliance Clean Power Company Limited, an indirect subsidiary, entered into a contract with Khon Kaen municipality to provide waste management services to convert solid waste into electrical energy for a 20-year period starting from the date of contract signing. As specified in the contract, the Company must construct a plant and install a waste disposal system on the leased area in Khon Kaen municipality. When the contract ends, building, machines and equipment will be transferred to Khon Kaen municipality without any charges. The indirect subsidiary has to comply with any relevant conditions specified in the agreement.

ACE Group's management assessed the agreement in accordance with TFRIC 12 'Service Concession Arrangements'. As a result, ACE Group's management recognised the right to service under the concession arrangement as an intangible asset amounting to Baht 886,850,976. This was considered to be compensation for the construction of assets under the concession arrangement. ACE Group's management has amortised the rights throughout the concession period.

Also, the indirect subsidiary is required to recognise provision for power plant maintenance under the concession arrangement, in order to maintain the assets and to provide the service as specified in the concession arrangement (Note 23).

#### The second contract : Waste management services agreement with Krabi municipality

On 22 February 2019, Alliance Clean Power Company Limited, an indirect subsidiary, entered into contract with Krabi municipality to provide waste management services to convert solid waste into electrical energy for a 25-year period started from the date of contract signing. As specified in the contract, the Company must construct a plant and install a waste disposal system on the leased area in Krabi municipality. When the contract ends, building, machines and equipment will be transferred to Krabi municipality without any charges. The indirect subsidiary has to comply with any relevant conditions as specified in the agreements.

ACE Group's management assessed the agreement in accordance with TFRIC 12 'Service Concession Arrangements'. As a result, ACE Group's management recognised the right to service under the concession arrangement as an intangible asset amounting to Baht 104,636,084. This was considered to be compensation for the construction of assets under the concession arrangement. As of 31 December 2019, the construction has not yet been completed.

(Unit: Baht)

**Consolidated  
financial statements**  
**Rights to service under  
concession arrangements**

**As of 1 January 2018**

Cost	886,850,976
<u>Less</u> Accumulated amortisation	<u>(65,656,006)</u>
Net book amount	<u><u>821,194,970</u></u>

**For the year ended 31 December 2018**

Opening net book amount	821,194,970
Amortisation during the year	<u>(60,212,166)</u>
Closing net book amount	<u><u>760,982,804</u></u>

**As of 31 December 2018**

Cost	886,850,976
<u>Less</u> Accumulated amortisation	<u>(125,868,172)</u>
Net book amount	<u><u>760,982,804</u></u>

**For the year ended 31 December 2019**

Opening net book amount	760,982,804
Addition during the year	104,636,084
Amortisation during the year	<u>(53,950,508)</u>
Closing net book amount	<u><u>811,668,380</u></u>

**As of 31 December 2019**

Cost	991,487,060
<u>Less</u> Accumulated amortisation	<u>(179,818,680)</u>
Net book amount	<u><u>811,668,380</u></u>

## 17. Intangible assets (net)

(Unit: Baht)

	Consolidated financial statements			
	Rights to use gas pipe	Rights to use transmission line	Computer software	Computer software under installation
				Total
<b>As of 1 January 2018</b>				
Cost	1,240,000	60,235,783	-	179,010
Less Accumulated amortisation	(39,747)	(8,153,481)	-	-
Net book amount	<u>1,200,253</u>	<u>52,082,302</u>	<u>-</u>	<u>179,010</u>
				<u>53,461,565</u>
<b>For the year ended 31 December 2018</b>				
Opening net book amount	1,200,253	52,082,302	-	179,010
Additions during the year	-	-	295,185	716,040
Amortisation during the year	(44,640)	(3,665,939)	(43,399)	-
Closing net book amount	<u>1,155,613</u>	<u>48,416,363</u>	<u>251,786</u>	<u>895,050</u>
				<u>50,718,812</u>
<b>As of 31 December 2018</b>				
Cost	1,240,000	60,235,783	295,185	895,050
Less Accumulated amortisation	(84,387)	(11,819,420)	(43,399)	-
Net book amount	<u>1,155,613</u>	<u>48,416,363</u>	<u>251,786</u>	<u>895,050</u>
				<u>50,718,812</u>
<b>For the year ended 31 December 2019</b>				
Opening net book amount	1,155,613	48,416,363	251,786	895,050
Additions during the year	-	-	120,000	1,283,950
Amortisation during the year	(44,640)	(3,665,939)	(127,817)	-
Closing net book amount	<u>1,110,973</u>	<u>44,750,424</u>	<u>243,969</u>	<u>2,179,000</u>
				<u>48,284,366</u>
<b>As of 31 December 2019</b>				
Cost	1,240,000	60,235,783	415,185	2,179,000
Less Accumulated amortisation	(129,027)	(15,485,359)	(171,216)	-
Net book amount	<u>1,110,973</u>	<u>44,750,424</u>	<u>243,969</u>	<u>2,179,000</u>
				<u>48,284,366</u>

**Intangible assets (net) (Cont'd)**

	(Unit: Baht)
	Separate
	financial statements
	Computer software
	under installation
<b>As of 1 January 2019</b>	
Cost	895,050
<u>Less</u> Accumulated amortisation	-
Net book amount	895,050
<b>For the year ended 31 December 2019</b>	
Opening net book amount	895,050
Additions during the year	1,283,950
Closing net book amount	2,179,000
<b>As of 31 December 2019</b>	
Cost	2,179,000
<u>Less</u> Accumulated amortisation	-
Net book amount	2,179,000



## 18. Deferred tax assets/(liabilities) (net)

Deferred tax assets/(liabilities) (net) as of 31 December 2019 and 2018 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	5,785,225	1,418,730	-	-
Deferred tax assets to be recovered after more than 12 months	62,068,889	53,287,558	203,383	107,501
	<u>67,854,114</u>	<u>54,706,288</u>	<u>203,383</u>	<u>107,501</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(841,275)	(2,498,386)	-	(3,124,064)
Deferred tax liabilities to be settled after more than 12 months	(49,495,519)	(45,878,339)	-	(1,574,709)
	<u>(50,336,794)</u>	<u>(48,376,725)</u>	<u>-</u>	<u>(4,698,773)</u>
Deferred tax assets/(liabilities) (net)	<u>17,517,320</u>	<u>6,329,563</u>	<u>203,383</u>	<u>(4,591,272)</u>
<b>Deferred tax assets/(liabilities) (net) which presented in statement of financial position</b>				
- Deferred tax assets (net)	56,055,686	43,806,330	203,383	-
- Deferred tax liabilities (net)	<u>(38,538,366)</u>	<u>(37,476,767)</u>	<u>-</u>	<u>(4,591,272)</u>
	<u>17,517,320</u>	<u>6,329,563</u>	<u>203,383</u>	<u>(4,591,272)</u>

Deferred tax assets/(liabilities) as at 31 December 2019 and 2018 calculated from the temporary differences using tax rate of 20%.

The movements of deferred tax assets/(liabilities) (net) for the years ended 31 December 2019 and 2018 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Opening balance for the year	6,329,563	16,964,654	(4,591,272)	10,465
Charged/(credited) to profit or loss (Note 34)	11,459,935	(9,804,798)	4,745,565	(4,691,096)
Charged/(credited) to other comprehensive income	<u>(272,178)</u>	<u>(830,293)</u>	<u>49,090</u>	<u>89,359</u>
Closing balance for the year	<u>17,517,320</u>	<u>6,329,563</u>	<u>203,383</u>	<u>(4,591,272)</u>

The movements of deferred tax assets/(liabilities) (net) for the years ended 31 December 2019 and 2018 comprise the following: (Cont'd)

(Unit: Baht)

	Consolidated financial statements			
	Increase (decrease) in			
	1 January		Other	31 December
	2019	Profit or loss	comprehensive income	2019
<b>Deferred tax assets</b>				
Provision for impairment of investment property	2,060,538	(837,120)	-	1,223,418
Provision for impairment of fixed assets on fire	-	160,878	-	160,878
Provision for impairment of land not used in operation	5,695,864	(2,398,450)	-	3,297,414
Provision for impairment of construction in progress	5,735,343	-	-	5,735,343
Difference in depreciation charge				
between accounting base and tax base				
of plant and equipment	21,761,025	14,349,340	-	36,110,365
Difference in amortisation charge				
between accounting base and tax base of				
rights to use transmission line	226,807	122,663	-	349,470
Provision for service under concession				
arrangements	2,970,443	2,073,688	-	5,044,131
Difference in finance costs of long-term loans				
from financial institutions between				
accounting base and tax base	1,726,730	(1,400,513)	-	326,217
Employee benefit obligations	716,158	291,661	(272,178)	735,641
Elimination	-	374,478	-	374,478
Taxable loss carried forward	13,813,380	683,379	-	14,496,759
	<u>54,706,288</u>	<u>13,420,004</u>	<u>(272,178)</u>	<u>67,854,114</u>
<b>Deferred tax liabilities</b>				
Receivables under finance lease (net)	(26,125,101)	(5,864,408)	-	(31,989,509)
Difference book value of rights to service				
under concession arrangement between				
accounting base and tax base	(5,158,321)	(3,324,318)	-	(8,482,639)
Difference in finance costs of long-term loans				
from financial institutions between				
accounting base and tax base	(269,565)	173,492	-	(96,073)
Difference in finance costs of transaction cost for				
borrowing between accounting base and tax base	(16,823,738)	7,055,165	-	(9,768,573)
	<u>(48,376,725)</u>	<u>(1,960,069)</u>	<u>-</u>	<u>(50,336,794)</u>
Deferred tax assets (net)	<u>6,329,563</u>	<u>11,459,935</u>	<u>(272,178)</u>	<u>17,517,320</u>

The movements of deferred tax assets/(liabilities) (net) for the years ended 31 December 2019 and 2018 comprise the following: (Cont'd)

(Unit: Baht)

	Consolidated financial statements			
	Increase (decrease) in			
	1 January	Profit or loss	Other	31 December
			comprehensive income	
	2018			2018
<b>Deferred tax assets</b>				
Provision for impairment of investment property	2,077,490	(16,952)	-	2,060,538
Provision for impairment of land not used in operation	5,658,250	37,614	-	5,695,864
Provision for impairment of construction in progress	-	5,735,343	-	5,735,343
Difference in depreciation charge between accounting base and tax base of plant and equipment	8,101,510	13,659,515	-	21,761,025
Difference in amortisation charge between accounting base and tax base of rights to use transmission line	104,287	122,520	-	226,807
Provision for service under concession arrangements	1,549,458	1,420,985	-	2,970,443
Difference in finance costs of long-term loans from financial institutions between accounting base and tax base	2,413,104	(686,374)	-	1,726,730
Employee benefit obligations	1,212,788	333,663	(830,293)	716,158
Taxable loss carried forward	15,078,530	(1,265,150)	-	13,813,380
	<u>36,195,417</u>	<u>19,341,164</u>	<u>(830,293)</u>	<u>54,706,288</u>
<b>Deferred tax liabilities</b>				
Receivables under finance lease (net)	(1,300,059)	(24,825,042)	-	(26,125,101)
Difference in book value of rights to service under concession arrangement between accounting base and tax base	(2,781,927)	(2,376,394)	-	(5,158,321)
Difference in finance costs of long-term loans from financial institutions between accounting base and tax base	(471,571)	202,006	-	(269,565)
Difference in finance costs of transaction cost for borrowing between accounting base and tax base	(14,677,206)	(2,146,532)	-	(16,823,738)
	<u>(19,230,763)</u>	<u>(29,145,962)</u>	<u>-</u>	<u>(48,376,725)</u>
Deferred tax assets/(liabilities) (net)	<u>16,964,654</u>	<u>(9,804,798)</u>	<u>(830,293)</u>	<u>(6,329,563)</u>

The movements of deferred tax assets/(liabilities) (net) for the years ended 31 December 2019 and 2018 comprise the following: (Cont'd)

(Unit: Baht)

	Separate financial statements		
	Increase (decrease) in		
	1 January	Profit or loss	Other
			comprehensive income
	2019		31 December 2019
<b>Deferred tax asset</b>			
Employee benefit obligations	107,501	46,792	49,090
	107,501	46,792	203,383
<b>Deferred tax liability</b>			
Debenture underwriting fee	(4,698,773)	4,698,773	-
	(4,698,773)	4,698,773	-
Deferred tax assets/(liabilities) (net)	(4,591,272)	4,745,565	203,383

(Unit: Baht)

	Separate financial statements		
	Increase (decrease) in		
	1 January	Profit or loss	Other
			comprehensive income
	2018		31 December 2018
<b>Deferred tax asset</b>			
Employee benefit obligations	10,465	7,677	89,359
	10,465	7,677	107,501
<b>Deferred tax liability</b>			
Debenture underwriting fee	-	(4,698,773)	-
	-	(4,698,773)	(4,698,773)
Deferred tax assets/(liabilities) (net)	10,465	(4,691,096)	89,359

ACE Group recognises deferred tax assets for tax loss and carry forward to the extent that realisation of the related tax benefit through the future taxable profit is probable.

As of 31 December 2019 and 2018, ACE Group does not recognise deferred tax assets from taxes loss carried forward to offset with future taxable profit as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Taxes loss due to expire				
- 2018	-	84,966,831	-	-
- 2019	14,614,666	30,748,236	-	-
- 2020	99,856,431	101,006,952	-	-
- 2021	228,285,729	228,285,729	-	-
- 2022	153,066,089	153,066,089	-	-
- 2023	200,766,243	200,766,243	30,148,460	30,148,460
- 2024	<u>236,567,876</u>	<u>-</u>	<u>176,932,613</u>	<u>-</u>
	<u>933,157,034</u>	<u>798,840,080</u>	<u>207,081,073</u>	<u>30,148,460</u>
Deferred tax asset (if record)	186,631,407	159,768,016	41,416,215	6,029,692

## 19. Other non-current assets

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Advance payment for land rental due later than 1 year				
- a related person and a related party (Note 36 a))	11,027,857	-	-	-
Deposits				
- third parties	1,006,852	518,852	-	-
- a related party (Note 36 a))	<u>257,005</u>	<u>-</u>	<u>257,005</u>	<u>-</u>
	<u>12,291,714</u>	<u>518,852</u>	<u>257,005</u>	<u>-</u>

## 20. Short-term loans from financial institutions

Short-term loans from financial institutions as of 31 December 2019 and 2018 comprise the following:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Bank overdrafts	11	31,434,020	-	-
Promissory notes	227,400,000	337,613,000	-	-
	227,400,011	369,047,020	-	-

As of 31 December 2019, bank overdrafts have an interest rate of MOR% per annum (31 December 2018: MOR% per annum) and are secured by the same collateral as the long-term loans from financial institutions (Note 25).

Promissory notes as of 31 December 2019 are promissory notes denominated in Thai Baht and are secured by the same collateral as the long-term loans from financial institutions (Note 25). The promissory notes have an interest rate at MLR% minus 1.00% per annum and are due for repayment within 90 days (2018: interest rates of MLR% minus 1.00% to MLR% per annum and are due for repayment within 90 days).

The movements of promissory notes for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Opening balance for the year	337,613,000	293,904,000	-	-
Additions during the year	1,724,039,000	1,962,079,000	-	-
Repayments during the year	(1,834,252,000)	(1,918,370,000)	-	-
Closing balance for the year	227,400,000	337,613,000	-	-



## 21. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable				
- third parties	22,661,632	42,288,646	-	-
- related parties (Note 36 a))	17,351,746	15,370,268	-	-
Trade accounts payable for gas - a third party	105,180,205	228,108,011	-	-
Share subscription payable				
- a related person (Note 36 a))	-	15,000,000	-	-
Other accounts payable				
- third parties	31,460,124	31,694,203	4,073,018	5,560,620
- related parties (Note 36 a))	3,298,039	4,116,419	-	-
Accounts payable from purchases of fixed assets				
- third parties	8,976,961	5,586,746	-	-
- related parties (Note 36 a))	2,227,610	-	-	-
Accrued expenses	27,115,380	34,652,297	2,009,715	4,430,514
Accrued bonus	10,100,000	5,500,000	3,630,000	5,500,000
Accrued compensation for collateral shares (Note 36 a) and 38.2)	825,738	-	-	-
Accrued rental expense				
- third parties	1,374,914	1,273,530	-	-
- a related person (Note 36 a))	-	213,652	-	-
Accrued repair and maintenance expense				
- third parties	13,958,518	12,352,117	-	-
Accrued interest expense				
- financial institutions	523,126	15,529,580	-	3,073,972
- a related party (Note 36 a))	-	-	-	273,374
Advance received				
- space rental - third parties	13,158	13,158	-	-
- land rental - a related party (Note 36 a))	57,233	57,154	-	-
Retention				
- third parties	606,967	10,602	-	-
- related parties (Note 36 a))	3,560,195	221,427	-	-
Employee guarantee	127,500	150,000	-	-
	<u>249,419,046</u>	<u>412,137,810</u>	<u>9,712,733</u>	<u>18,838,480</u>

## 22. Other current liabilities

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accrued withholding tax	6,941,350	3,284,003	3,952,988	1,240,386
Accrued social security fund	894,464	1,053,096	49,790	47,600
Accrued specific business tax	59,786	15,502	-	-
	<u>7,895,600</u>	<u>4,352,601</u>	<u>4,002,778</u>	<u>1,287,986</u>

## 23. Provision for power plant maintenance under concession arrangement

The movements of provision for power plant maintenance under concession arrangement for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Opening balance for the year	17,292,000	7,747,289	-	-
Additional provision	7,928,655	9,544,711	-	-
Closing balance for the year	<u>25,220,655</u>	<u>17,292,000</u>	<u>-</u>	<u>-</u>

## 24. Liabilities under finance lease agreements (net)

Liabilities under finance lease agreements (net) as of 31 December 2019 and 2018, which occurred from equipment rental comprise the following:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Liabilities under finance lease agreements	571,472	974,864	-	-
Less Future finance charges on financial lease agreements	(14,068)	(39,529)	-	-
	557,404	935,335	-	-
Less Current portion (net)	(390,720)	(377,931)	-	-
	<u>166,684</u>	<u>557,404</u>	<u>-</u>	<u>-</u>

As of 31 December 2019 and 2018, minimum payments to be made in subsequent years are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Due within 1 year	403,392	403,392	-	-
Due later than 1 year but not later than 5 years	168,080	571,472	-	-
	<u>571,472</u>	<u>974,864</u>	<u>-</u>	<u>-</u>

## 25. Long-term loans from financial institutions (net)

Outstanding balances of long-term loans from financial institutions (net) as of 31 December 2019 and 2018 comprise the following:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Long-term loans from financial institutions	2,818,176,171	6,004,799,930	-	-
Effect from effective interest rate method calculation	306,378	7,278,624	-	-
<u>Less</u> Prepaid transaction cost for borrowings	<u>(50,982,868)</u>	<u>(60,624,828)</u>	<u>-</u>	<u>-</u>
	2,767,499,681	5,951,453,726	-	-
<u>Less</u> Current portion (net)	<u>(856,178,343)</u>	<u>(747,059,404)</u>	<u>-</u>	<u>-</u>
	<u>1,911,321,338</u>	<u>5,204,394,322</u>	<u>-</u>	<u>-</u>

The movements of long-term loans from financial institutions (net) for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Opening balance for the year	5,951,453,726	8,229,008,091	-	-
Cash flow:				
Additions during the year	124,360,577	307,289,423	-	-
Repayments during the year	(871,704,335)	(1,010,179,522)	-	-
Prepayments	(2,439,280,000)	-	-	-
Repayments at due	-	(1,585,000,000)	-	-
Transaction cost from borrowings	(2,140,000)	(5,000,000)	-	-
Change in non-cash transactions:				
Amortisation of prepaid transaction cost				
from borrowings	11,781,959	17,761,203	-	-
Effect from effective interest rate method				
calculation	(6,972,246)	(2,425,469)	-	-
Closing balance for the year	<u>2,767,499,681</u>	<u>5,951,453,726</u>	<u>-</u>	<u>-</u>

The minimum payment under long-term loan agreements from financial institutions as of 31 December 2019 and 2018 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Due within 1 year	895,461,900	758,143,759	-	-
Due later than 1 year but not later than				
5 years	1,702,801,083	2,722,715,383	-	-
Due later than 5 years	<u>219,913,188</u>	<u>2,523,940,788</u>	<u>-</u>	<u>-</u>
	<u>2,818,176,171</u>	<u>6,004,799,930</u>	<u>-</u>	<u>-</u>

The requirements and conditions for long-term loans from local financial institutions as of 31 December 2019 and 2018 comprises the following:

### Indirect subsidiary - Advance Clean Power Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1	460.1	549.9	To refinance from existing loan	874.0	MLR minus 0.50% to 1.00% per annum  Then, there was the 5 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 25 February 2015, monthly repayment for principal and interests at the last business day after the first drawdown, totally 120 instalments.	Loans contract no. 1 and no. 2 are secured:  1) by the Company's land, buildings, and machines (Note 14 and 15) 2) by the Company's and Shaiyo AA Company Limited's, a related party, directors. However, the agreement dated 11 April 2018, the guarantee by the Company's and the related party's directors have been cancelled. 3) by all of the Company's registered share capital (Note 13) 4) by the Company's bank account's original books (Note 8)
2	490.4	543.6	To pay for the biomass power plant construction, Bo Ploy and its value added taxes	659.0	Credit facility no. 1 for biomass power plant construction bears an interest rate at MLR minus 0.50% to 0.75% per annum. Credit facility no.2 for value added tax payment bears an interest rate at MLR minus 0.50% per annum  Then, there was the 2 <sup>nd</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 6 September 2016, monthly repayment for principal and interests at the last business day after the first drawdown, totally 120 instalments.  The second loan is to be repaid within 24 months after the date the loan first drawdown or the end of August 2018. Repayment of interest based on a monthly basis after the first drawdown.	5) by transfer the rights on Power Purchase Agreement ("PPA") 6) by the power of attorney to receive payments from PPA 7) by transfer the rights on the agreements of power plants at Ban Bueng, Chonburi, Phon Thong, Roi Ed and Bo Ploy, Kanchanaburi. 8) by prepare the insurance policy 9) by the Company's permitted investments (if any) 10) by transfer rights on land rental only for loan contract no. 2 11) by bank guarantee's claim only for loan contract no. 2 12) by Collateral Deposit Agreement
<b>Total</b>	<b>950.5</b>	<b>1,093.5</b>					

## Indirect subsidiary - Advance Agro Power Plant Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1	159.1	219.1	Payment for power plant construction in Chok Chai, Chok Chai, Nakhon Ratchasima	520.0	MLR to MLR minus 1.00% per annum  Then, there was the 8 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 11 October 2011, repayments for interest is based on monthly basis since next month end after first loans agreement withdrawn. The 2 <sup>nd</sup> amendment agreement dated 28 March 2013, repayment for principal in every 3 months since June 2013 to September 2022.  The 4 <sup>th</sup> amendment to agreement dated 22 April 2015, repayments for interest is based on monthly basis since April 2015 to September 2022.	Loans contract no. 1 and no. 2 are secured:  1) by the Company's land, buildings and machines (Note 15) 2) by the Company's director. However, the agreement dated 11 April 2018, the guarantee by the Company's director was cancelled. 3) by all of the Company's registered share capital (Note 13) 4) by the Company's bank account's original books (Note 8) 5) by transfer the rights claiming to external parties to the financial institution 6) by prepare the insurance policy 7) by Collateral Deposit Agreement
2	135.0	195.0	Payment for power plant construction in Ta Nee, Prasart, Surin	540.0	MLR to MLR minus 1.00 per annum  Then, there was the 8 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 11 October 2011, repayments for interest is based on monthly basis since next month end after first loans agreement withdrawn. The 2 <sup>nd</sup> amendment agreement dated 28 March 2013, repayment for principal in every 3 months since March 2013 to March 2022.  The 4 <sup>th</sup> amendment to agreement dated 22 April 2015, repayments for interest is based on monthly basis since April 2015 to March 2022.	
<b>Total</b>	<b>294.1</b>	<b>414.1</b>					



## Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1 a)	253.4	305.9	Repayment of loan and interest for power plant construction in Si Chiang Mai, Nong Khai	480.0	MLR minus 1.00% per annum  Then, there was the 4 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 15 January 2015, repayment for interest is on monthly basis since the month the loan first withdrawn. The principal repayment is made in total 120 monthly installment from January 2015 to December 2024.	Loans contract no. 1 a) and 1 b) are secured:  1) by the Company's land, buildings and machine (Note 15) 2) by all of the Company's registered share capital (Note 13) 3) by transfer the rights on Power Purchase Agreement ("PPA") 4) by the power of attorney to receive payments from PPA 5) by transfer the rights on supply and installation power plant equipment agreement 6) by transfer the rights on insurance contracts 7) by the Company's director and Shaiyo AA Company Limited, which is a related party. However, the agreement dated 11 April 2018, the guarantee by the Company's and related party's directors have been cancelled. 8) by the Company's bank account's original books (Note 8) 9) by the Company's permitted investments (if any). 10) by Collateral Deposit Agreement
1 b)	341.1	396.6	For power plant construction in Sririndhorn, Ubon Ratchathani	545.0	MLR minus 1.00% per annum  Then, there was the 4 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 15 January 2015, repayment for interest is on monthly basis since the month the loan first withdrawn. The principal repayment is made in total 120 monthly installments since July 2015 and repaid total withdrawn amount within August 2025.	

## Indirect subsidiary - Alliance Clean Power Company Limited (Cont'd)

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
2	358.1	447.6	For municipal solid waste power plant construction in Non Thon, Muang, Khon Kaen	615.0	MLR minus 1.00% per annum  Then, there was the 2nd amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 4 December 2015, repayment for interest is on monthly basis since the month the loan first withdrawn. The principal repayment is made in total 84 monthly installments since 3 months after COD or October 2016 whichever comes first and repaid total withdrawn amount within 87 months after COD or 99 months after first repayment or October 2023 whichever comes first.	Loans contract no. 2 are secured :  1) by the Company's machines and equipment (Note 15) 2) by all of the Company's registered share capital (Note 13) 3) by transfer the rights on Power Purchase Agreement ("PPA") 4) by the power of attorney to receive payments from PPA 5) by transfer the leasehold right under buildings and property rental, land rental and waste management service by generating electricity agreements, and power plant supply and installation equipment 6) by transfer the rights on insurance contracts 7) by the Company's director and Shaiyo AA Company Limited and Global Woodchip Trading Company Limited, which are related parties. However, the agreement dated 11 April 2018, the guarantee by the Company's and the related parties' directors were cancelled. 8) by transfer the Company's bank account's original books (Note 8) 9) by the Company's permitted investments (if any) 10) by agreement to be provided financial supports by Advance Agro Power Plant Company Limited, Advance Asia Power Plant Company Limited, and Advance Clean Power Plant Company Limited which are subsidiaries of Asia Clean Energy Company Limited (Note 38.2) 11) by Collateral Deposit Agreement
<b>Total</b>	<b>952.6</b>	<b>1,150.1</b>					

## Indirect subsidiary - Advance Agro Asia Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1	388.7	2,754.6	Payment for power plant construction in Koh Khanun, Phanom Sarakhram, Chachoengsao	2,940.0	MLR minus 0.50% - 1.00% per annum  Then, there was the waiver letter No.AAA-FA012/2019 dated 1 July 2019 specifying a new interest rate. The conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.00% per annum 2) After 2 years: MLR minus 1.50% per annum	The contract dated 3 April 2015 with monthly interest payment starting from 6 months after COD date. The first repayment of principal is no later than 30 June 2017.  At the Board of Directors' Meeting of Advance Agro Asia Company Limited No.10/2562 on 12 December 2019, the Board of Directors had approved to prepay a loan to a financial institution which is in accordance with the loan agreement dated 3 April 2015. The prepayment was made using cash received from short-term loan from Asia Clean Energy Company Limited. However, under the condition that Advance Agro Asia Company Limited has to amend the loan agreement made with a financial institution so that ACE Group do not have a risk regarding the readiness of the sources of funds to be used in investing in new project according to the objectives of using the proceeds from the sale of newly issued shares offered to the public for the first time of the Company. On 26 December 2019, Advance Agro Asia Company Limited partly prepaid the long-term loan of Baht 2,240,000,000 and on 17 February 2020, Advance Agro Asia Company Co., Ltd. had entered into the loan amendment agreement dated 3 April 2015 with the full repayment of the remaining long-term loan.	Loans contract no. 1 and 2 are secured:  1) by the Company's land, buildings and machines (Note 15) 2) by the Company's director and Shaiyo AA Company Limited which is related party. However, the agreement dated 11 April 2018, the guarantees by the Company's director and the related party have been canceled. 3) by transfer the rights on EPC contract, O&M, Leasing contract, Gas and Power Purchase Agreement with Electricity Generating Authority of Thailand (EGAT) 4) by all of the Company's registered share capital (Note 13) 5) by the Company's bank account's original books (Note 8) 6) by transfer the rights claiming from external parties to the financial institution 7) by prepare insurance contracts

### Indirect subsidiary - Advance Agro Asia Company Limited (Cont'd)

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
2	-	69.2	Payment for power plant constructions of 8 subsidiaries of Asia Clean Energy Company Limited and for registration in the Stock Exchange of Thailand of Absolute Clean Energy Public Company Limited	400.0	MLR minus 1.00% per annum  Then, there was the waiver letter No.AAA-FA012/2019 dated 1 July 2019 specifying a new interest rate. The conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.00% per annum 2) After 2 years: MLR minus 1.50% per annum	The contract dated 28 March 2018 stated that repayment of interest shall be made together with the repayment of principal and interest of contract no.1 The repayment of principal shall be made on the day after the due date on the contract.	Advance Agro Asia Company Limited and 8 subsidiaries of Asia Clean Energy Company Limited, signed negative pledge undertaking letter.
<b>Total</b>	<b>388.7</b>	<b>2,823.8</b>					

## Indirect subsidiary - Advance Asia Power Plant Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1 a)	188.8	223.4	Refinance loan from existing loan	358.5	MLR minus 1.00% per annum  Then, there was the 5 <sup>th</sup> amendment to credit agreement specifying a new interest rate. The new conditions were: 1) 2 years from the signing date of the underwriter's appointment for the execution of IPO process: MLR minus 2.50% per annum 2) After 2 years: MLR minus 1.75% per annum	Agreement dated 25 February 2015, repayment for interest is on monthly basis since the month the loan first withdrawn. The principal is repaid in 120 monthly installments from March 2015 to February 2025.	Loans contracts no. 1 a) and 1 b) are secured:  1) by the Company's land, buildings and machines (Note 14 and 15) 2) by all of the Company's registered share capital (Note 13) 3) by transfer the rights on Power Purchase Agreement ("PPA") 4) by the power of attorney to receive payments from PPA 5) by transfer the rights on agreement related to power plant at Nam Phong, Khon Kaen 6) by transfer the rights in insurance contracts 7) by the Company's director and Shaiyo AA Company Limited, which is a related party. However, the agreement dated 11 April 2018, the guarantee by the Company's and the related party's directors were cancelled. 8) by the Company's bank account's original books (Note 8) 9) by the Company's permitted investments (if any). 10) by Collateral Deposit Agreement
1 b)	43.5	51.4	Repayment of interest, bank fee and other expenses from refinance and loan to Asia Clean Energy Company Limited for financial support in other projects	82.5			
<b>Total</b>	<b>232.3</b>	<b>274.8</b>					

### Indirect subsidiary - Advance Bio Asia Company Limited

Contract no.	Outstanding loans		Loans purpose	Facilities (Million Baht)	Interest rate	Repayment conditions	Guarantees and collaterals
	2019 (Million Baht)	2018 (Million Baht)					
1	-	248.5	Payment for power plant construction, machines, equipment and other expenses at Thoen, Lampang	550.0	Prime Rate minus 0.75% per annum	Agreement dated 3 May 2013, repayment for interest is on monthly basis since the month the loan first withdrawn. Principal is repaid in total 90 months from November 2014 to April 2022.  On 29 November 2019, Advance Bio Asia Company Limited had prepaid the long-term loan in full amount of Baht 199,280,000.	Loans contract no. 1 is secured:  1) by the Company's land, buildings and machines (Note 15). 2) by not less than 99% of all of the Company's share capital. (Note 13) 3) by transfer the Company's bank accounts (Note 8). 4) by the power of attorney to receive payments from Power Purchase Agreement ("PPA"). 5) by transfer the right to receive compensation under bank guarantees on behalf of Goodwill Innovation and Engineering Company Limited. 6) by the rights in insurance contracts. 7) by Absolute Clean Energy Public Company Limited
	-	248.5					
<b>Total</b>	<b>2,818.2</b>	<b>6,004.8</b>					

ACE Group is subject to the terms of loan agreements, which require each company to mortgage, and pledge land, buildings and machines as collaterals, and restricted deposits at the financial institutions to be reserved for the repayment of principal and interest on loans. These reserves were from revenue received from the sales of electricity (Note 8). In addition, ACE Group is required to transfer right in Power Purchase Agreement and insurance policy to the financial institutions. Besides, ACE Group can comply with debt covenant which require ACE Group to maintain financial ratios, proportion of shareholding of management and other conditions specified in each loan agreement.



The carrying amount and fair value of long-term loans as of 31 December 2019 and 2018 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Long-term loans - carrying amount	2,767,499,681	5,951,453,726	-	-
Long-term loans - fair value	2,686,782,611	5,771,860,672	-	-

The fair values of long-term loans are based on discounted cash flow using a discount rate based upon the borrowing rate, referred to commercial bank rate, which the management expects that it would be available to ACE Group at the statement of financial position date. The fair values are within level 2 of the fair value hierarchy.

ACE Group's interest rates risks from loans are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Loans at floating interest rates	<u>2,818,176,171</u>	<u>6,004,799,930</u>	-	-

The effective interest rates as of 31 December 2019 and 2018 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	%	%	%	%
Loans from financial institutions	3.87 to 4.42	4.94 to 5.54	-	-

## Unused credit facilities

ACE Group's unused credit facilities as of 31 December 2019 and 2018 comprise the following:

	Consolidated financial statement										(Unit: Baht)
	2019					2018					
	Letters of guarantee and short-term loans					Letters of guarantee and short-term loans					
	Bank overdrafts	Promissory notes	Letters of guarantee	Long-term loans	short-term loans	Bank overdrafts	Promissory notes	Letter of guarantees	Long-term loan	short-term loans	
Floating interest rates											
- Due within 1 year	-	-	-	-	158,451,722	-	-	-	-	338,444,620	
- Due later than 1 year	49,999,988	222,447,575	19,058,084	-	-	18,565,980	157,234,575	19,858,084	124,360,577	-	
	49,999,988	222,447,575	19,058,084	-	158,451,722	18,565,980	157,234,575	19,858,084	124,360,577	338,444,620	

## Separate financial statement

As of 31 December 2019 and 2018, the Company has no loan agreement with a financial institution. Therefore, there is no unused credit facilities.

## 26. Debentures (net)

As of 31 December 2018, the Company issued name - registered debenture, secured and callable type with debenture holders representative as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Debentures (net)	-	1,476,506,135	-	1,476,506,135
<u>Less</u> Current portion of debentures (net)	-	(49,216,871)	-	(49,216,871)
	-	1,427,289,264	-	1,427,289,264

The movements of debentures (net) for the years ended 31 December 2019 and 2018 comprises the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Opening balance for the year (net)	1,476,506,135	-	1,476,506,135	-
Cash flows:				
Cash received from issuing debenture	-	1,500,000,000	-	1,500,000,000
Early redemption of debentures	(1,500,000,000)	-	(1,500,000,000)	-
Deferred debenture underwriting fee	-	(23,930,000)	-	(23,930,000)
Changes in non-cash transactions:				
Amortisation of underwriting fee	23,493,865	436,135	23,493,865	436,135
Closing balance for the year (net)	-	1,476,506,135	-	1,476,506,135
<u>Less</u> Current portion (net)	-	(49,216,871)	-	(49,216,871)
	-	1,427,289,264	-	1,427,289,264

On 21 December 2018, at the Executive Committee Meeting No. 8/2561 (after conversion), the board approved the Company to redeem 50,000 units of debenture at Baht 1,000 per unit, plus the accrued interest income at the interest rate of 6.8% per annum totalling not more than Baht 50,400,000. The interest will be calculated from the first offering date until the repurchase date. The Company repurchased these units in January 2019.

On 6 November 2019, the Company sent a letter requesting to exercise its right to redeem all debentures before the maturity date at the total amount of 1,450,000 units at Baht 1,000 each, totalling Baht 1,450,000,000. The Company redeemed the debentures on 20 December 2019.

During the year ended 31 December 2019, the Company has early redeemed debentures in total amount of 1,500,000 units at Baht 1,000 each, totalling Baht 1,500,000,000. As of 31 December 2019, the Company was in a process of releasing the collateral of these debentures. (Note 38.2)

## 27. Employee benefit obligations

The amounts recognized in the statements of financial position are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Present value of unfunded obligations	<u>3,678,205</u>	<u>3,869,889</u>	<u>1,016,915</u>	<u>537,505</u>

Movements of employee benefit obligations for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Opening balance for the year	3,869,889	6,063,941	537,505	52,325
Current service cost	833,259	1,821,691	39,693	35,675
Past service cost in accordance with the amended Labour Protection Law	231,120	-	175,085	-
Interest cost	<u>104,828</u>	<u>232,828</u>	<u>19,183</u>	<u>2,710</u>
	<u>5,039,096</u>	<u>8,118,460</u>	<u>771,466</u>	<u>90,710</u>
Increase from business combination under common control (Note 13)	-	2,032,151	-	-
Remeasurement of employee benefit obligations				
(Gain)/loss from change in demographic assumption	(5,761)	(3,414,263)	181	(294,708)
(Gain)/loss from change in financial assumption	118,401	335,950	52,400	(97,163)
(Gain)/loss from change in experience	<u>(1,473,531)</u>	<u>(3,202,409)</u>	<u>192,868</u>	<u>838,666</u>
	<u>(1,360,891)</u>	<u>(4,248,571)</u>	<u>245,449</u>	<u>446,795</u>
Closing balance for the year	<u>3,678,205</u>	<u>3,869,889</u>	<u>1,016,915</u>	<u>537,505</u>

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The effects of the amendment were recognised as past service cost during the year.

Principal actuarial assumptions used for employee benefit obligations are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Discount rate (%)	1.18 - 2.15	1.78 - 3.53	1.43	2.55
Expected future salary increase (%)	2.16 - 5.76	2.34 - 5.83	5.76	5.83
Staff turnover rate (%)	0.00 -100.00	0.00 - 100.00	0.00 - 100.00	0.00 - 100.00

Sensitivity analysis for principal actuarial assumptions as of 31 December 2019 and 2018 are as follows:

	<b>Consolidated financial statements</b>		
	<b>2019</b>		
	<b>Effect on employee benefit obligations due to</b>		
	<b>Increase from</b>	<b>Decrease from</b>	
	<b>change in</b>	<b>change in</b>	
	<b>assumption</b>	<b>assumption</b>	
	<b>Baht</b>	<b>Baht</b>	
Discount rate	0.50%	(66,877)	70,384
Salary increase rate	0.50%	65,118	(62,631)
Staff turnover rate	0.50%	(78,164)	82,711

	<b>Consolidated financial statements</b>		
	<b>2018</b>		
	<b>Effect on employee benefit obligations due to</b>		
	<b>Increase from</b>	<b>Decrease from</b>	
	<b>change in</b>	<b>change in</b>	
	<b>assumption</b>	<b>assumption</b>	
	<b>Baht</b>	<b>Baht</b>	
Discount rate	0.50%	(59,037)	61,685
Salary increase rate	0.50%	57,821	(55,976)
Staff turnover rate	0.50%	(63,469)	67,175

The above sensitivity analysis is based on a change in one of assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The calculation method for sensitivity analysis of the defined benefit obligation which affect the principal actuarial assumptions is the same method as the calculation of retirement benefit obligation recognised in the statement of financial position at the end of accounting period.

The methods and types of assumptions used in preparing the sensitivity analysis do not change from the previous year.

ACE Group has various risks related to employee retirement benefits. The significant risk is the change in the real rate of return of bond. The decrease in real rate of return from government bond resulted of increase in employee benefit obligations.

The weighted average duration of the defined benefit obligation of ACE Group is 2 - 26 years (2018: 2 - 25 years).

The analysis of undiscounted retirement benefits' maturity as of 31 December 2019 and 2018 comprises the following:

	(Unit: Baht)	
	Post-employment benefit	
	Consolidated financial statements	
	2019	2018
Due within 1 year	2,344,416	2,999,184
Due later than 1 year but not later than 5 years	2,215,591	1,610,883
Due later than 5 years	1,066,642	2,069,023
	<u>5,626,649</u>	<u>6,679,090</u>

## 28. Share capital

	(Unit: Baht)				
	Consolidated and Separate financial statements				
	Issued and				
	Registered share capital		fully paid-up capital		Share premium
	Shares	Baht	Shares	Baht	Baht
As of 1 January 2018	9,157,999,960	4,578,999,980	9,157,999,960	4,578,999,980	-
Increase in ordinary shares	<u>1,818,000,000</u>	<u>909,000,000</u>	-	-	-
As of 31 December 2018	<u>10,975,999,960</u>	<u>5,487,999,980</u>	<u>9,157,999,960</u>	<u>4,578,999,980</u>	-
Call for paid-up share capital	-	-	<u>1,018,000,000</u>	<u>509,000,000</u>	<u>3,896,006,978</u>
As of 31 December 2019	<u>10,975,999,960</u>	<u>5,487,999,980</u>	<u>10,175,999,960</u>	<u>5,087,999,980</u>	<u>3,896,006,978</u>



At the Extraordinary General Shareholders' Meeting No.1/2561 on 14 July 2018, the shareholders unanimously:

- Approved a change of par value from Baht 10.00 per share to Baht 0.50 per share by converting each existing ordinary share into 20 new ordinary shares. This increased the number of ordinary shares from 457,899,998 shares to 9,157,999,960 shares. The Company registered the change of par value with the Ministry of Commerce on 16 July 2018.
- Approved increasing of the authorised share capital by Baht 909,000,000 from Baht 4,578,999,980 to Baht 5,487,999,980 by issuing an additional 1,818,000,000 ordinary shares with a par value of Baht 0.50. The Company registered the increase in authorised share capital with the Ministry of Commerce on 16 July 2018.

On 13 November 2019, the Company issued the share capital increased following the resolution of Extraordinary General Shareholders' Meeting No. 1/2561 by issuance of 1,018,000,000 shares, par value of Baht 0.50 each. The Company set the IPO price for offering to the public at the rate of Baht 4.40 per share. The Company received the share subscription of Baht 4,479,200,000 and recorded the share premium of Baht 3,970,200,000 and offset with expenses related to issuance of share of Baht 74,193,022 in the equity which impacted to the increase in share premium in statement of financial position of Baht 3,896,006,978. The Company registered the share capital increase with the Ministry of Commerce on 8 November 2019.

As of 31 December 2019, share premium presented in statement of financial position at Baht 3,896,006,978.

As of 31 December 2019, the total authorised number of ordinary shares is 10,175,999,960 shares with a par value at Baht 0.50 per share (2018: total authorised number of ordinary shares is 9,157,999,960 shares with a par value at Baht 0.50 per share) was issued and fully paid.

## **29. Legal Reserve**

According to Public Limited Company Act, the Company must appropriate part of its annual net profits to reserve fund in an amount of not less than five percent of the annual net profits with the deduction therefrom the amount representing the accumulated loss carried forwards (if any) until this reserve fund reaches the amount of not less than ten percent of the registered capital, unless a greater amount of the reserve fund is required by the articles of association of the Company or other laws. The legal reserve is non-distributable.

As of 31 December 2019, unappropriated retained earnings for the consolidated financial statement includes legal reserve of 5 indirect subsidiaries amounting to Baht 219,572,759 (31 December 2018: legal reserve of 4 indirect subsidiaries amounting to Baht 117,711,759).

### 30. Sales of goods and services

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Sales of electricity				
- Provincial Electricity Authority	2,526,502,154	2,527,243,625	-	-
- a third party	4,802,843	407,330	-	-
- related parties (Note 36 d))	23,521,649	13,756,533	-	-
Sales of electricity - FiT Premium	170,328,709	178,376,879	-	-
Revenue from service under				
a Power Purchase Agreement (Note 10)	1,628,017,072	1,523,771,753	-	-
Adder	129,177,290	125,561,159	-	-
Revenue from waste management				
- third parties	37,361,345	37,536,845	-	-
Sales of steam				
- related parties (Note 36 d))	20,541,053	9,531,364	-	-
Management service income				
- related parties (Note 36 d))	-	-	72,483,000	68,326,000
	<u>4,540,252,115</u>	<u>4,416,185,488</u>	<u>72,483,000</u>	<u>68,326,000</u>

Sales of FiT Premium electricity is support revenue from the Provincial Electricity Authority (PEA) for biomass power plants entering into Power Purchase Agreements with the PEA as Very Small Power Producers (VSPP). As announced by the Energy Regulatory Commission, 'The pricing of Electricity Purchasing in Feed - in Tariff system B.E. 2559', FiT Premium is Baht 0.30 per unit and is effective for eight years from the commercial operation date (COD).

Adder is additional revenue from solid waste power plant according to a Power Purchase Agreement with Provincial Electricity Authority (PEA) as a Very Small Power Producers (VSPP). The producer will receive the adder of Baht 3.50 per unit for seven years from the commercial operation date (COD).

## Cost of sales and services

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost of sales	(1,833,660,134)	(2,028,511,928)	-	-
Cost of services	(1,491,040,418)	(1,387,235,567)	(55,615,848)	(51,823,664)
	<u>(3,324,700,552)</u>	<u>(3,415,747,495)</u>	<u>(55,615,848)</u>	<u>(51,823,664)</u>

## 31. Other income

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interest income				-
- financial institutions	6,354,152	3,207,762	2,930,197	39,075
- related parties (Note 36 d))	-	21,662	27,531	6,822
Rental income				
- third parties	-	13,158	-	-
- a related party (Note 36 d))	306,660	164,832	-	-
Income from sales of scraps	153,949	2,884,268	-	-
Net insurance claim from damage of building, machinery and equipment	23,949,976	2,880,267	-	-
Gain on sales of short-term investments	1,128,221	-	-	-
Gain on sale of land				
- a related party (Note 36 d))	-	5,396,000	-	-
Others	<u>1,006,218</u>	<u>1,160,193</u>	<u>-</u>	<u>-</u>
	<u>32,899,176</u>	<u>15,728,142</u>	<u>2,957,728</u>	<u>45,897</u>

During the year ended 31 December 2019, four indirect subsidiaries received claims from insurance companies totalling Baht 23.95 million. The claims were in two parts. One part was compensation for damaged machines and equipment amounting to Baht 6.16 million. The other part was compensation for business interruption amounting to Baht 17.79 million.

## 32. Expenses by nature

The significant expenses for the years ended 31 December 2019 and 2018 are classified by nature as follows:

			(Unit: Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fuel raw materials and consumable materials usage	(2,211,493,779)	(2,282,994,873)	-	-
Depreciation and amortisation charges	(527,126,795)	(531,539,832)	(618,763)	(294,153)
Staff cost and other benefits	(351,189,446)	(340,551,191)	(55,341,467)	(51,895,740)
Charges of engineering and other services	(220,335,222)	(206,644,241)	(9,069,738)	(10,085,206)
Rental, electricity and utilities expenses	(47,701,559)	(44,906,984)	(10,066,569)	(4,503,749)
Administrative expenses	(60,855,207)	(60,751,910)	-	-
Repair and maintenance of power plant	(149,997,582)	(195,053,594)	-	-
Loss on write-off of fixed assets	(13,585,774)	(7,341,210)	-	-
Reversal (loss) of impairment of fixed assets	16,177,850	(28,864,785)	-	-

## 33. Finance costs

			(Unit: Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interest expenses from debentures	(95,665,755)	-	(95,665,755)	-
Interest expenses from borrowings				
- financial institutions	(281,603,650)	(464,269,269)	-	(3,073,972)
- related parties (Note 36 d))	-	-	(1,657,164)	(273,374)
Interest expenses from liabilities under finance lease agreements	(25,461)	(59,490)	-	-
Amortisation of prepaid transaction cost from debentures	(23,493,865)	-	(23,493,865)	-
Amortisation of prepaid transaction cost from borrowings	(11,781,959)	(18,197,338)	-	(436,135)
	<u>(412,570,690)</u>	<u>(482,526,097)</u>	<u>(120,816,784)</u>	<u>(3,783,481)</u>

### 34. Income tax expenses

Reconciliations of income tax for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax on profits for the year	(3,982,658)	(1,903,054)	-	-
Write-off withholding tax	(4,564,268)	(3,821,952)	(2,349,495)	(2,338,765)
Deferred income tax (Note18)	11,459,935	(9,804,798)	4,745,565	(4,691,096)
	<u>2,913,009</u>	<u>(15,529,804)</u>	<u>2,396,070</u>	<u>(7,029,861)</u>

Income tax for profit before tax of ACE Group and the Company has difference from the calculation of the accounting profit multiplied by tax rate of a country that the parent company is settled. The details are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit (loss) before tax	<u>812,392,678</u>	<u>562,095,385</u>	<u>(126,672,838)</u>	<u>(6,756,768)</u>
Tax calculated at tax rate of 20% (2018: 20%)	(162,478,536)	(112,419,077)	25,334,568	1,351,354
Tax effect of:				
Expense not deductible for tax purpose	(6,290,828)	(7,763,909)	(2,989)	(18,720)
Expense deductible for tax purpose	-	-	14,800,509	-
Expense additionally deductible for tax purpose	25,101,953	11,509,970	-	-
Profit not subject to tax due to privileges from BOI	192,538,565	137,385,668	-	-
Utilisation of previously unrecognised deferred tax assets on tax losses	3,456,818	2,569,116	-	-
Temporary difference for which no deferred income tax was recognised	2,460,811	(2,850,885)	-	5,962
Tax losses for which no deferred income tax asset was recognised	(47,311,506)	(40,138,735)	(35,386,523)	(6,029,692)
Written-off prepaid withholding tax	<u>(4,564,268)</u>	<u>(3,821,952)</u>	<u>(2,349,495)</u>	<u>(2,338,765)</u>
	<u>2,913,009</u>	<u>(15,529,804)</u>	<u>2,396,070</u>	<u>(7,029,861)</u>

The weighted average applicable tax rate which are used for ACE Group and the Company are 0.4% and 0.0% respectively (2018 : 2.8% and 0.0% respectively).

### 35. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to common stock shareholders by the weighted average number of ordinary shares.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit (loss) attributed to the shareholders of the parent company (Baht)	815,305,687	546,565,581	(124,276,768)	(13,786,629)
Weighted average number of ordinary shares (Shares)	9,308,608,179	9,157,999,960	9,308,608,179	9,157,999,960
Basic earnings (loss) per share (Baht per share)	0.09	0.06	(0.01)	(0.00)

There are no potential dilutive ordinary shares issued during the report date. Thus, The dilutive earnings (loss) per share figure is not presented.

### 36. Related-party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As of 31 December 2019, most of Company's shares were held by members of Songmetta family in proportion of 78.52% (2018: 86.87%). This makes ACE Group under Songmetta family's control.



As of 31 December 2019 and 2018, the Company's shares were held by individuals and companies as follows:

	<b>Nationality</b>	<b>No. of shares</b>		<b>Percentage of shares</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Members of Songmetta family		7,990,053,520	7,955,527,020	78.52	86.87
Siam Commercial Bank Public Company Limited	Thai	379,103,940	379,103,940	3.73	4.14
Individuals and others	Thai	1,806,842,500	823,365,000	17.75	8.99
	-	<u>10,175,999,960</u>	<u>9,157,999,960</u>	<u>100.00</u>	<u>100.00</u>

Relationships between the Company and related parties are as follows:

<b>List of related parties</b>	<b>Country/ Nationality</b>	<b>Relationship</b>
Mr. Wirachai Songmetta	Thai	Shareholder
Mr. Natt Songmetta	Thai	Shareholder
Mr. Tanavijit Ankapipatchai	Thai	Shareholder and director
Mr. Teerawut Songmetta	Thai	Shareholder and director
Mr. Pornmett Songmetta	Thai	Shareholder and director
Ms. Jiratha Songmetta	Thai	Director
Mr. Pranai Suwanrath	Thai	Director
Ms. Chonticha Chitraporn	Thai	Director
Mrs. Patchanee Sutheevitanunt	Thai	Director
Mr. Nuekrak Baingern	Thai	Director
Mr. Charoon Intachan	Thai	Director
Mr. Tanachai Bunditvorapoom	Thai	Director
Mrs. Jintana Songmetta	Thai	Close relative of director
Mr. Suthep Songmetta	Thai	Close relative of director
Asia Clean Energy Company Limited	Thai	Subsidiary of Absolute Clean Energy Public Company Limited
Advance Clean Power Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Advance Agro Power Plant Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Advance Farm Tree Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Alliance Clean Power Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Advance Agro Asia Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Advance Asia Power Plant Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
ACE Solar Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited

List of related parties	Country/ Nationality	Relationship
Advance Bio Asia Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Bio Power Plant Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Power Supply and Maintenance Service Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Prasartporn Rungrueng Company Limited	Thai	Subsidiary of Asia Clean Energy Company Limited
Rice For Health Company Limited	Thai	Common shareholder
Smart Community Company Limited	Thai	Common shareholder
Advance Carbon Security Venture Company Limited	Thai	Shareholder and common director
SM Capital Company Limited	Thai	Shareholder and common director (Liquidation completed in the second quarter of 2019)
Shaiyo Triple A Company Limited	Thai	Shareholder and common director
Advance Power Plant Company Limited	Thai	Shareholder and common director
Laemkhao Woodchip Company Limited	Thai	Shareholders are close relatives of directors
Triple A Board Company Limited	Thai	Subsidiary of related parties and common director
SM Farm Tree Company Limited	Thai	Subsidiary of related parties and common director
Shaiyo Supply Chain Company Limited	Thai	Subsidiary of related parties and common director
Sribenjalak Company Limited	Thai	Subsidiary of related parties and common director
Advance Asia Fiber Company Limited	Thai	Subsidiary of related parties
Shaiyo Motor Service Company Limited	Thai	Subsidiary of related parties
Global Woodchips Company Limited	Thai	Subsidiary of related parties
Advance Asian Company Limited	Thai	Subsidiary of related parties
Shaiyo AA Company Limited	Thai	Subsidiary of related parties
Advance Asia Industrial Park Company Limited	Thai	Subsidiary of related parties
Sribanpai Company Limited	Thai	Subsidiary of related parties
Advance Asia Engineering Company Limited	Thai	Subsidiary of related parties
Advance Energy Development Company Limited	Thai	Subsidiary of related parties
AED Fabrication Company Limited	Thai	Subsidiary of related parties
Goodwill Innovation and Engineering Company Limited	Thai	Subsidiary of related parties
Suanmai Shaiyo Company Limited	Thai	Subsidiary of related parties
CSR and GRM Management Company Limited	Thai	Subsidiary of related parties
Advance Professional Training Company Limited	Thai	Subsidiary of related parties
Advance Alliance Logistics Company Limited	Thai	Subsidiary of related parties

List of related parties	Country/ Nationality	Relationship
Asia Boiler Company Limited (Formerly named as Clean Bio Fuel Company Limited)	Thai	Subsidiary of related parties
Energy World Group Company Limited	Thai	Subsidiary of related parties
Namphong Smile Company Limited	Thai	Subsidiary of related parties
Global Woodchip Trading Company Limited	Thai	Subsidiary of related parties
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	Thai	Subsidiary of related parties
Eco Green Tree Company Limited	Thai	Subsidiary of related parties
Siam Agro Industry Product Trading Company Limited	Thai	The Company under common control of Company's shareholder
24 Mansion Company Limited	Thai	The Company under common control of Company's shareholder
Triple A Paper Company Limited	Thai	The Company under common control of Company's shareholder
Si Nin Rice Company Limited	Thai	The Company under common control of Company's shareholder
Shaiyo Smile Company Limited	Thai	The Company under common control of Company's shareholder
Ascender Limited	British Virgin Island	The Company under common control of Company's shareholder
Ms. Vanicha Noimanop	Thai	Shareholder of related parties
Ms. Ninnart Wattanapornpittaya	Thai	Shareholder of related parties
Mr. Chavalit Sakuldamrongpanich	Thai	Director of related parties
Mr. Chaiyant Thongsinkasem	Thai	Director of related parties
Ms. Preyaporn Suvanphob	Thai	Director of related parties
Ms. Supamas Tonta	Thai	Director of related parties
Mrs. Chanya Sangkaha	Thai	Director of Asia Clean Energy Company Limited's subsidiary
Mr. Chanachon Tubvichin	Thai	Director of Asia Clean Energy Company Limited's subsidiary (Resigned in the second quarter of 2019)
Mr. Pasin Chokpalasin	Thai	Person under common control of Company's shareholder

Related-party transactions are as follows:

a) Outstanding balances as of 31 December 2019 and 2018 arising from purchases/sales of goods and services and others are as follows:

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Trade accounts receivable - billed</b>				
<u>Related parties (Note 9)</u>				
Triple A Board Company Limited	7,154,673	-	-	-
Advance Asia Fiber Company Limited	233,546	-	-	-
Global Woodchips Company Limited	141,836	584,222	-	-
Advance Asian Company Limited	35,575	36,255	-	-
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	32,981	-	-	-
<u>Indirect subsidiaries</u>				
Power Supply and Maintenance Service Company Limited	-	-	321,000	-
Advance Farm Tree Company Limited	-	-	42,800	-
Advance Agro Asia Company Limited	-	-	-	2,461,000
Alliance Clean Power Company Limited	-	-	-	1,284,000
Advance Clean Power Company Limited	-	-	-	1,070,000
Advance Agro Power Plant Company Limited	-	-	-	856,000
Advance Asia Power Plant Company Limited	-	-	-	535,000
Advance Bio Asia Company Limited	-	-	-	214,000
	<u>7,598,611</u>	<u>620,477</u>	<u>363,800</u>	<u>6,420,000</u>
<b>Trade accounts receivable - unbilled</b>				
<u>Related parties (Note 9)</u>				
Triple A Board Company Limited	2,766,464	2,252,497	-	-
Global Woodchips Company Limited	1,022,516	585,579	-	-
Advance Asia Fiber Company Limited	285,608	66,548	-	-
Advance Asian Company Limited	27,599	30,883	-	-
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	26,580	17,947	-	-
<u>A direct subsidiary</u>				
Asia Clean Energy Company Limited	-	-	-	30,000
<u>Indirect subsidiaries</u>				
Power Supply and Maintenance Service Company Limited	-	-	-	60,000
ACE Solar Company Limited	-	-	-	60,000
Bio Power Plant Company Limited	-	-	-	36,000
Advance Farm Tree Company Limited	-	-	-	30,000
Prasartporn Rungrueng Company Limited	-	-	-	10,000
	<u>4,128,767</u>	<u>2,953,454</u>	<u>-</u>	<u>226,000</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Accrued interest income</b>				
<u>An indirect subsidiary</u> (Note 9)				
ACE Solar Company Limited	-	-	-	6,822
	-	-	-	6,822
<b>Accrued land rental income</b>				
<u>A related party</u> (Note 9)				
Advance Asian Company Limited	54,925	76,459	-	-
	54,925	76,459	-	-
<b>Advance payment</b>				
<u>A related person</u> (Note 9)				
Mr. Pornmett Songmetta	-	200,000	-	-
	-	200,000	-	-
<b>Advance payment for repair and maintenance of machinery</b>				
<u>A related party</u> (Note 9)				
AED Fabrication Company Limited	1,548,391	-	-	-
	1,548,391	-	-	-
<b>Advance payment for land rental</b>				
A related person and a related party	11,543,409	-	-	-
<u>Less</u> Due within 1 year (Note 9)	(515,552)	-	-	-
Due later than 1 year (Note 19)	11,027,857	-	-	-

Advance payment for land rental is land rental paid to Mr. Teerawut Songmetta, a related person and Shaiyo Smile Company Limited, a related party, amounting to Baht 2,840,699 and Baht 8,187,158 respectively (Note 40.7).

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Advance payment for construction and purchase of fixed assets</b>				
<u>Related parties</u>				
Advance Energy Development Company Limited	67,804,126	22,447	-	-
Ascender Limited	49,457,338	-	-	-
Goodwill Innovation and Engineering Company Limited	22,844,193	-	-	-
AED Fabrication Company Limited	2,322,061	1,491,083	-	-
	<u>142,427,718</u>	<u>1,513,530</u>	<u>-</u>	<u>-</u>
<b>Deposit</b>				
<u>A related party (Note 19)</u>				
Advance Energy Development Company Limited	257,005	-	257,005	-
	<u>257,005</u>	<u>-</u>	<u>257,005</u>	<u>-</u>
<b>Trade accounts payable</b>				
<u>Related parties (Note 21)</u>				
Global Woodchips Company Limited	12,950,114	11,996,474	-	-
Siam Agro Industry Product Trading Company Limited	3,376,474	2,691,696	-	-
Triple A Board Company Limited	753,113	316,342	-	-
Namphong Smile Company Limited	266,045	274,904	-	-
Shaiyo Supply Chain Company Limited	6,000	-	-	-
Advance Asia Fiber Company Limited	-	64,407	-	-
Global Woodchip Trading Company Limited	-	25,000	-	-
24 Mansion Company Limited	-	1,445	-	-
	<u>17,351,746</u>	<u>15,370,268</u>	<u>-</u>	<u>-</u>
<b>Share subscription payable</b>				
<u>A related person (Note 13 and 21)</u>				
Mr. Suthep Songmetta	-	15,000,000	-	-
	<u>-</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>



(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other accounts payable</b>				
<u>Related parties</u> (Note 21)				
Goodwill Innovation and Engineering Company Limited	2,215,305	3,224,718	-	-
Shaiyo Supply Chain Company Limited	292,500	-	-	-
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	215,180	-	-	-
AED Fabrication Company Limited	198,750	564,939	-	-
Global Woodchip Trading Company Limited	193,500	22,000	-	-
Global Woodchips Company Limited	179,204	296,962	-	-
Advance Asian Company Limited	3,600	660	-	-
Rice for Health Company Limited	-	7,140	-	-
	<u>3,298,039</u>	<u>4,116,419</u>	<u>-</u>	<u>-</u>

**Accounts payable from purchases of fixed assets**A related party (Note 21)

AED Fabrication Company Limited	2,227,610	-	-	-
	<u>2,227,610</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 19 October 2018, Asia Clean Energy Company Limited purchased shares of Prasartporn Rungrueng Company Limited amounting to Baht 46,781,980 (Note 13). The Company has already paid Baht 31,781,980 on 27 December 2018 and another Baht 15,000,000 on 20 March 2019.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Accrued bonus</b>				
<u>Related persons</u>				
Directors and managements	4,086,500	5,500,000	3,630,000	5,500,000
	<u>4,086,500</u>	<u>5,500,000</u>	<u>3,630,000</u>	<u>5,500,000</u>
<b>Accrued compensation for collateral shares</b>				
<u>A related person</u> (Note 21 and 38.2)				
Mr. Pornmett Songmetta	825,738	-	-	-
	<u>825,738</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Accrued land rental expense</b>				
<u>A related person (Note 21)</u>				
Mr. Teerawut Songmetta	-	213,652	-	-
	-	213,652	-	-
<b>Accrued interest expense</b>				
<u>An indirect subsidiary (Note 21)</u>				
Advance Agro Asia Company Limited	-	-	-	273,374
	-	-	-	273,374
<b>Advance received for land rental</b>				
<u>A related party (Note 21)</u>				
Advance Asian Company Limited	57,233	57,154	-	-
	57,233	57,154	-	-
<b>Retention</b>				
<u>Related parties (Note 21)</u>				
Goodwill Innovation and Engineering Company Limited	3,333,156	-	-	-
Advance Energy Development Company Limited	227,039	221,427	-	-
	3,560,195	221,427	-	-

b) Short-term loan to an indirect subsidiary as of 31 December 2019 and 2018 is as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Short-term loan to</b>				
<u>An indirect subsidiary</u>				
ACE Solar Company Limited	-	-	-	700,000
	-	-	-	700,000

Short-term loan to an indirect subsidiary as of 31 December 2018 is the unsecured promissory note denominated in Thai Baht and due for repayment at call. The loan bears an interest rate of 1.25% per annum. During the year ended 31 December 2019, an indirect subsidiary repaid the loan in full amount.

The movements of short-term loan to an indirect subsidiary for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Opening balance for the year	-	-	700,000	-
Addition during the year	-	-	-	700,000
Increase from purchase and transfer of shares from a related person (Note 13)	-	6,126,330	-	-
Repayment during the year	-	(6,126,330)	(700,000)	-
Closing balance for the year	-	-	-	700,000

c) Short-term loan from an indirect subsidiary as of 31 December 2019 and 2018 is as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Short-term loan from</b>				
<u>An indirect subsidiary</u>				
Advance Agro Asia Company Limited	-	-	-	14,000,000
	-	-	-	14,000,000

Short-term loan from an indirect subsidiary as of 31 December 2018 is the unsecured promissory note denominated in Thai Baht and due for repayment at call. The loan bears an interest rate of MLR minus 0.5% per annum. During the year ended 31 December 2019, the Company repaid the loan in full amount.

The movements of short-term loan from an indirect subsidiary for the year ended 31 December 2019 and 2018 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Opening balance for the year	-	-	14,000,000	-
Addition during the year	-	-	133,100,000	14,000,000
Repayment during the year	-	-	(147,100,000)	-
Closing balance for the year	-	-	-	14,000,000

d) The significant income and expenses with related parties for the years ended 31 December 2019 and 2018 are as follows :

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Sales of electricity</b>				
<u>Related parties</u> (Note 30)				
Global Woodchips Company Limited	10,789,788	7,358,829	-	-
Triple A Board Company Limited	8,936,026	4,992,188	-	-
Advance Asia Fiber Company Limited	2,965,404	853,573	-	-
Advance Asian Company Limited	439,961	264,571	-	-
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	390,470	287,372	-	-
	<u>23,521,649</u>	<u>13,756,533</u>	<u>-</u>	<u>-</u>
<b>Sales of steam</b>				
<u>Related parties</u> (Note 30)				
Triple A Board Company Limited	20,511,627	9,124,464	-	-
Advance Asia Fiber Company Limited	29,426	406,900	-	-
	<u>20,541,053</u>	<u>9,531,364</u>	<u>-</u>	<u>-</u>
<b>Management service income</b>				
<u>A direct subsidiary</u> (Note 30)				
Asia Clean Energy Company Limited	-	-	5,415,000	30,000
<u>Indirect subsidiaries</u> (Note 30)				
Advance Agro Asia Company Limited	-	-	20,760,000	26,100,000
Alliance Clean Power Company Limited	-	-	12,600,000	13,500,000
Advance Clean Power Company limited	-	-	12,000,000	11,100,000
Advance Agro Power Plant Company Limited	-	-	8,700,000	9,000,000
Advance Asia Power Plant Company Limited	-	-	6,450,000	5,700,000
Advance Bio Asia Company Limited	-	-	3,300,000	2,700,000
Power Supply and Maintenance service Company Limited	-	-	930,000	60,000
ACE Solar Company Limited	-	-	750,000	60,000
Bio Power Plant Company Limited	-	-	738,000	36,000
Prasatporn Rungrueng Company Limited	-	-	465,000	10,000
Advance Farm Tree Company Limited	-	-	375,000	30,000
	<u>-</u>	<u>-</u>	<u>72,483,000</u>	<u>68,326,000</u>

In 2018, the Company entered into management service agreements with 12 subsidiaries. The Company provided services for corporate governance, accounting, human resources, legal affairs, licensing, information technology and consulting on business operations and other matters. Rates were based on agreed prices. The agreements ended on 31 March 2019. On 31 March 2019, the Company entered into new management service agreements with these 12 subsidiaries, with the rates based on agreed prices. The agreements are effective for one year, from 1 April 2019 to 31 March 2020. If the parties do not notify an intention to terminate the agreements before 31 March 2020, they will automatically be valid for one more year.

		(Unit: Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2019	2018
		2019	2018
<b>Interest income</b>			
<u>A direct subsidaray</u> (Note 31)			
Asia Clean Energy Company Limited	-	-	25,685
<u>An indirect subsidaray</u> (Note 31)			
ACE Solar Company Limited	-	-	1,846
<u>A related person</u> (Note 31)			
Ms. Vanicha Noimanop	-	21,662	-
	-	21,662	6,822
<b>Rental income</b>			
<u>A related party</u> (Note 31)			
Advance Asian Company Limited	306,660	164,832	-
	306,660	164,832	-
<b>Gain on sale of land</b>			
<u>A related party</u> (Note 31)			
Triple A Board Company Limited	-	5,396,000	-
	-	5,396,000	-
<b>Cost of construction under</b>			
<b>Coession arrangement</b>			
<u>Related parties</u>			
Advance Energy Development			
Company Limited	67,804,126	-	-
Goodwill Innovation and Engineering			
Company Limited	33,331,564	-	-
	101,135,690	-	-
<b>Interest expense from borrowings</b>			
<u>A direct subsidaray</u> (Note 33)			
Asia Clean Energy Company Limited	-	-	989,623
<u>An indirect subsidaray</u> (Note 33)			
Advance Agro Asia Company Limited	-	-	667,541
	-	-	273,374
	-	-	1,657,164
	-	-	273,374

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Purchases of fuel and consumable materials</b>				
<u>Related parties</u>				
Global Woodchips Company Limited	234,261,296	221,907,086	-	-
Siam Agro Industry Product Trading Company Limited	55,564,191	42,409,352	-	-
Triple A Board Company Limited	5,261,762	3,335,751	-	-
Namphong Smile Company Limited	2,823,810	3,028,500	-	-
Advance Asia Fiber Company Limited	469,856	474,977	-	-
	<u>298,380,915</u>	<u>271,155,666</u>	<u>-</u>	<u>-</u>
<b>Purchases of goods and other services</b>				
<u>Related parties</u>				
Goodwill Innovation and Engineering Company Limited	4,704,000	1,152,000	-	-
Advance Energy Development Company Limited	4,456,000	3,104,435	-	-
Advance Asian Company Limited	3,031,950	3,344,600	-	-
Global Woodchips Company Limited	2,944,207	2,849,677	-	-
Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited)	2,178,405	711,112	-	-
Global Woodchip Trading Company Limited	743,000	1,940,113	-	11,000
Shaiyo Supply Chain Company Limited	742,100	-	-	-
Rice for Health Company Limited	474,615	612,990	-	-
Si Nin Rice Company Limited	387,932	158,095	-	-
Advance Asia Fiber Company Limited	10,080	49,440	-	-
Suanmai Shaiyo Company Limited	-	441,750	-	-
Advance Professional Training Company Limited	-	176,000	-	7,000
24 Mansion Company Limited	-	158,829	-	-
	<u>19,672,289</u>	<u>14,699,041</u>	<u>-</u>	<u>18,000</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Repair and maintenance services</b>				
<u>Related parties</u>				
AED Fabrication Company Limited	382,769	4,844,706	-	-
Goodwill Innovation and Engineering Company Limited	248,600	3,919,541	-	-
Advance Energy Development Company Limited	-	16,529,647	-	-
	<u>631,369</u>	<u>25,293,894</u>	<u>-</u>	<u>-</u>
<b>Building rental and service</b>				
<u>A related party</u>				
Advance Energy Development Company Limited	6,169,690	5,258,247	5,888,440	2,183,650
	<u>6,169,690</u>	<u>5,258,247</u>	<u>5,888,440</u>	<u>2,183,650</u>
<b>Fuel management service</b>				
<u>A related party</u>				
Goodwill Innovation and Engineering Company Limited	60,806,687	14,239,706	-	-
	<u>60,806,687</u>	<u>14,239,706</u>	<u>-</u>	<u>-</u>
<b>Heavy machinery rental</b>				
<u>A related party</u>				
Goodwill Innovation and Engineering Company Limited	-	5,869,585	-	-
	<u>-</u>	<u>5,869,585</u>	<u>-</u>	<u>-</u>
<b>Rental expenses</b>				
<u>A related party</u>				
Shaiyo Smile Company Limited	248,966	-	-	-
<u>A related person</u>				
Mr. Teerawut Songmetta	59,980	213,652	-	-
	<u>308,946</u>	<u>213,652</u>	<u>-</u>	<u>-</u>
<b>Directors and management remuneration</b>				
<u>Management remuneration</u>				
- Short-term employee benefits	74,032,613	82,838,737	30,420,217	37,249,948
- Post-employment benefits	879,935	1,021,345	220,368	63,536
	<u>74,912,548</u>	<u>83,860,082</u>	<u>30,640,585</u>	<u>37,313,484</u>



e) The significant purchases of assets with related parties for the years ended 31 December 2019 and 2018 are as follows :

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Purchases of spare parts</b>				
<u>Related parties</u>				
AED Fabrication Company Limited	26,697,185	11,214,727	-	-
Advance Energy Development Company Limited	-	164,320	-	-
	<u>26,697,185</u>	<u>11,379,047</u>	<u>-</u>	<u>-</u>
<b>Purchases / constructions of assets during the year</b>				
<u>Related parties</u>				
Ascender Limited	59,531,745	-	-	-
AED Fabrication Company Limited	7,902,951	13,301,047	-	-
Advance Energy Development Company Limited	2,542,235	12,345,942	-	-
Global Woodchips Company Limited	19,500	17,692,800	-	-
Shaiyo Supply Chain Company Limited	15,000	-	-	-
Asia Boiler Company Limited (Formerly named as Clean Bio Fuel Company Limited) (Note 15)	-	76,600,000	-	-
Goodwill Innovation and Engineering Company Limited	-	51,338,233	-	-
CSR and GRM Management Company Limited	-	1,850,000	-	-
Advance Carbon Securities Ventures Company Limited	-	550,000	-	-
Advance Asia Fiber Company Limited	-	315,000	-	-
	<u>70,011,431</u>	<u>173,993,022</u>	<u>-</u>	<u>-</u>

### **Land sale and purchase agreements with related parties**

On 11 October 2017 and 31 October 2017, two indirect subsidiaries, Bio Power Plant Company Limited and ACE Solar Company Limited, entered into five land sale and purchase agreements to purchase land in Nakhon Sri Thammarat, Ranong and Kampongphet from related parties. The purchase prices would be equal to prices appraised by an independent valuer. The agreements were made for the purpose of bidding for Power Purchase Agreements in these provinces. However, the indirect subsidiaries may have to cancel two of the sale and purchase agreements in Nakhon Sri Thammarat because of the land's limitations. The indirect subsidiaries could have been penalised for cancelling these agreements by one of the related parties so they recorded a provision for the cancellation penalty amounting to Baht 2.12 million in the comprehensive income statement for the three-month period ended 31 March 2019.

On 9 May 2019, the indirect subsidiary Bio Power Plant Company Limited cancelled two land sale and purchase agreements in Kampongphet and entered into 23-year land rental agreements which is effective from 9 May 2019 onwards. The cancellation of these agreements did not cause any penalty or loss to the indirect subsidiary.

On 28 June 2019, the two indirect subsidiaries made amendments to the land purchase and sale agreements with the related persons. The parties agreed to cancel the penalty for terminating the agreements amounting to Baht 2.12 million. Both indirect subsidiaries have reversed the provision for the cancellation penalty in the comprehensive income statement for the nine-month period ended 30 September 2019.

At the Board of Director's meeting of Bio Power Plant Company Limited No. 1/2563 and the Board of Director's meeting of ACE Solar Company Limited No. 1/2563 on 15 January 2020, the Board of Director approved the two indirect subsidiaries to cancel the land purchase and sale agreements with related persons. On 31 January 2020, the indirect subsidiaries made amendments to the agreements for cancellation of such three agreements. The cancellation of these agreements did not cause any penalty or loss to the indirect subsidiary (Note 42.7).

### 37.1 Commitments from non-cancellable significant agreements

(Unit: Baht)

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### 37.2 Capital commitments

ACE Group has the capital commitments that not yet be recognised in the financial statements as of 31 December 2019 and 2018 as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Purchases of machines and equipment and construction of power plants	1,168,859,075	1,143,502,190	-	-
Purchases of computer software	-	895,050	-	895,050
Assets under service concession arrangements for power plant	681,299,915	582,276	-	-
	<u>1,850,158,990</u>	<u>1,144,979,516</u>	<u>-</u>	<u>895,050</u>

### 37.3 Forward contracts

Advance Clean Power Company Limited, Alliance Clean Power Company Limited, Advance Agro Asia Company Limited and ACE Solar Company Limited, indirect subsidiaries, have entered into forward contracts to manage exposure to fluctuations in foreign currency exchange rate. The outstanding forward contracts as of 31 December 2019 and 2018 are as follows:

(Unit: Baht)

Consolidated financial statement					
2019					
Foreign currency	Amount per contract	Exchange rate per contract	Value per contract	Fair value	Positive (negative) fair value
US Dollar	15,747,882	30.05 - 31.40	478,672,286	472,478,981	(6,193,305)

Consolidated financial statement					
2018					
Foreign currency	Amount per contract	Exchange rate per contract	Value per contract	Fair value	Positive (negative) fair value
US Dollar	362,375	32.38 - 32.60	11,800,384	11,681,812	(118,572)

#### Fair Value

Fair value of forward observable contracts is calculated by using estimated discount future cash flow of forward foreign currency exchange rate (period-ended forward currency exchange rate) and forward contract rate, which reflected counterparty credit risk. The fair values are within level 2 of the fair value hierarchy.

## 38. Guarantees

### 38.1 Letters of guarantee

ACE Group has outstanding letters of guarantee for the normal course of business, issued by financial institutions as of 31 December 2019 and 2018 as follows:

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Letters of guarantee for electricity usage	13,630,000	13,630,000	-	-
Letters of guarantee for Compliance with Power Purchase Agreements	683,780,000	226,800,000	-	-
Letters of guarantee for bidding and sales of electricity	695,155,000	90,655,000	-	-
Letters of guarantee for compliance with building construction contract, land rental contract and waste management service contract by converting waste into electrical power	68,634,869	19,911,916	-	-
Letters of guarantee for compliance with service contract of fiber optic	152,425	152,425	-	-
	<u>1,461,352,294</u>	<u>351,149,341</u>	<u>-</u>	<u>-</u>

### 38.2 Guarantees among the Group

#### Absolute Clean Energy Public Company Limited

During the year ended 31 December 2018, the Company issued debentures secured by ordinary shares of Asia Clean Energy Company Limited which are held by the Company, in total amount of 649,999,998 shares, at Baht 6.9083 each (calculated from book value of each share as at 31 December 2017) totalling Baht 4,490,394,986. As of 31 December 2019, the Company was in process of releasing the collateral of these debentures. (Note 26)

Direct subsidiary - Asia Clean Energy Company Limited

Asia Clean Energy Company Limited has outstanding letters of guarantee to 4 indirect subsidiaries, for the normal course of business, issued by a financial institution as of 31 December 2019 and 2018 as follows:

(Unit: Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Letters of guarantee for compliance with Power Purchase Agreements				
- Bio Power Plant Company Limited (Note 8)	278,480,000	-	-	-
- ACE Solar Company Limited (Note 8)	172,000,000	-	-	-
- Advance Clean Power Company Limited	4,000,000	-	-	-
- Alliance Clean Power Company Limited	2,500,000	-	-	-
	<u>456,980,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Letters of guarantee for bidding power plant construction and sale of electricity				
- Alliance Clean Power Company Limited	-	52,500,000	-	-
	<u>-</u>	<u>52,500,000</u>	<u>-</u>	<u>-</u>
Letters of guarantee for compliance with building construction contract, land rental contract and waste management service contract by converting waste into electrical power				
- Alliance Clean Power Company Limited	48,722,953	-	-	-
	<u>48,722,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>505,702,953</u>	<u>52,500,000</u>	<u>-</u>	<u>-</u>

#### Indirect subsidiary - Alliance Clean Power Company Limited

Alliance Clean Power Company Limited has outstanding letters of guarantee to ACE Solar Company Limited and Bio Power Plant Company Limited for the normal course of business, issued by a financial institution as of 31 December 2019 and 2018 as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Letters of guarantee for sales of electricity				
- ACE Solar Company Limited	20,750,000	20,750,000	-	-
- Bio Power Plant Company Limited	17,405,000	17,405,000	-	-
	<u>38,155,000</u>	<u>38,155,000</u>	<u>-</u>	<u>-</u>

At the Board of Directors' Meeting of the Company No. 9/2561 (after conversion) on 28 December 2018, the Board of Directors approved Alliance Clean Power Company Limited to use shares of Absolute Clean Energy Public Company Limited, which are held by a related person, as collateral for credit facilities at the rate of 0.50% per annum of the credit limit, which is 0.25% per annum of the value of the pledged shares. (Note 21 and 36 a))

On 26 August 2019, the Company has entered into a guarantee agreement with a financial institution for a financial support for loan repayments of Advance Asia Power Plant Company Limited, Alliance Clean Power Company Limited and Advance Agro Power Plant Company Limited in the amount of Baht 80,000,000.

As of 31 December 2019 and 2018, Advance Agro Power Plant Company Limited, Advance Asia Power Plant Company Limited and Advance Clean Power Company Limited have entered into guarantee agreement for a financial support for long-term loan from a financial institution of Alliance Clean Power Company Limited in the amount of Baht 682,000,000 in order to provide cash support for Alliance Clean Power Company Limited to have enough money to repay principal, interest and fees. The agreement is effective from 4 December 2015 until the date on which the loan has been fully repaid.

## **39. Contingent liabilities**

### **39.1 Engineering, procurement, and construction contracts**

The six indirect subsidiaries entered into an engineering, procurement, and construction (EPC) contracts with sellers, and related parties to operate the nine power plants. The indirect subsidiaries have not yet completed construction due to force majeure. So, the power plants could not supply electricity by the



scheduled commercial operation dates (SCOD) specified in the Power Purchase Agreements. The indirect subsidiaries are currently requesting the arbitration to request the Provincial Electricity Authority to return Power Purchase Agreements according to FiT Announcement B.E. 2558 (Note 40.12). If the indirect subsidiaries fail to get termination dismissed, the EPC contracts with the sellers could be terminated and the indirect subsidiaries could be charged a penalty fee up to 10% for the termination of the contracts. This would cost Baht 63.3 million for each project.

However, the indirect subsidiaries negotiated with the sellers to extend the contract's effective period due to the force majeure. The sellers agreed in writing to extend the effective period of the contracts.

As of 31 December 2019 and 2018, ACE Group had not recognised any provision for liabilities resulting from termination of the contracts.

## 39.2 Lawsuit

### Indirect subsidiaries

1) An indirect subsidiary was sued by villagers in Lampang, requesting the Administrative Court of Chiang Mai to revoke the license for the operation of the power plant business (R.Ng.4) without claiming damages in any amount and to revoke for operation and construction according to license for the operation of the power plant business (R.Ng.4) before an adjudication which the court investigated and dismissed the claim. On 30 March 2016, the case was adjudicated that the distribution of the license for the operation of the power plant business (R.Ng.4) to the indirect subsidiary was in accordance with the law and the claim was dismissed. However, on 29 April 2016, the complainants filed an appeal to the Supreme Administrative Court defending the trial court's decision. On 20 January 2017, the indirect subsidiary filed an appeal and was judged that the license for the operation of the power plant business (R.Ng.4) is in accordance with the law. The Supreme Administrative Court affirmed the judgement of the Administrative Court of Chiangmai and dismiss the claim of complainants.

As of 31 December 2019 and 2018, the case is under Supreme Administrative Court's consideration.

2) An indirect subsidiary was sued by villagers in Chachoengsao, requesting the Administrative Court of Rayong to revoke the license for the operation of the power plant business (R.Ng.4) and to revoke the notification of the construction, alteration or demolition removal and replacement of the building under Section 39 bis of the Building Control Act B.E. 2522, without claiming damages in any amount and asking the court to order mitigation of the enforcement of the license for the operation of the power plant business (R.Ng.4) and the notification of the building construction (39 bis). Subsequently, on 31 March 2016, the court investigated the request and considered the indirect subsidiary's explanation and found that the issuance of the license for the operation of power plant business (R.Ng.4) and the notification of the construction (39 bis) was not unlawful. As a result, the court requested for injunctive and temporary relief.

As of 31 December 2019 and 2018, the case is under Rayong Administrative Court's consideration.

## 40. Significant agreements

Significant agreements for the years ended 31 December 2019 and 2018 are as follows:

### 40.1 Power Purchase Agreements

#### Indirect subsidiary - Advance Clean power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Provincial Electricity Authority ("PEA")	A period of 5 years commencing from 21 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 24 April 2012 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 23 July 2028.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Ban Bueng, Chonburi.
2		A period of 5 years commencing from 29 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 4 June 2013 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 3 June 2029.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Phon Thong, Roi Ed.
3		A period of 5 years commencing from 21 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 16 August 2017 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 15 December 2032.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Bo Ploy, Kanchanaburi.

**Indirect subsidiary - Advance Clean Power Company Limited (Cont'd)**

Contract no.	Contract party	Contract period	Contract detail
4	Global Woodchips Company Limited - a related party	A period of 10 years commencing from 13 July 2012 to 12 July 2022 and automatically renewed every 10 years unless any party terminates contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Ban Bueng, Chonburi.
5		A period of 10 years commencing from 1 June 2013 to 31 May 2023 and automatically renewed every 10 years unless any party terminates contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Phon Thong, Roi Ed.
6	Advance Asian Company Limited - a related party	A period of 10 years commencing from 1 June 2013 to 31 May 2023 and automatically renewed every 10 years unless any party terminates contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Phon Thong, Roi Ed.

## Indirect subsidiary - Advance Agro Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Provincial Electricity Authority ("PEA")	A period of 5 years commencing from 16 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 30 October 2012 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 29 January 2029.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Prasart, Surin.
2		A period of 5 years commencing from 16 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 16 January 2013 and from 11 March 2016 onwards, the company requested for the amendment to Feed-in Tariff and the contract will end on 15 April 2029.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Chok Chai, Nakhon Ratchasima.
3	Global Woodchips Company Limited - a related party	A period of 10 years commencing from 1 October 2012 to 30 September 2022 and automatically renewed every 10 years, unless any party terminates the contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Prasart, Surin.
4		A period of 10 years commencing from 1 January 2013 to 31 December 2022 and automatically renewed every 10 years, unless any party terminates the contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Chok Chai, Nakhon Ratchasima.
5	Advance Asia Fiber Company Limited - a related party	A period of 10 years commencing from 18 May 2018 and automatically renewed every 2 years, unless any party terminates the contract by giving a written notice at least 180 days before the contract expiration or 90 days before the extended contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Chok Chai, Nakhon Ratchasima.
6	Advance Utilities Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited) - a related party	A period of 10 years commencing from 18 May 2018 and automatically renewed every 2 years unless any party terminates the contract by giving a written notice at least 180 days before the contract expiration or 90 days before the extended contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Chok Chai, Nakhon Ratchasima.

### Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Provincial Electricity Authority ("PEA")	A period of 5 years commencing from 18 September 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 26 December 2013 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 25 December 2029.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Si Chiang Mai, Nong Khai.
2		A period of 5 years commencing from 16 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 14 August 2015 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 13 December 2030.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Sirindhorn, Ubon Ratchathani.
3		A period of 5 years commencing from 24 October 2013 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 29 November 2016.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Muang, Khon Kaen.
4		A period of 20 years commencing from the commercial operation date. The company has not yet started its commercial operation.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Muang Krabi, Krabi.

### Indirect subsidiary - Advance Agro Asia Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Electricity Generating Authority of Thailand ("EGAT")	A 25-year agreement, effective since the commercial operation date on 10 February 2017.	Power Purchase Agreement ("PPA") under the Small Power Producer project for the power plant at Koh Khanun, Phanom Sarakhram, Chachoengsao.
2	Triple A Board Company Limited - a related party	A 1-year agreement, effective since the commercial operation date and automatically renewed every 1 year, unless any party terminate the contract.	Power purchase agreement ("PPA") for the power plant at Koh Khanun, Phanom Sarakhram, Chachoengsao.

### Indirect subsidiary - Advance Asia Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Provincial Electricity Authority ("PEA")	A period of 5 years commencing from 28 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 2 May 2012 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 1 August 2028.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Nam Phong, Khon Kaen.
2	Global Woodchips Company Limited - a related party	A period of 10 years commencing from 1 October 2012 to 30 September 2022 and automatically renewed every 10 years unless any party terminates contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Nam Phong, Khon Kaen.
3	Advance Asian Company Limited - a related party	A period of 10 years commencing from 1 November 2012 to 30 October 2022 and automatically renewed every 10 years unless any party terminates contract by giving a written notice at least 30 days before the contract expiration.	Power Purchase Agreement ("PPA") for the power plant at Nam Phong, Khon Kaen.

### Indirect subsidiary - Advance Bio Asia Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Provincial Electricity Authority ("PEA")	A period of 5 years commencing from 16 July 2009 and automatically renewed every 5 years until any party cancels the agreement. The Company started its commercial operation on 9 July 2014 and from 11 March 2016 onwards, the Company requested for the amendment to Feed-in Tariff and the contract will end on 8 March 2030.	Power Purchase Agreement ("PPA") under the Very Small Power Producer project for the power plant at Thoen, Lampang.

### Indirect subsidiary - ACE Solar Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Unique Sea Products Company Limited	A 25-year agreement, effective since the commercial operation date on 20 November 2018 for the first project and 28 September 2019 for the second project.	Power Purchase Agreement ("PPA") of solar power generated from solar rooftop at Sri Racha, Chonburi.
2	Advance Asia Fiber Company Limited - a related party	A 25-year agreement, effective since the commercial operation date on 22 February 2019.	Power Purchase Agreement ("PPA") of solar power generated from solar rooftop at Chok Chai, Nakhon Ratchasima.



## 40.2 Steam Purchase Agreement

### Indirect subsidiary - Advance Agro Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Advance Asia Fiber Company Limited - a related party	A 10-year agreement, effective since 1 May 2013, and automatically renewed every 2 years unless either party provides a written notice to terminate the agreement. After the contract has been extended, either party has the right to terminate the agreement by providing other party a written notice at least 90 days prior to 1 year before the end of the agreement. However, both parties agreed to cancel the agreement in February 2019.	Steam Purchase Agreement ("SPA") for the power plant at Chok Chai, Nakhon Ratchasima.

### Indirect subsidiary - Advance Agro Asia Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Triple A Board Company Limited - a related party	A 1-year agreement, effective since the date of first steam purchase, and automatically renewed every 1 year unless any party terminates the contract by giving a written notice at least 180 days before the contract expiration.	Steam Purchase Agreement ("SPA") for the power plant at Koh Khanun, Phanom Sarakhram, Chachoengsao.

## 40.3 Waste management service agreement

### Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Khon Kaen Municipality	A 20-year agreement, effective since 18 August 2011. Then, on 27 August 2019, the agreement was amended to be within 20 years commencing from the received date of work notification letter which is 28 September 2016.	Waste management service agreement for the power plant at Muang, Khon Kaen.
2	Non Thon Municipality	A 25-year agreement, effective since 1 April 2017.	Waste management service agreement for the power plant at Muang, Khon Kaen.
3	Sibsong-Sibsong-Sisibphad Limited Partnership	A 5-year agreement, effective since 1 September 2017.	Waste management service agreement for the power plant at Muang, Khon Kaen.

#### 40.4 Fuel Materials Purchase Agreements

##### Indirect subsidiary - Advance Clean Power Company limited

Contract no.	Contract party	Contract period	Contract detail
1	Global Woodchips Company Limited - a related party	A 12-year agreement, effective since 10 March 2015 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Ban Bueng, Chonburi.
2		A 12-year agreement, effective since 10 March 2015 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Phon Thong, Roi Ed.
3		A 12-year agreement, effective since 1 June 2017 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Bo Ploy, Kanchanaburi.
4	Shaiyo Supply Chain Company Limited - a related party	A 12-year agreement, effective since 10 March 2015 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Phon Thong, Roi Ed.

### Indirect subsidiary - Advance Agro Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Shaiyo Supply Chain Company Limited - a related party	A 12-year agreement, effective since 21 September 2011 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Prasart, Surin.
2		A 12-year agreement, effective since 2 May 2013 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Chok Chai, Nakhon Ratchasima.
3	Global Woodchips Company Limited - a related party	A 12-year agreement, effective since 16 September 2011 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Prasart, Surin.
4		A 12-year agreement, effective since 7 December 2011 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Chok Chai, Nakhon Ratchasima.

**Indirect subsidiary - Alliance Clean Power Company Limited**

Contract no.	Contract party	Contract period	Contract detail
1	Global Woodchips Company Limited - a related party	A 15-year agreement, effective since 26 December 2013, and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Si Chiang Mai, Nong Khai.
2		A 15-year agreement, effective since 14 August 2015, and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Sirindhorn, Ubon Ratchathani.
3	Sribanpai Company Limited - a related party	A 15-year agreement, effective since 15 December 2013, and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Si Chiang Mai, Nong Khai.
4	Shaiyo Supply Chain Company Limited - a related party	A 15-year agreement, effective since 14 August 2015, and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before the contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Sirindhorn, Ubon Ratchathani.

### Indirect subsidiary - Advance Agro Asia Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	PTT Public Company Limited	A 25-year agreement, effective since 10 February 2017 Unless any party provides a written notice to renew the agreement within 1 year before the contract's expiration, the agreement will be terminated.	Natural Gas Purchase Agreement for the power plant at Koh Khanun, Phanom Sarakham, Chachoengsao to produce and sell electricity under cogeneration system.

### Indirect subsidiary - Advance Asia Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Sribanpai Company Limited - a related party	A 12-year agreement, effective since 6 March 2015 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Nam Phong, Khon Kaen.
2	Global Woodchips Company Limited - a related party	A 12-year agreement, effective since 1 July 2012 and automatically renewed every year unless any party terminates contract by giving a written notice within 60 days before contract expiration.	Biomass Fuel Purchase Agreement for the power plant at Nam Phong, Khon Kaen.

#### 40.5 Power plant management and maintenance agreement

##### Indirect subsidiary - Advance Agro Asia Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	EGCO Engineering & Service Company Limited ("ESCO")	A 6-year agreement, effective since 10 February 2017. In August 2019, an indirect subsidiary submitted a letter to ESCO for contract cancellation which will be effective on 10 November 2019. In October 2019, ESCO sent a letter back to the indirect subsidiary to charge a fee from early termination of the contract and other related expenses totalling Baht 10.47 million. The indirect subsidiary has recorded early termination fee and other related expenses and make full payment in December 2019.	Management and maintenance service agreement for power plant at Phanom Sarakhram, Chachoengsao.
2	Collaboration between General Electric International Operation Company Inc. and GE Packed Power, Inc.	(1) An agreement period of 120,000 hours commencing from 10 February 2017 or the second major overhaul whichever one comes last or (2) a 16-year commencing from 23 December 2016 whichever (1) or (2) comes first.	Management and maintenance service agreement for gas turbine service of the power plant at Phanom Sarakhram, Chachoengsao.

#### 40.6 Biomass fuel management and housekeeping services agreement

Indirect subsidiaries	Contract party	Contract period	Contract detail
Advance Clean Power Company Limited Advance Agro Power Plant Company Limited Alliance Clean Power Company Limited Advance Asia Power Plant Company Limited Advance Bio Asia Company Limited	Goodwill Innovation and Engineering Company Limited - a related party	1-year agreements, effective from 1 October 2018 to 30 September 2019. On 1 October 2019, the indirect subsidiaries have entered into new agreements, effective from 1 October 2019 to 30 September 2020 which conditions of biomass fuel management are same as the previous agreements, only some change in conditions of housekeeping service.	Biomass fuel management and housekeeping services for biomass power plants of indirect subsidiaries.

## 40.7 Land and Building rental agreements

### Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Khon Kaen Municipality	A 20-year agreement, effective since 18 August 2011	Land rental agreement for operation in accordance with Municipal Solid Waste project at Muang, Khon Kaen
2		A 20-year agreement, effective since 18 August 2011	Buildings and other constructions rental agreement, including land related to the buildings at Muang, Khon Kaen.
3		A 20-year agreement, effective since 18 August 2011	Constructions agreement in Khon Kaen Municipality area, buildings and machinery will be transferred to Khon Kaen Municipality at maturity of 20 years since commencement date.
4	Krabi Municipality	A 25-year agreement, effective since 22 February 2019	Land rental agreement for the operation in accordance with Municipal Solid Waste project at Muang Krabi, Krabi.
5		A 25-year agreement, effective since 22 February 2019	Constructions agreement in Krabi Municipality area, buildings and machinery will be transferred to Krabi Municipality at maturity 25-years since commencement date.

### Indirect subsidiary - Bio Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Mr. Teerawut Songmetta - a related person	A 23-year agreement, effective from 9 May 2019 to 8 May 2042	Land rental agreement for Klong Klung power plant project at Klong Klung, Kamphangphet.
2	Shaiyo Smile Company Limited - a related party	A 23-year agreement, effective from 9 May 2019 to 8 May 2042	Land rental agreement for Klong Klung power plant project at Klong Klung, Kamphangphet.



#### 40.8 Power plant construction agreement

##### Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Advance Energy Development Company Limited - a related party	Effective since 28 March 2019 with delivery deadline within 14 September 2020	Engineering, procurement and construction of machinery and equipment agreement for the Municipal Solid Waste project at Krabi Municipality, Krabi amounted to Baht 678,041,262. On 9 September 2019, the indirect subsidiary has amended the agreement by splitting the 1 agreement into 2 agreements. The first agreement is made with Advance Energy Development Company Limited at Baht 213,987,572. There was no change in the overall agreement terms and conditions regarding design and installation of machinery and equipment. However, there was a change regarding the procurement of machinery and equipment from offshore and onshore procurement to perform only onshore procurement. The second agreement is made with Ascender Limited at Baht 464,053,690 for offshore procurement (Note 40.10). The aggregate two agreements amount is not changed.
2	Goodwill Innovation and Engineering Company Limited - a related party	Effective since 12 May 2019 with delivery deadline within 7 May 2020	Civil work agreement with the Municipal Solid Waste project at Krabi Municipality, Krabi amounted to Baht 264,500,000. On 20 August 2019, the indirect subsidiary has amended the agreement due to a change of operating land. The amendment caused a reduction in scope of work in order to be consistent with the new location. As a result, the agreement amount decreased from Baht 264,500,000 to Baht 244,500,000.

#### 40.9 Other construction agreement

##### Indirect subsidiary - Adance Asia Power Plant Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Goodwill Innovation and Engineering Company Limited - a related party	Delivery deadline is within 150 days from the work start date	There is Baht 67,700,000 construction contract for a waste separation, land fill and non-hazardous waste project for industrial factory No. 105, Nam Phong, Khon Kaen.

#### 40.10 Machine and equipment purchase agreement

##### Indirect subsidiary - Alliance Clean Power Company Limited

Contract no.	Contract party	Contract period	Contract detail
1	Ascender Limited - a related party	Effective since 9 September 2019	Sale and purchase of machinery and equipment agreement for construction and management of Municipal Solid Waste project at Krabi Municipality, Krabi amounted to USD 14,951,146, which must not be over than Baht 464,053,690 when converting to Thai Baht.

#### 40.11 Power Purchase Agreements under submission for dismissal the termination and reinstate the agreements and extend the scheduled commercial operation date

ACE Group has Power Purchase Agreements under submission for dismissal to dismiss the termination and reinstate the agreements and extend the scheduled commercial operation date as of 31 December 2019 and 2018 as follows:

		Number of agreements under submission process	
		2019	2018
Government	Indirect subsidiaries	Agreement (s)	Agreement (s)
The Administrative Court of First Instance	Alliance Clean Power Company Limited	1	1
		1	1
Arbitration	Advance Clean Power Company Limited	-	3
	Advance Agro Power Plant Company Limited	-	1
	Alliance Clean Power Company Limited	-	1
	Advance Farm Tree Company Limited	-	1
	Bio Power Plant Company Limited	-	1
	Prasatporn Rungrueng Company Limited	-	1
		-	8
Provincial Electricity Authority	Advance Clean Power Company Limited	1	1
		1	1

#### The Administrative Court of First Instance

##### Indirect subsidiary - Alliance Clean Power Company Limited

On 5 May 2017, ACE Group's management considered the progress of its submission to the Provincial Electricity Authority (PEA) for dismissing the termination, reinstating a Power Purchase Agreement and extending the scheduled commercial operation date. ACE Group decided to file a lawsuit to the Energy Regulatory Commission (ERC), requesting the ERC dismiss the termination, reinstate the agreement and extend the scheduled commercial operation date.

On 22 March 2018, ACE Group's management considered the progress of its submission to the ERC. ACE Group decided to file a lawsuit to the Administrative Court of First Instance requesting the court dismiss the termination, reinstate the agreement and extend the scheduled commercial operation date.

In addition, on 3 April 2019, Alliance Clean Power Company Limited sent a letter to the PEA requesting a negotiation to resolve the dispute in accordance with a clause in the Power Purchase Agreement. The PEA responded to the letter with information on the conditions and rules for negotiations. The indirect subsidiary then followed these conditions and rules. The negotiation process is still ongoing.

## Arbitration

Indirect subsidiaries - Advance Clean Power Company Limited, Advance Agro Power Plant Company Limited, Alliance Clean Power Company Limited, Advance Farm Tree Company Limited, Bio Power Plant Company Limited, and Prasatporn Rungrueng Company Limited

On 14 March 2017, ACE Group filed arbitration committee lawsuits to dismiss the termination by the PEA, reinstate 8 Power Purchase Agreements (8 cases) and extend the scheduled commercial operation date to the indirect subsidiaries. On 29 June 2019, the indirect subsidiaries received awards from the arbitration committee on 21 June 2019 for 4 agreements (4 cases): 2 cases for Advance Clean Power Company Limited, 1 case for Advance Agro Power Plant Company Limited and 1 case for Advance Farm Tree Company Limited. On 26 July 2019, the indirect subsidiaries also received awards from the arbitration committee on 19 July 2019 for 4 agreements (4 cases): 1 case for Advance Clean Power Company Limited, 1 case for Alliance Clean Power Company Limited, 1 case for Bio Power Plant Company Limited and 1 case for Prasatporn Rungrueng Company Limited. The arbitration committee ruled that the PEA must return 8 FIT Power Purchase Agreements to the indirect subsidiaries and extend the scheduled commercial operation date. In July 2019, the indirect subsidiaries submitted notices to the PEA to comply with the awards from the arbitration committee and PEA sent letters to the indirect subsidiaries state that PEA would comply with the awards from the arbitration.

The parties are currently in the process of making agreements to comply with the details of the awards.

## Provincial Electricity Authority (PEA)

Indirect subsidiary - Advance Clean Power Company Limited

On 7 July 2016, PEA informed the indirect subsidiary that there is the force majeure on projects along with Power Purchase Agreement and agreed to return the Power Purchase Agreement to the indirect subsidiary.

On 8 December 2017, PEA notified that the indirect subsidiary submitted the proposal to dismiss the termination and return of the Power Purchase Agreement with extension of the commercial operation date in total of 1 agreement to the ERC.

On 31 August 2018, ERC sent a letter to the indirect subsidiary to inform that ERC had already notified to PEA that the termination of Power Purchase Agreement was a transaction between two parties. PEA directly negotiated with the indirect subsidiary about the conditions to return of the Power Purchase Agreement and the extension of the commercial operation date.

On 13 September 2018, PEA sent a letter to the indirect subsidiary to make an appointment for negotiation.

On 3 February 2019, PEA sent a letter to the indirect subsidiary to submit the notice, regarding the scheduled commercial operation date and offer price quotation for the project that the indirect subsidiary requested to change electricity rate from Adder to FiT. Then, PEA will submit the notice to ERC to make the Power Purchase Agreement.

On 15 February 2019, the indirect subsidiary submitted the notice to PEA, regarding the scheduled commercial operation date and offer price quotation for the project that the Company requested to change electricity rate from Adder to FiT for further process.

On 26 March 2019, PEA sent a letter to the indirect subsidiary to submit power plant construction plan for ERC's approval before signing the agreement.

On 23 April 2019, the indirect subsidiary submitted power plant construction plan for PEA's consideration before signing the agreement.

On 2 May 2019, PEA and the indirect subsidiary had a joint session to draft the returned Power Purchase Agreement. Later, on 11 June 2019, PEA sent a drafted Power Purchase Agreement according to FiT Announcement B.E. 2558 to the indirect subsidiary for the consideration and the indirect subsidiary approved the draft agreement. On 1 July 2019, PEA resent the drafted Power Purchase Agreement to the indirect subsidiary for the reconsideration.

On 5 July 2019, the indirect subsidiary received drafted Power Purchase Agreement from PEA and already reviewed and submitted approval letter to PEA on 8 July 2019.

On 7 August 2019, PEA sent a letter to the indirect subsidiary to confirm that PEA will return drafted FiT Power Purchase Agreement according to FiT Announcement B.E. 2558. Details were according to attached draft of Power Purchase Agreement which the Company and PEA agreed together.

#### **40.12 Power Purchase Agreements under consideration of submission the dispute to arbitration committee to request the Provincial Electricity Authority to return Power Purchase Agreements according to FiT Announcement B.E. 2558**

Indirect subsidiaries - Advance Clean Power Company Limited, Advance Agro Power Plant Company Limited, Alliance Clean Power Company Limited, Advance Farm Tree Company Limited, Bio Power Plant Company Limited, and Prasatporn Rungrueng Company Limited

After the 6 indirect subsidiaries received arbitration awards to return the Power Purchase Agreement totalling 8 agreements, (Note 40.11) the indirect subsidiaries has considered that the 8 arbitration awards stated that PEA had to returned FiT Power Purchase Agreement. However, the title of FiT Announcement

was misstated and the indirect subsidiaries have ever requested to change the Power Purchase Agreements according to FiT Announcement B.E. 2558, but PEA wrongfully terminated Power Purchase Agreements. This caused the indirect subsidiaries unable to change Power Purchase Agreements to FiT according to FiT Announcement B.E. 2558. From these reasons, the indirect subsidiaries concluded that PEA had to return FiT Power Purchase Agreements according to FiT Announcement B.E. 2558.

On 23 September 2019, the indirect subsidiaries submitted the dispute to the arbitration committee to request PEA to return Power Purchase Agreements according to FiT Announcement B.E. 2558 to the indirect subsidiaries. The arbitration committee has accepted the arbitration awards from the 6 indirect subsidiaries totalling 8 arbitration awards.

Later on 17 December 2019, the arbitration committee issued an order to remove the petition from the case list because the dispute proposal had the same content as another dispute proposal that had already been decided.

Currently, the indirect subsidiaries are considering petitioning the arbitration committee to amend the 8 verdict by specifying that the reinstated Power Purchase Agreement is in accordance with the FiT Announcement B.E. 2558.

## 41. Promotional privileges

ACE Group received the following promotional privileges from the Board of Investment as the following :

### Indirect subsidiary - Advance Clean Power Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
1842(1)/2553	13 July 2010	Electricity from biomass fuel type Utility 7.1 and basic services (Ban Bueng)	24 April 2012	23 April 2020	✓	✓	✓	✓	✓	✓	✓	-
2554(1)/2554	29 November 2011	Electricity from biomass fuel type Utility 7.1 and basic services (Phon Thong)	4 June 2013	3 June 2021	✓	✓	✓	✓	✓	✓	✓	-
2329(1)/2555	13 March 2012	Electricity from biomass fuel type Utility 7.1 and basic services (Klong Klung)	Income not yet derived		✓	✓	✓	✓	✓	✓	✓	-
2330(1)/2555	29 November 2011	Electricity from biomass fuel type Utility 7.1 and basic services (Bo Ploy)	16 August 2017	15 August 2025	✓	✓	✓	✓	✓	✓	✓	-

### Indirect subsidiary - Advance Agro Power Plant Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
2446(1)/2553	16 November 2010	Electricity from biomass fuel type Utility 7.1 and basic services (Chok Chai)	16 January 2013	15 January 2021	✓	✓	✓	✓	✓	✓	✓	-
1019(1)/2554	16 November 2010	Electricity from biomass fuel type Utility 7.1 and basic services (Prasart)	30 October 2012	29 October 2020	✓	✓	✓	✓	✓	✓	✓	-

### Indirect subsidiary - Alliance Clean Power Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
1284(1)/2554	18 January 2011	Electricity from biomass fuel type Utility 7.1 and basic services (Si Chiang Mai)	26 December 2013	25 December 2021	✓	✓	✓	✓	✓	✓	✓	-
1448(1)/2555	13 March 2012	Electricity from biomass fuel type Utility 7.1 and basic services (Sirindhorn)	14 August 2015	13 August 2023	✓	✓	✓	✓	✓	✓	✓	-
1033(1)/2558	8 July 2014	Electricity from biomass fuel type Utility 7.1 and basic services (Ban Bueng)	Income not yet derived		✓	✓	✓	✓	✓	✓	✓	-
59-0076-0-13-2-0	29 July 2014	Electricity from solid waste type Utility 7.1 and basic services (Khon Kaen)	29 November 2016	28 November 2024	✓	✓	✓	✓	✓	✓	✓	-

### Indirect subsidiary - Advance Agro Asia Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
58-1885-0-00-1-0	2 April 2015	Electricity and steam from gas Utility type 7.1 and basic services (Koh Khanun)	10 February 2017	9 February 2025	✓	-	✓	-	-	-	✓	✓

### Indirect subsidiary - Advance Asia Power Plant Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
1948(1)/2553	10 August 2010	Electricity from biomass fuel type Utility 7.1 and basic services (Nam Phong)	2 May 2012	1 May 2020	✓	✓	✓	✓	✓	✓	✓	-



## Indirect subsidiary - Advance Bio Asia Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
1521(1)/2555	29 November 2011	Electricity from biomass fuel type Utility 7.1 and basic services (Thoen)	9 July 2014	8 July 2022	✓	✓	✓	✓	✓	✓	✓	-

## Indirect subsidiary - ACE Solar Company Limited

BOI Certificate	Date of approval	Products	Income first derived date	Privilege expired date	Significant privileges							
					1	2	3	4	5	6	7	8
61-0856-1-00-1-0	2 July 2018	Electricity generation from solar rooftop type 7.1.1.2 or electricity generation and steam production from renewable resources except from waste or fuel from waste	20 November 2018	19 November 2026	✓	-	✓	-	-	-	✓	✓
61-1012-1-00-1-0	23 July 2018	Electricity generation from solar rooftop type 7.1.1.2 or electricity generation and steam production from renewable resources except from waste or fuel from waste	22 February 2019	21 February 2027	✓	-	✓	-	-	-	✓	✓
62-0089-1-00-1-0	7 January 2019	Electricity generation from solar rooftop type 7.1.1.2 or electricity generation and steam production from renewable resources except from waste or fuel from waste	28 September 2019	27 September 2027	✓	-	✓	-	-	-	✓	✓
62-1068-1-00-1-0	12 September 2019	Electricity generation from solar rooftop type 7.1.1.2 or electricity generation and steam production from renewable resources except from waste or fuel from waste	Income not yet derived		✓	-	✓	-	-	-	✓	✓

### \* Significant privileges:

1. Exemption from import duties on machines imported for use in production approved by Board of Directors.
2. Exemption from corporate income tax on the promoted activities for a period of eight years starting from the date that income is first derived from the promoted activities.
3. To carry forward any net loss incurred during the promoted period to be deducted from net profit incurred during the five-year period starting from the expiry of the tax-exempted period.
4. Exemption from corporate income tax on net profit earned from promoted activities at the rate of 50% of normal rate for a period of five years from the expiry of the period specified in 2 above.

5. Transportation, electricity and water supply fees can be deducted at the rate of two times of expenditure for a period of ten years starting from the date that income is first derived.
6. Capital expenditure incurred on installation or construction of facilities can be deducted at the rate of 25% of the actual expenditure, in addition to the normal depreciation charge.
7. Exemption from inclusion of dividend received from the promoted business in calculating corporate income tax.
8. Exemption from corporate income tax on net profit earned from promoted activities in totals of not exceeding 100% of investments not including the land and current capital of a period of eight years starting from the date that income is first derived.

ACE Group has to comply with the conditions defined in Board of Investment (BOI) certificate in order to receive the above benefits and rights.

Segment revenue from BOI promoted and non-promoted activities for the years ended 31 December 2019 and 2018 comprises of the followings:

(Unit: Baht)

	Consolidated financial statements					
	2019			2018		
	Promoted activities	Non-promoted activities	Total	Promoted activities	Non-promoted activities	Total
Sales of electricity	4,353,172,427	-	4,353,172,427	4,861,369,381	-	4,861,369,381
Adder	129,177,290	-	129,177,290	125,561,159	-	125,561,159
Sales of steam	20,541,053	-	20,541,053	9,531,364	-	9,531,364
Revenue from the waste management service	-	37,361,345	37,361,345	-	37,536,845	37,536,845
Other income	5,507,547	27,391,629	32,899,176	2,927,090	12,801,052	15,728,142
	<u>4,508,398,317</u>	<u>64,752,974</u>	<u>4,573,151,291</u>	<u>4,999,388,994</u>	<u>50,337,897</u>	<u>5,049,726,891</u>

## 42. Subsequent events

### 42.1 Entering into a loan agreement with the Export-Import Bank of Thailand

#### Direct subsidiary - Asia Clean Energy Company Limited

On 28 January 2020, Asia Clean Energy Company Limited entered into a loan agreement with the Export-Import Bank of Thailand in the form of loans amounting of Baht 180,000,000 with the minimum interest rate at Prime Rate minus 2.5% per annum and with 0.1% front-end fee of the total credit facility. The loan is guaranteed by shares, land and buildings and machinery of the biomass power plant project of Advance Bio Asia Company Limited.

## 42.2 Approval of purchasing office to be a head office of the Company

On 14 February 2020, the Company entered into an agreement to purchase an office with furniture, office equipment and facilities from Advance Energy Development Company Limited, a related party in order to be a head office of the Company at a price of Baht 71,669,800 as assessed by the Treasury Department. Advance Energy Development Company Limited is responsible for the transfer fee, taxes and all related expenses. After completing the sale and purchase transaction, the Company entered into a memorandum of agreement to cancel the office rental and service agreement. The agreement is to be effective on the same day. The termination of the above office rental and service agreement does not cause a fine or damage from cancellation of the agreement to the Company.

## 42.3 Receiving compensation from an insurance company

### Indirect subsidiary - Alliance Clean Power Company Limited

At the Board of Directors' Meeting of Alliance Clean Power Company Limited No. 1/2563 on 9 January 2020, the Board of Directors approved to accept the compensation proposal from the event of damaged machinery during the test run (Commissioning & Test Run) to the power plant in 2016 for which the machinery has been restored to normal operating conditions. The insurance company submitted a proposal dated 8 January 2020 agreed to pay compensation totalling Baht 171,947,537, when combined with the previous compensation of Baht 22,938,562 received from the same incident that the insurance company had paid to the indirect subsidiary, became a totalling of Baht 194,886,099. On 17 February 2020, an indirect subsidiary had received a cheque for the compensation as per the proposal from the insurance company. As a result, the compensation claim from the events between an indirect subsidiary and the insurance company was finalised.

## 42.4 Issuance of new ordinary shares and call for paid-up share capital approved in the Extraordinary Shareholder's Meeting or the Board of Directors Meeting

### Direct subsidiary - Asia Clean Energy Company Limited

Asia Clean Energy Company Limited called for paid-up share capital which was held by the shareholders totalling 250,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 9.39 per share to the paid-up of Baht 10.00 per share, totalling Baht 160,000,000.

### Indirect subsidiary - Advance Clean Power Company Limited

Advance Clean Power Company Limited called for paid-up share capital which was held by the shareholders totalling 95,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 6.36 per share to the paid-up of Baht 6.65 per share, totalling Baht 27,550,000.

#### Indirect subsidiary - Alliance Clean Power Company Limited

Alliance Clean Power Company Limited called for paid-up share capital which was held by the shareholders totalling 12,000,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 3.09 per share to the paid-up of Baht 7.93 per share, totalling Baht 58,080,000.

#### Indirect subsidiary - Advance Asia Power Company Limited

Advance Asia Power Plant Company Limited increased in share capital totalling Baht 75,000,000 by issuing 7,500,000 share (at par value of Baht 10.00 per share) and the Board of Directors of an indirect subsidiary approved the call for paid-up share capital which was held by the shareholders totalling 7,500,000 shares at Baht 5.04 per share, totalling Baht 37,800,000.

#### Indirect subsidiary - Prasartporn Rungrueng Company Limited

Prasartporn Rungrueng Company Limited called for paid-up share capital which was held by the shareholders totalling 19,900,000 shares (at par value of Baht 10.00 per share), from the paid-up of Baht 4.77 per share to the paid-up of Baht 4.85 per share, totalling Baht 1,592,000.

### **42.5 Interim dividend payment approved by the Board of Directors of the Company**

#### Direct subsidiary - Asia Clean Energy Company Limited

Asia Clean Energy Company Limited paid interim dividend from the retained earnings as of 31 December 2019 to the shareholders at Baht 0.26 per share, according to the portion of share paid-up, totalling Baht 230,035,000 and approved an appropriation of legal reserve amounting to Baht 45,787,000 of net profit.

### **42.6 Entering into long-term land rental agreement**

#### Indirect subsidiary - Advance Clean Power Company Limited

On 13 January 2020, an indirect subsidiary entered into a long-term land rental agreement with a related party to be used for the Klong Klung power plant in totals of 4 plots, including all leased areas with a total of 5 Rai 2 Ngan and 48 Square Wah with a 23-years lease period effective from 1 January 2020 to 31 December 2042.

### **42.7 Cancellation of land sale and purchase agreements with related parties (Note 36 e))**

### **42.8 Entering into a revolving loan agreement with the Export-Import Bank of Thailand**

#### Indirect subsidiary - Advance Bio Asia Company Limited

On 28 January 2020, an indirect subsidiary entered into a revolving loan agreement with the Export-Import Bank of Thailand in the form of promissory notes with the credit limit of not over than Baht 45,000,000 to be used as working capital for an indirect subsidiary's business which is guaranteed by land, buildings and machinery of the biomass power plant project of an indirect subsidiary.

#### **42.9 Approval of increasing the credit limit of forward exchange contract**

At the Board of Directors Meeting of the Company No. 1/2563 on 31 January 2020, the Board of Directors approved to increase the credit limit of the forward exchange contract between the subsidiary's companies and a financial institution from the original credit limit of 18,000,000 million US dollars to 30,000,000 million US dollars to pay for the service fee, management fee, purchase of equipment, spare parts and import of machinery from foreign countries.

#### **42.10 Amendment of loan agreement of Advance Agro Asia Company Limited (Note 25)**

# Operation Result and Financial Analysis

## 1. Overall Past Operation and Financial Discussion

In 2017, the Natural Gas Power Plant (AAA1) in Chachoengsao with a Power Purchase Agreement of 90 MW, commenced commercial operation on 10 February 2017. On August 16, 2017, the Biomass Power Plant in Bo Ploy District, Kanchanaburi (ACP3), with a Power Purchase Agreement of 8 MW, commenced commercial operation. In addition, The Company had improved its production efficiency, therefore increased its electricity sales volume to the Electricity Generating Authority of Thailand (EGAT). The Company had Total Revenue of 4,243.28 million baht and Gross Profit of 1,120.55 million baht and Net Profit of 333.53 million baht, respectively.

In 2018, The Company had improved production efficiency of all its Power Plants. Meanwhile, the AAA1 and ACP3 Projects had operated for full-year for the first time, thus increasing the electricity sales volume. Also, the Solar Energy Power Plant1 project with a Power Purchase Agreement of 1 MW, commenced commercial operation on 20 November 2018. The Company had Total Revenue of 4,833.21 million baht and Gross Profit of 1,417.46 million baht and Net Profit of 546.57 million baht, respectively.

In 2019, The Company had continuously improved production efficiency of all its Power Plants. The Natural Gas Power Plant increased its electricity sales volume by 104.25 million baht, from both the electricity volume increase and from its adjusted electricity rate, adjusted in accordance with the increase of Natural Gas Price. Its electricity and steam sales to Industrial Users also increased by 14.94 million baht or 78.96% and over 100%, respectively, due to the increase of customers' demand, arising from their production capacity expansion. The Company had Total Revenue of 4,950.63 million baht (excluding the Construction Revenue under the Concession Arrangement) and Gross Profit of 1,625.93 million baht and Net Profit of 815.30 million baht, respectively.

As of December 31, 2017, 2018 and 2019, The Company had Total Assets of 13,959.40 million baht, 13,886.74 million baht and 14,145.18 million baht, respectively. Its main Assets consist of Plant, Property and Equipment for operating the Power Plants, Revenue from Finance Lease, Account Receivable, Rights to Service under Concession Arrangement and Trade Receivables.

As of December 31, 2017, 2018 and 2019, Total Liabilities of The Company, were 8,937.2 million baht, 8,315.10 million baht and 3,352.14 million baht, respectively. Most Liabilities are long-term project loans from financial institutions for all its Power Plants. In 2018, Liabilities decreased mainly from the repayment of long-term loan of 2,277.56 million baht and the issuance of all debenture of 1,476.50 million baht.

In 2019, The Company had reduced its debts dramatically by using its capital raising via its Initial Public Offering to reduce the long-term debts by 3,183.95 million baht. In addition, The Company had prematurely redeemed all its 1,500,000 Debentures units at 1,000 baht per unit, equaling 1,500 million baht. Meanwhile, Trade and Other Payables decreased by 162.72 million baht while Natural Gas Payables decreased by 122.93 million baht.

As of December 31, 2017, 2018 and 2019, Owner Equities equaled 5,022.20 million baht, 5,571.64 million baht and 10,793.04 million baht, respectively. Owner Equities increased in 2018 from the Operating Profit in the year while the increase in 2019 resulted from both the Operating Profit Increase and from its Initial Public Offering of its common shares in listing The Company in the Stock Exchange of Thailand.

## **2. Analysis of Operation and Financial Performance for 2017, 2018 and 2019**

### **2.1 Operation Analysis**

#### **2.1.1 Revenues**

For the year ended December 31, 2017, 2018 and 2019, Total Revenue for The Company were 4,346.15 million baht, 4,848.94 million baht and 5,088.17 million baht, respectively. This was a growth rate of 11.57% in 2018 and 4.93% in 2019, respectively.

##### **• Sales of goods and services**

For the year ended December 31, 2017, 2018 and 2019, The Company had Sales of goods and services of 4,243.28 million baht, 4,833.21 million baht and 4,950.63 million baht, respectively. This was a growth rate of 13.90% in 2018 and 2.43% in 2019, respectively. Sales of goods and services in 2017, 2018 and 2019 included Revenue from Finance Leases under Power Purchase Agreement totaling 372.86 million baht, 417.02 million baht, and 410.38 baht, respectively. This represented a Growth Rate of 8.79%, 8.63% and 8.29%. Most Sales of goods and services came from both Major Customers: Electricity Authority Of Thailand and Provincial Electricity Authority, accounting for 98.94%, 98.74% and 98.26% of overall Sales of goods and services in 2017, 2018 and 2019, respectively. In 2019, The Company has received Revenues from 4 types of Power Plants: Biomass Power Plants, Natural Gas Power Plant, Municipality Solid Waste Power Plant and Solar Energy Power Plant, per following details.



Sales of goods and services	Consolidated Financial Statement for the year ended, December 31					
	2017		2018		2019	
	MB	%	MB	%	MB	%
Electricity Sales (FIT)	2,177.51	51.32	2,434.23	50.36	2,420.71	48.90
FIT Premium	154.07	3.63	171.82	3.55	170.33	3.44
Electricity Sales to Industrial Users	4.07	0.10	8.76	0.18	12.27	0.25
Steam Sales (IU)	11.93	0.28	0.41	0.01	0.03	0.00
<b>Total Sales from Biomass Power Plants</b>	<b>2,347.58</b>	<b>55.33</b>	<b>2,615.22</b>	<b>54.10</b>	<b>2,603.34</b>	<b>52.59</b>
Revenue from Finance Lease under						
Power Purchase Agreement	372.86	8.79	417.02	8.63	410.38	8.29
Revenue from Service under						
Power Purchase Agreement	1,292.70	30.46	1,523.77	31.53	1,628.02	32.89
Electricity Sales to Industrial Users (IU)	2.75	0.06	4.99	0.10	8.93	0.18
Steam Sales (IU)	2.43	0.06	9.13	0.19	20.51	0.41
<b>Total Sales from Natural Gas</b>						
<b>Power Plants</b>	<b>1,670.74</b>	<b>39.37</b>	<b>1,954.91</b>	<b>40.45</b>	<b>2,067.84</b>	<b>41.77</b>
Base Electricity Sales and Ft	88.47	2.09	99.73	2.06	105.79	2.14
Additional Income (Adder)	112.54	2.65	125.40	2.60	129.18	2.61
Revenue from Waste management	23.95	0.56	37.54	0.78	37.36	0.75
<b>Total Sales from Solid Waste</b>						
<b>Power Plant</b>	<b>224.96</b>	<b>5.30</b>	<b>262.67</b>	<b>5.44</b>	<b>272.33</b>	<b>5.50</b>
Base Electricity Sales and Ft	-	-	0.41	0.01	7.12	0.14
<b>Total Sales from Solar Energy</b>						
<b>Power Plant</b>	<b>-</b>	<b>-</b>	<b>0.41</b>	<b>0.01</b>	<b>7.12</b>	<b>0.14</b>
<b>Sales of goods and services</b>	<b>4,243.28</b>	<b>100.00</b>	<b>4,833.21</b>	<b>100.00</b>	<b>4,950.63</b>	<b>100.00</b>

• **Revenue from Construction under a Concession Arrangement (Before COD)**

In 2019, The Company had Revenue from Construction under a Concession Arrangement of 104.64 million baht under Solid Waste Power Plant Concession, with Krabi Municipality (ALCP6). The Concession covers the management and converting of waste to electrical energy for 25 years, signed on February 22, 2019. At the end of project, ALCP will transfer the ownership of the Waste Management system and property to Krabi Municipality at the end project. The Management considers this condition as Agreement on Service Concession under TFRIC 12 "Service Concession Arrangement", thus recorded the Revenue from Construction under a Concession Arrangement in accordance of percentage of completion of the fair value of the assets and recorded the actual Construction Cost of 104.64 million baht. Therefore, The Company has not incurred profit or loss from this transaction.

## • Other Income

For the year ended December 31, 2017, 2018 and 2019, The Company had Other Income of 102.87 million baht, 15.73 million baht and 32.90 million baht, respectively. Most Other Income in 2017 came from fuel surcharge income from a related party amounting to 97.14 million baht, from the biomass fuel sales agreement between AAPP and Shaiyo Supply Chain Company Limited (“SSC”), a company under Songmetta Group. This was because in 2016, SSC could not fulfill the order as agreed. AAPP However, during that period, there was uncertainty whether they could collect the fine. Therefore, they asked for the fine later than normal period and recorded it as other revenue in 2017. AAPP had received the fine payment. In 2018, Other Income came from the land sale between AAA and TAB, worth 5.40 million baht. Other Income were interest income, salvage sales, and insurance claim, worth 3.23 million baht, 2.88 million baht and 2.88 million baht, respectively. In 2019, other Income came from Insurance Compensation worth 23.95 million baht; consisting of Machine and Equipment compensation of 6.16 million baht and business interruption compensation of 17.79 million baht, and interest income of 6.35 million baht.

## 2.1.2 Costs

### • Costs of Sales and Services

For the year ended December 31, 2017, 2018 and 2019, The Company had Costs of Sales and Services of 3,122.73 million baht 3,415.75 million baht and 3,324.70 million baht, respectively. They could be classified per following:

Costs of Sales and Services	Consolidated Financial Statement for the year ended, December 31					
	2017		2018		2019	
	MB	%	MB	%	MB	%
Fuel Material Cost	963.17	30.84	1,025.90	30.03	836.17	25.15
Depreciation Cost	431.37	13.81	435.79	12.76	429.45	12.92
Maintenance Cost	177.72	5.69	170.72	5.00	147.19	4.45
Labor Cost	130.88	4.19	153.20	4.48	161.72	4.86
Other Costs	89.65	2.88	93.12	2.73	116.31	3.48
<b>Total Costs for Biomass Power Plants</b>	<b>1,792.79</b>	<b>57.41</b>	<b>1,878.73</b>	<b>55.00</b>	<b>1,690.84</b>	<b>50.86</b>
Fuel Material Cost	1,053.77	33.74	1,247.90	36.53	1,356.39	40.80
Maintenance Cost	108.42	3.47	118.72	3.48	109.71	3.30
Labor Cost	13.47	0.43	15.94	0.47	19.38	0.58
Other Cost	11.13	0.36	5.21	0.15	5.56	0.17
<b>Total Costs of Natural Gas Power Plants</b>	<b>1,186.79</b>	<b>38.00</b>	<b>1,387.77</b>	<b>40.63</b>	<b>1,491.04</b>	<b>44.85</b>

Costs of Sales and Services	Consolidated Financial Statement for the year ended, December 31					
	2017		2018		2019	
	MB	%	MB	%	MB	%
Service Rights Termination Cost	60.21	1.93	60.21	1.76	53.95	1.62
Maintenance Cost	36.53	1.17	49.82	1.46	44.37	1.34
Labor Cost	17.83	0.57	17.76	0.52	18.97	0.57
Other Costs	28.58	0.92	21.05	0.62	18.91	0.57
<b>Total Costs for Solid Waste Power Plants</b>	<b>143.15</b>	<b>4.59</b>	<b>148.84</b>	<b>4.36</b>	<b>136.20</b>	<b>4.10</b>
Depreciation Cost	-	-	-	-	2.85	0.09
Maintenance Cost	-	-	0.15	0.00	0.44	0.01
Labor Cost	-	-	0.26	0.01	3.33	0.10
<b>Total Costs for Solar Energy Power Plants</b>	<b>-</b>	<b>-</b>	<b>0.41</b>	<b>0.01</b>	<b>6.62</b>	<b>0.20</b>
<b>Total Sales &amp; Service Costs</b>	<b>3,122.73</b>	<b>100.00</b>	<b>3,415.75</b>	<b>100.00</b>	<b>3,324.70</b>	<b>100.00</b>

### **Biomass Power Plant Projects**

For the year ended December 31, 2017, 2018 and 2019, Total Costs for Biomass Power Plants were 1,792.79 million baht, 1,878.73 million baht and 1,690.84 million baht, respectively. Its Major Costs were Fuel Material Costs, Building and Equipment Depreciation Costs and Maintenance Costs and Labor Costs.

Total Costs for Biomass Power Plants in 2018 increased from those in 2017 by 85.94 million baht, due to (1) additional electricity generation and (2) full-year operation of Bo Ploy Power Plant

In 2019, Total Costs for Biomass Power Plants decreased by 187.89 million baht or 10.00%. This came from the reduction of Fuel Material Costs of 189.73 million baht and reduction of Maintenance Costs of 23.53 million baht. These were the results of The Company's improved Fuel Material Cost Management and increase of Operation Efficiency from production process and machinery improvement, fuel mixing formula to maximize combustion. These also resulted from the Research and Development work and improvement in Procurement Process, thus reducing the Fuel Material costs.

### **Natural Gas Power Plant Projects**

Total Costs for Natural Gas Power Plants (AAA1) started in 2017 as it commenced commercial operation on February 10, 2017. Costs of Sales and Service for 2017, 2018 and 2019 were 1,186.79 million baht, 1,387.77 million baht and 1,491.04 million baht, respectively. Major Costs were Fuel Material Costs and Operation and Maintenance Costs. In 2018, Costs of Sales and Service increased by 200.98 million baht from those in 2017 as the Koh Khanun Power Plant operated for full-year in 2018, whereas it had operated for 10.5 months in 2017. In 2019, Total Costs for Natural Gas Power Plants increased by 103.27 million baht from the increase of Fuel Material Costs of 108.49 million baht or 8.69% as Natural Gas price increased.

However, The Company received the compensation for Natural Gas price increase from the increase of tariff from Electricity Authority of Thailand.

- **Foreign Exchange Loss**

During fiscal year, ending December 31, 2018, The Company changed the accounting method in translating the fiscal assets under Finance Lease's account receivables by readjusting the financial report of 2017. This involved the Foreign Exchange in certain elements, according to Thai Financial Reporting Standard # 21, with effect from Change in Foreign Exchange.

As a result, The Company recorded a Foreign Exchange loss of 115.06 million baht and 10.55 million baht in 2017 and 2018, respectively. However, there were unrealized Foreign Exchange loss of 114.93 million baht and 10.27 million baht in 2017, 2018, respectively. In 2019, the Company had foreign exchange loss of 103.51 million baht; of which 102.34 million baht were unrealized foreign exchange loss.

**Municipality Solid Waste Power Plant Project**

Costs of Sales and Service started in 2016, as it commenced commercial operation on November 29, 2016. Total Costs of Sales and Service in 2017, 2018 and 2019 for Municipality Solid Waste Power Plant Project (ALCP3) were 143.15 million baht, 148.84 million baht and 136.20 million baht, respectively. Major Costs were Amortization Cost of Service Rights under the Concession Agreement (from the Project's Fair Value), Maintenance Cost and Labor Cost.

**Solar Energy Power Plant Project**

Costs of Sales and Service for Solar Energy Power Plant Project in 2018 and 2019 were 0.41 million baht and 6.62 million baht, respectively. As the first Solar Energy Power Plant Project commenced commercial operation in November, 2018 while Second and Third projects commenced operation in February and September, 2019, Major Costs were Depreciation Cost and Labor Cost.

## • Gross Profit

For the year ended December 31, 2017, 2018 and 2019, The Company had a Gross Profit from Sales and Services, of 26.41%, 29.33% and 32.16%, respectively. They could be classified per type of Power Plants as below:

Gross Profit	Consolidated Financial Statement for the year ended, December 31					
	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
<b>Biomass Power Plants</b>						
Sales and Service Income	2,347.58	100.00	2,615.22	100.00	2,603.34	100.00
Costs of Sales and Service	1,792.79	76.37	1,878.73	71.84	1,690.84	64.95
<b>Biomass Power Plant Gross Profit</b>	<b>554.79</b>	<b>23.63</b>	<b>736.49</b>	<b>28.16</b>	<b>912.50</b>	<b>35.05</b>
<b>Natural -GasPower Plant</b>						
Sales and Service Income	1,670.74	100.00	1,954.91	100.00	2,067.84	100.00
Costs of Sales and Service	1,186.79	71.03	1,387.77	70.99	1,491.04	72.11
<b>Natural GasPower Plant Gross Profit</b>	<b>483.95</b>	<b>28.97</b>	<b>567.14</b>	<b>29.01</b>	<b>576.80</b>	<b>27.89</b>
<b>Municipality Solid Waste Power Plant Project</b>						
Sales and Service Income	224.96	100.00	262.67	100.00	272.33	100.00
Costs of Sales and Service	143.15	63.63	148.84	56.66	136.20	50.00
<b>Gross Profit of Municipality Solid Waste Power Plant Project</b>	<b>81.81</b>	<b>36.37</b>	<b>113.83</b>	<b>43.34</b>	<b>136.13</b>	<b>50.00</b>
<b>Solar Rooftop Power Plant</b>						
Sales and Service Income	-	-	0.41	100	7.12	100.00
Costs of Sales and Service	-	-	0.41	100	6.62	92.98
<b>Solar Energy Power Plant Project</b>						
<b>Gross Profit</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>0.50</b>	<b>7.02</b>
Total Sales and Service Income	4,243.28	100.00	4,833.21	100.00	4,950.63	100.00
Total Costs of Sales and Service	3,122.73	73.59	3,415.75	70.67	3,324.70	67.16
<b>Total Gross Profit</b>	<b>1,120.55</b>	<b>26.41</b>	<b>1,417.46</b>	<b>29.33</b>	<b>1,625.93</b>	<b>32.84</b>

In 2017, Biomass Power Plant Gross Profit were 554.79 million baht, showing Gross Profit Margin of 23.63%. In 2017, Biomass Power Plant Gross Profit increased by 181.70 million baht, Gross Profit Margin improved to 28.16% due to the improved Production Efficiency and Fuel Materials Management to lower costs. Therefore, The Company achieved a lower electricity generation cost per unit. In 2019, The Company had additional Gross Profit of 176.01 million baht, thus achieving a Gross Profit Margin of 35.05%. The Improvement resulted from better procurement and utilization of fuel materials and better control of machine maintenance costs.

The Natural Gas Power Plant (AAA1) commenced commercial operation in February, 2017. It had Gross Profit of 483.95 million baht, and Gross Profit Margin of 28.97%. In 2018, Gross Profit increased to 567.14 million baht with Gross Profit Margin of 29.01%. The Company realized Capacity Payment Revenue by using Thai Financial Reporting Standard #4 (TRFIC 4) Major Costs of Natural Gas Power Plant are Natural Gas Fuel Cost. In 2018, the Gross Profit increased by 9.66 million baht from increase of Revenue. The increase of Natural Gas price and the volume of electricity sold, causing a Production Cost increase of 103.27 million baht, were more than offset by the increase of electricity tariff, adjusted according to the Natural Gas price. Therefore, it had no negative effect on Gross Profit Margin.

In 2017, Municipality Waste Power Plant had operated for full-year. In 2017 and 2018, it had a Gross Profit of 81.81 million baht and 113.83 million baht, achieving a Gross Profit Margin of 36.37% and 43.34%, respectively. The Gross Profit increased from the increase of Waste Management Income and Electricity Generation. The Major Costs were Amortization of Service Rights under Concession Arrangement, which were not fluctuated with the volume of Electricity Sales. Using the Adder-scheme, the Municipality Waste Power Plant had a Gross Profit of 136.13 million baht; achieving a Gross Profit Margin of 50% in 2019, a good improvement from 2018. This resulted from an improvement in Electricity Generation and Maintenance Cost reduction.

Solar Energy Power Plant Project were in early stage, with only 3 small plants commencing operation. Their Gross Profit were 0.50 million baht, achieving a Gross Profit Margin of 7.02%.

Overall, The Company's Gross Profit For the year ended December 31, 2017, 2018 and 2019 were 1,120.55 million baht, 1,417.46 million baht and 1,625.93 million baht, achieving a Gross Profit Margin of 26.41%, 29.33% and 32.84%, respectively. (Excluding the Construction Revenue under Concession Arrangement) This showed an impressive cumulative growth rate per year of 20.46%.

### **2.1.3 Sales, General & Administrative (SG&A) Costs**

For the year ended December 31, 2017, 2018 and 2019, The Company had Sales, General & Administrative Costs of 275.56 million baht, 378.53 million baht and 330.36 million baht, respectively. They accounted for 6.49%, 7.83% and 6.53%, of Sales Revenues (before combining with Other Revenues). In 2018, the SG&A Costs increased from Human Resource costs, Advisory and other Services fees as well as Loss on Impairment of Construction Design Cost for 1 Power Plant Project under Contract Retrieval Process. In 2019, the SG&A Costs decreased by 48.17 million baht or 12.73% due to the reversing of impairment provision of land for 16.20 million baht.

### **2.1.4 Finance Costs**

For the year ended December 31, 2017, 2018 and 2019, The Company had Finance Costs of 497.30 million baht, 482.52 million baht and 412.57 baht, respectively. This represented 11.72%, 9.99% and 8.17% of total revenues excluding the other income, respectively. In 2019, the Finance Costs decreased by 69.95 million baht or 14.50% due to the Repayment of Loans during the year from early repayment of loans. The Company utilized the IPO proceeds of cash reserve for Power Plant development. In addition, The Company also received a reduced interest rate from its banks.

### **2.1.5 Income Tax**

For the year ended December 31, 2017, 2018 and 2019, The Company had Corporate Tax Income of 21.74 million baht; Corporate Tax Expense of 15.53 million baht and Corporate Tax Income of 2.91 million baht, respectively. Its Major Costs were Income Tax for the period, from the Profits, for the portion not exempted from the BOI-privileges and Deferred Income Tax, from the change in Balance of Assets or Income Tax expenses at the end of period.

In 2018, The Company had an increased Accounting and Tax expenses from 3 factors: (1) Direct expenses in issuing Corporate Debentures which The Company recorded increased Deferred Income Tax of 2.15 million baht. In 2017, The Company recorded a reduced Income Tax expenses of 3.48 million baht, from the temporary difference amortization of fees between Accounting and Tax. (2) Change of useful life of the machinery to match the Power Purchase Agreement since 2017, causing a 13.66 million baht increase in Income Tax expenses in 2018. Overall, The Company recorded Deferred Income Tax of 13.66 million baht in 2018. (3) The reclassification of Koh Khanun Power Plant as a Finance Lease since 2017, causing a 24.83 million baht Deferred Income Tax expense in 2018. The Power Plant commenced commercial operation in February 2017. Overall, The Company recorded Deferred Income Tax expense of 9.80 million baht in 2018.

In 2019, The Company had increased Income Tax expense of 18.44 million baht, from the increased Deferred Income Tax from the temporary difference of Accounting and Tax Depreciation.

### **2.1.6 Net Profit**

For the year ended December 31, 2017, 2018 and 2019, The Company had Net Profit of 333.53 million baht, 546.57 million baht and 815.30 million baht, respectively. This represented a Net Profit Margin of 7.86%, 11.31% and 16.13%, respectively. In 2018, Net Profit increased by 213.04 million baht, showing a 63.87% Growth rate from 2017. The main factors were (1) AAA1 and ACP3 Project had full-year operation. (2) The Company had continuously improved Production Efficiency and improved the Management of Biomass Fuel Materials to lower Production Unit Cost and increase the volume of Electricity Sales to EGAT. However, The Company had a Foreign Exchange loss of 138.77 million baht and 10.04 million baht in 2017 and 2018, respectively, from the unrealized Foreign Exchange loss from the 25-year Finance Lease, starting 10 February 2017. This transaction was recorded according to Thai Financial Reporting Standard # 4 on "Finance Lease evaluation" worth 114.93 million baht and 10.27 million baht which were recorded per Financial Interpretation Policy No. 4: "Evaluation on Finance Lease" of 114.93 million baht and 10.27 million baht. Excluding these items, The Company had Net Profit of 448.46 million baht and 556.84 million baht in 2017 and 2018, respectively. This showed a Net Profit Margin of 10.57% and 11.52%, respectively.



In 2019, Net Profit increased by 268.73 million baht or 49.17%, compared with those in 2018. This resulted from the increase in Gross Profit from the increase of Sales & Service Income and effective Cost Control as well as the utilization of IPO proceed to repay Debts in advance. Therefore, The Company reduced its financial cost.

## 2.2 Financial Position Analysis

### 2.2.1 Assets

As of December 31, 2017, 2018 and 2019, The Company had Total Assets of 13,959.40 million baht, 13,886.74 million baht and 14,145.18 million baht, respectively. This showed a decline of 0.52% and increase of 1.86%, respectively. Major Assets are Land, Property and Machinery in operating power plants, Account Receivables in Financial lease under the Natural Gas Power Plant's Power Purchase Agreement and Rights to Service under Municipality Waste Management Project Concession Arrangement.

In 2019, Total Assets increased by 258.44 million baht or 1.86%. Cash and Cash Equivalents decreased by 32.58 million baht, Financial Lease Account Receivable declines from Foreign Exchange loss by 128.94 million baht, inventory increased by 89.70 million baht, restricted Deposits at Financial Institutions, an account open with the banks for payment of electricity under the Power Purchase Agreement; increased by 173.66 million baht. This account is used a Collateral for the loan agreement to ensure sufficient Capital and Interest payment. Machinery Maintenance; Investment in property increased by 23.52 million baht, Property, Plant and Equipment decreased by 70.06 million baht after Depreciation Cost Advance Payment for Construction and Fixed Asset purchase increased by 133.49 million baht-mainly from Krabi Municipality Solid Waste Power Plant Project, Rights to Service under Concession Arrangement, increased 50.69 million baht from Krabi Municipality Solid Waste Power Plant Project and other assets increased 18.96 million baht, Deferred tax assets increased 12.25 million baht and Prepayment of Land Rental of increased by 11.77 million baht.

#### • Trade Receivables and others

As of December 31, 2017, 2018 and 2019, The Company had Trade Receivables and other Receivables of 771.30 million baht, 829.13 million baht, and 819.99 million baht, respectively. It represented 5.53%, 5.97% and 5.80% of Total Assets, respectively. The Debt collection period of December 31, 2017, 2018 and 2019 were 49.10 days, 57.68 days and 57.88 days, respectively

#### • Receivables under Finance Lease

The Company had current portion of Receivables under Finance Lease of 95.15 million baht, and 97.94 million baht, respectively. The Company had Receivables under Finance Lease as long-term assets of 3,358.40 million baht and 3,324.32 baht, respectively, from the Electricity Income under Power Purchase Agreement for AAA1 Project. For the year ended December 31, 2017 and 2018, the Receivables under Finance Lease accounted for 24.74% and 24.65% of Total Assets. (According to Thai Financial Report Standard No. 4 (TFRIC 4))

As of December 31, 2019, the Receivables under Finance Lease, accounted for 24.74% and 24.65% of Total Assets. The Company had current portion of Receivables under Finance Lease of 96.17 million baht and Receivables under Finance Lease as long-term assets of 3,197.15 million baht or 23.28% of Total Assets.

#### • Property, Plant, Equipment

As of December 31, 2017, 2018 and 2019, The Company had Property, Plant, Equipment of 8,277.30 million baht 8,129.43 million baht and 8,059.37 million baht, respectively. Property, Plant, Equipment's value had no significant change.

As of December 31, 2017, 2018 and 2019, The Property, Plant, Equipment accounted for 59.30%, 58.54% and 56.98% of Total Assets., respectively.

Property, Plant, Equipment	Consolidated Financial Statement as of December 31					
	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
Land	1,628.64	19.68	1,757.54	21.62	1,900.20	23.58
Land Improvement	467.04	5.64	460.58	5.67	429.29	5.33
Building & Building Improvement-						
Power Plant	633.04	7.65	595.43	7.32	558.90	6.93
Building & Building Improvement – Office	132.58	1.60	128.70	1.59	122.28	1.52
Machine & Equipment	4,879.13	58.95	4,623.97	56.88	4,410.90	54.73
Office equipment, Furniture & Fixture	7.63	0.09	10.81	0.13	9.91	0.12
Tool & Equipment	16.57	0.20	21.16	0.26	21.73	0.27
Vehicles	6.92	0.08	8.45	0.10	7.30	0.09
Construction Work-in-Process	505.75	6.11	522.79	6.43	598.86	7.43
<b>Total Property, Plant, Equipment</b>	<b>8,277.30</b>	<b>100.00</b>	<b>8,129.43</b>	<b>100.00</b>	<b>8,059.37</b>	<b>100.00</b>

As of December 31, 2017, 2018 and 2019, The Company had Construction Work-in-Process of 505.75 million baht, 522.79 million baht and 598.86 million baht, respectively. The Company had been building Klong Klung Biomass Power Plant (ACP4) and Sri Saket Biomass Power Plant (ALCP4), which ACE Group expected to retrieve the power purchase agreement, therefore decided to invest in the project.

#### • Rights to service under Concession Arrangement

Rights to service under Concession Arrangement is the right awarded under the Concession to provide Waste Management by converting waste to electrical energy. During construction period, The Company recorded the waste as intangible assets (Rights to service under Concession Arrangement) in accordance

with percentage of completion of the fair value of the assets (Construction Value of Municipality Solid Waste Power Plant) After commencing commercial operation, The Company will amortize the Rights to service under Concession Arrangement as expenses in the Statements of Comprehensive Income, using a straight-line method throughout the concession period. The Company will transfer the Power Plant building to Khon Kaen Municipality at the end of the concession. (refer to Building Construction agreement to transfer the ownership to Khon Kaen Municipality Solid Waste Power Plant according to the Waste disposal and Waste to Energy Concession)

As of December 31, 2017, 2018 and 2019, The Company had Rights to service under Municipality Solid Waste Power Plant Concession Arrangement of 821.19 million baht, 760.98 million baht and 811.67 million baht, respectively. It decreased by 60.21 million baht after amortization cost according to the concession, which will expire on August 17, 2031. (The Concession period is 20 years with Khon Kaen Municipality - ALCP3 Project) Rights to service under Municipality Solid Waste Power Plant Concession Arrangement increased in 2019, as The Company signed another Concession with Krabi Municipality to provide waste management and converting waste to electrical energy for 25-year. (ALCP6)

### **2.2.2 Liabilities**

As of December 31, 2017, 2018 and 2019, Total Liabilities were 8,937.20 million baht, 8,315.10 million baht and 3,352.14 million baht, respectively. In 2019, Total Liabilities decreased by 4,962.96 million baht from 2018 or 59.69%. This resulted from the reduction for long-term loans from financial institutions of 3,183.95 million baht from loan repayment. Debenture decreased by 1,476.50 million baht from early redemption of all debentures. Trade and other payables decreased by 162.72 million baht as Natural Gas Payable decreased by 122.93 million baht.

#### **• Trade and Other Payables**

As of December 31, 2017, 2018 and 2019, Trade and Other Payables were 366.96 million baht, 412.14 million baht, and 249.42 million baht, respectively or 4.11%, 4.96% and 7.44% of Total debts, respectively. In 2018, Trade and Other Payables increased by 45.18 million baht as Natural Gas Payable increased from the Gas Volume increase. In 2019, Trade and Other Payables decreased by 162.72 million baht as Natural Gas Payable decreased by 122.93 million baht and Share subscription payable, a related person decreased by 15.00 million baht.

For the year ended December 31, 2017, 2018 and 2019, The Company had a Average payment period of 18.87 days, 28.84 days and 23.33 days, respectively. Average payment period increased by 9.97 days in 2018 as the Natural Gas Power Plant commenced operation in February 2017 and had full-year operation in 2018. Average payment period decreased by 5.51 days, according to the payment due date.

Trade and Other Payables	Consolidated Financial Statement for the year ended, December 31					
	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
Trade Payables	261.58	71.28	285.77	69.33	145.19	58.21
Payables from investment in subsidiary	-	-	15.00	3.64	-	-
Other Payables	27.47	7.49	35.81	8.69	34.76	13.94
Fixed Assets Payables	28.37	7.73	5.59	1.36	11.20	4.49
Accrued expenses	46.32	12.62	54.00	13.10	53.38	21.40
Accrued interest expenses	2.99	0.82	15.53	3.77	0.52	0.21
Advance Payment	-	-	0.07	0.02	0.07	0.03
Retention	0.08	0.02	0.22	0.05	4.17	1.67
Employee guarantee	0.15	0.04	0.15	0.04	0.13	0.05
<b>Total Trade and Other Payables</b>	<b>366.96</b>	<b>100.00</b>	<b>412.14</b>	<b>100.00</b>	<b>249.42</b>	<b>100.00</b>

#### • Long-terms Loans from Financial Institutions

As of December 31, 2017, 2018 and 2019, The Company had Long-terms Loans from Financial Institutions per following:

Long-terms Loans from Financial Institutions	Consolidated Financial Statement As of 31 December					
	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
Current Portion of Long-terms Loans from Financial Institutions (Net)	3,032.44	36.85	747.06	12.55	856.18	30.94
Long-terms Loans from Financial Institutions (Net)	5,196.57	63.15	5,204.39	87.45	1,911.32	69.06
<b>Total Long-terms Loans from Financial Institutions</b>	<b>8,229.01</b>	<b>100.00</b>	<b>5,951.45</b>	<b>100.00</b>	<b>2,767.50</b>	<b>100.00</b>

Long-terms Loans from Financial Institutions were used for investment and construction of Company's Power Plants. In 2018 and 2019, Long-terms Loans from Financial Institutions reduced by 2,277.56 million baht and 3,183.95 million baht, respectively, showing a 27.68% and 53.50% decline, respectively. This resulted from the repayment of loans of Company and its subsidiaries. In 2019, Repayment of long-term loan for its subsidiaries. The Company temporarily prepaid the loans by using the portion of the IPO proceed, reserved from development of new power plants. As of December 31, 2017, 2018 and 2019, Long-terms Loans from Financial Institutions were 92.08%, 71.57% and 82.56% of Total Liabilities, respectively.

- **Provisions for Power Plant maintenance under concession arrangement**

As of December 31, 2017, 2018 and 2019, Provisions Power Plant maintenance under Concession Arrangement were 7.75 million baht, 17.29 million baht and 25.22 million baht, respectively. Such Provision were requirement under the Waste Management and Converting of Waste to Electrical Energy Concession Arrangement that the Contracted party oversees, maintain and repair assets under concession in good working condition throughout the concession period. The Provisions were recorded with accurate calculation to ensure sufficient fund available. As of December 31, 2017, 2018 and 2019 showed 0.09%, 0.21% and 0.75% of Total Liabilities, respectively.

### 2.2.3 Owners Equity

As of December 31, 2017, 2018 and 2019, The Company had Equity of 5,022.20 million baht, 5,571.64 million baht and 10,793.04 million baht, respectively. In 2018, Equity increased by 549.44 million baht or 10.94% as The Company had Total comprehensive income of 552.02 million baht but deficit from business combination under common control increased by 2.58 million baht. Deficit from business combination under common control at December 31, 2018 were 22.89 million baht. In 2019, Equity increased by 5,221.40 million baht or 93.71% from the issuing and selling the Initial Public Offering Shares and had Share Premium of 3,896.01 million baht. In addition, The Company had increased Net Profit; thus increasing the unappropriated Retained Earning.

As of December 31, 2017, 2018 and 2019 the unappropriated Retained Earning were 463.51 million baht, 1,015.53 million baht and 1,831.92 million baht, respectively.

Equity	Consolidated Financial Statement As of December 31					
	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
Issued and fully paid-up share capital	4,579.00	91.17	4,579.00	82.18	5,088.00	47.14
Share Premium	-	-	-	-	3,896.01	36.10
Retained Earning-unappropriated	463.51	9.23	1,015.53	18.23	1,831.92	16.97
Deficits from Business Combination under Common Control	(20.31)	(0.40)	(22.89)	(0.41)	(22.89)	(0.21)
<b>Total Equity</b>	<b>5,022.20</b>	<b>100.00</b>	<b>5,571.64</b>	<b>100.00</b>	<b>10,793.04</b>	<b>100.00</b>

## 2.3 Liquidity Analysis

Cash Flow	Consolidated Financial Statement for the year ended, December 31		
	2017	2018	2019
	million baht	million baht	million baht
Net Cash from Operation	1,344.70	1,697.15	1,618.60
Net Cash used in Investment	(977.88)	(400.65)	(826.12)
Net Cash used in Financing	(399.31)	(1,197.27)	(825.05)
<b>Net Cash and Cash Equivalents Increase (Decrease)</b>	<b>(32.49)</b>	<b>99.23</b>	<b>(32.57)</b>
Cash or Cash Equivalent at beginning of the Year	37.75	5.26	104.49
<b>Cash or Cash Equivalent at End of Year</b>	<b>5.26</b>	<b>104.49</b>	<b>71.92</b>

### 2.3.1 Cash Flow from Operation

For the year ended December 31, 2017, 2018 and 2019, The Company had Cash Flow from Operation of 1,344.70 million baht, 1,697.15 million baht and 1,618.60 million baht, respectively.

For the year ended December 31, 2017, Net Cash from Operating Activities before the change in operating assets and liabilities of were 1,472.23 million baht; from 9 Biomass Power Plants, 1 Natural Gas Power Plant, 1 Municipality Solid Waste Power Plant. With Profit before Income Tax of 311.79 million baht, Depreciation of 453.14 million baht, its Finance Cost were 497.30 million baht. However, Net Cash Flow used in change of working capital of 129.74 million baht; thus Net Cash generated from Operating Activities from Operation of 1,344.70 million baht,

For the year ended December 31, 2018, Net Cash from Operating Activities before the change in operating assets and liabilities were 1,635.25 million baht; from 9 Biomass Power Plants, 1 Natural Gas Power Plant, 1 Municipality Solid Waste Power Plant and 1 Solar Power Plant. Pre-tax Profit were 562.10 million baht, Depreciation were 467.57 million baht and Finance Cost were 482.53 million baht. With Net Cash Flow increase of 63.64 million baht; Net Cash from operating activities 1,697.15 million baht.

For the year ended December 31, 2019, Net Cash from Operating Activities before the change in operating assets and liabilities were 1,864.86 million baht, with 2 Solar Energy Power Plants commencing commercial operation. The Company had Pre-tax Profit of 812.39 million baht, Depreciation of 469.34 million baht and Finance cost of 412.57 million baht. Net Cash used in change of net working capital of 244.57 million baht; Net Cash from operating activities 1,618.60 million baht

### 2.3.2 Cash Flow for Investment

For the year ended December 31, 2017, 2018, 2019, Net Cash used in investing activities were 977.88 million baht, 400.65 million baht and 826.12 million baht, respectively

For the year ended December 31, 2017, The Company had Net Cash used in investing activities of 977.88 million baht, mainly in investment in Power Plant of 1,020.16 million baht. However, Restricted Deposit at Commercial Banks reduced by 108.23 million baht.

For the year ended December 31, 2018, The Company had Net Cash used in investing activities of 400.65 million baht, mainly from purchase of land plot of the already - COD power plant, investment in Solar Energy Power Plant project, maintenance and purchase of spare parts of power plants projects.

For the year ended December 31, 2019, The Company had Net Cash used in investing activities of 826.12 million baht, mainly from purchase of fixed assets of 531.55 million baht, purchase of assets under concession of 101.30 million baht and Restricted Deposit at Financial Institutions increase of 173.66 million baht.

### 2.3.3 Cash Flow from Financing

For the year ended December 31, 2017, 2018 and 2019, The Company had Net Cash used in Financing Activities of 399.31 million baht, 1,197.27 million baht and 825.05 million baht, respectively.

For the year ended December 31, 2017, The Company had Net Cash used in Financing Activities of 399.31 million baht. Cash Flow were used in (1) Payment of Finance repaying financing expense and borrowing fees of 474.39 million baht (2) Loan Payment to related persons of 176.30 million baht. The Company had Cash Flow from (1) Long-term loans from commercial banks less loan repayments (net) of 203.14 million baht and (2) Cash received from issued and paid up of the Company's share capital of 76.50 million baht

For the year ended December 31, 2018, The Company Net Cash used in financing activities of 1,197.27 million baht from (1) Repaying financing expense and borrowing fees of 459.15 million baht Cash received on long-term loan. The Company received Cash from selling Debentures for 1,500.00 million baht

For the year ended December 31, 2019, The Company Net Cash used in financing activities of 825.05 million baht. The Company received Cash from selling the new shares in Initial Public Offering (IPO) of 4,405.01 million baht Cash received on long-term loan 3,186.62 million baht to repay long-term loans, redeem debentures before maturity for 1,500.00 million baht and repay short-term loans for 141.65 million baht.

## 2.4 Financial Ratio Analysis

### 2.4.1 Liquidity Ratio

Liquidity Ratio	Unit	Consolidated Financial Statement for the year ended, December 31		
		2017	2018	2019
Liquidity Ratio	times	0.27	0.70	1.04
Day receive <sup>1</sup>	day	49.10	57.68	57.88
Average payment period <sup>2</sup>	day	18.87	28.84	23.33
Cash Cycle	day	30.23	28.84	34.55

Remark: <sup>1</sup> using 360 formula / (Sales & Service Income / Average Trade Receivable at beginning and end of year)

<sup>2</sup> using 360 formula / (Costs of Sales & Service / Average Trade Payables at beginning and end of year)



For the year ended December 31, 2017, 2018 and 2019, The Company had Liquidity Ratio of 0.27 times, 0.70 times and 1.04 times, respectively. In 2018, Liquidity Ratio increased to 0.70 times from the increase of current assets such as Cash, Account Receivables and others and decrease of current portion of long-term loans. During 2017-2018, which was the investment period in power plants, a fixed asset, by using long-term loans from Banks, The Company had liquidity ratio below 1 time. The Company used regular Income from selling Electricity in other projects to repay Banks' loans each year. In 2019, Current Assets increased by 302.99 million baht; from the increase of one-year deposits with restrictions of 250.26 million baht and inventory of 89.70 million baht. Current Liabilities decreased by 251.01 million baht from the decrease of Trade Payables of 162.72 million baht and short-term loans of 141.65 million baht, respectively. Current portion of Long-term loans increased by 109.12 million baht.

For the year ended December 31, 2017, 2018 and 2019, The Company had Average collection cycle of 49.10 days, 57.68 days and 57.88 days, respectively. In 2018, Average collection cycle increased from the full-year operation of the Natural Gas Power Plant. No significant changed in 2019.

As of December 31, 2018, 2019 The Company average payment period of 18.87 days, 28.84 days and 23.33 days, respectively.

## 2.4.2 Profitability Ratio

Profitability Ratio	unit	Consolidated Financial Statement for the year ended, December 31		
		2017	2018	2019
Gross Profit Margin <sup>1</sup>	%	26.41	29.33	32.84
Operation Profit Margin <sup>2</sup>	%	19.07	21.61	24.74
Net Profit Margin <sup>3</sup>	%	7.67	11.27	16.36
Return on Equity <sup>4</sup>	%	6.92	10.32	9.96

Remark: <sup>1</sup> Calculate by Gross Profit from Sales & Service / Sales & Service Income

<sup>2</sup> Calculate by Operating Profit / Sales & Service Income

<sup>3</sup> Calculate by Profit (Loss) for the period/ (Sales & Service Income + Construction Income under Concession + Other Income)

<sup>4</sup> Calculated by weighted-average by date of registered capital. Return on Equity were 12.85%

For the year ended December 31, 2017, 2018, 2019, Return on Equity were 6.92%, 10.32% and 9.96%, respectively. The increase resulted from the Power Plant commencing operation in 2017 and Efficiency Improvement in 2018 and 2019. The RoE decreased in 2019, as there were more shares issued from the IPO. However, using the weight-average of Registered Capital, the RoE increased from 2018, to 12.85%.

### 2.4.3 Operation Efficiency Ratio

Operation efficiency Ratio	unit	Consolidated Financial Statement for the year ended, December 31		
		2017	2018	2019
Return on Assets <sup>1</sup>	%	2.44	3.93	5.82
Return on Fixed Assets <sup>2</sup>	%	8.06	12.36	15.87

Remark: <sup>1</sup> Calculate by Net Profit (Loss) / Average Total Assets

<sup>2</sup> Calculate by (Net Profit+ Depreciation / Average Total Fixed Assets

For the year ended December 31, 2017, 2018 and 2019, Return on Assets were 2.44%, 3.93% and 5.82%, respectively. Return on Fixed Assets were 8.06%, 12.36% and 15.87%, respectively. The RoFA increased from the increase of Sales & Service Income.

### 2.4.4 Financial Policy Ratio Analysis

Financial Policy Ratio	unit	Consolidated Financial Statement for the year ended, December 31		
		2017	2018	2019
Debt/ Equity	times	1.78	1.49	0.31
Debt Service Coverage (Cash Basis)	times	0.76	0.58	0.41
Interest-paying ratio	times	2.85	3.75	4.07

For the year ended December 31, 2017, 2018 and 2019, Debt to Equity ratio were 1.78 times, 1.49 times, and 0.31 times, respectively. The Ratio improved from the increase of Retained Earnings and decrease of Liabilities and the proceeds from the IPO in 2019.

For the year ended December 31, 2017, 2018 and 2019, The Company's Debt Service Coverage (Cash Basis) were 0.76 times, 0.58 times and 0.41 times, respectively. In 2018, the ratio decreased from the repayment of long-term loans and capital repayment in subsidiary companies-ASCE. In 2019, there were prepayment of long-term loans, redemption of debenture before maturity and investment and asset purchase more than the cash flow from operation.

For the year ended December 31, 2017, 2018 and 2019, Interest-payment ratio were 2.85 times, 3.75 times, and 4.07 times, respectively. The continuous increase resulted from the increase of cash flow from operation, exceeding the increase of Finance Cost.

# Corporate Social Responsibility



## Overview Policy

With ACE Group vision to be a clean energy power plant with a responsibility to environment, society and shareholders, ACE Group strives to conduct business with honesty, integrity and fairness to business partners. ACE Group gives importance and takes into account the responsibility for the environment and society, allowing ACE Group to be able to conduct business sustainably. ACE Group has established policies on the Corporate Social Responsibility (CSR) for the Board of Directors, Executives and Employees to follow in the same direction.

## Operations with responsibility to Environment and Society

### 1. Business Operation with Fairness and Transparency

ACE Group aims to conduct business with honesty, fairness and high ethics and is determined to

compete in accordance with business ethics, laws, and fair competition, including rejecting any behavior that obstructs the competition fairly, such as seeking confidential information of competitors, demanding, receiving or giving benefits for the dishonest trade, etc. Moreover, ACE Group also respects the intellectual property rights of others. ACE Group has a policy for personnel to comply with laws and regulations regarding intellectual property rights, such as using computer programs that are legally copyrighted, etc. ACE Group also has a campaign to promote and cultivate the subconscious awareness of ACE Group personnel at every level to create social responsibility.

### 2. Anti-Corruption

ACE Group conducts the business based on transparency and ethics, adheres to the principles of good corporate governance, and complies with the law relating to anti-corruption and giving or accepting bribes to government officials or the

private sector. ACE Group has established an organizational structure to divide the responsibility, operations and chain of command clearly in each department to balance the power and have a concise check and balance between each department appropriately. In addition, ACE Group has established guidelines for the directors, executives and employees of the Company, subsidiaries and associated companies as follows:

1) The directors, executives and employees of ACE Group are prohibited to commit or accept any corruption in all forms, directly and indirectly, covering every relevant departments and regularly review the implementation of this anti-corruption policy in order to be in line with changes in regulations and legal requirements.

2) The Board of Directors, executives and employees of ACE Group are responsible for reporting to ACE Group, of the actions that are subject to corruption related to the ACE Group by informing the supervisor or the person in charge, and cooperate in the investigation of various facts.

3) ACE Group will provide fairness and protection to complainants who report the corruption, including those who cooperate in the reporting and investigation of corruption.

4) The directors and executives of ACE Group must act as a role model in the fight against corruption and be responsible for promoting and supporting anti-corruption policies, to communicate to employees and relevant parties and review the appropriateness of policies and measures suitable for changes in business conditions, regulations, and legal requirements.

5) Those who commit corruption are subject to disciplinary action in accordance with the regulations set by ACE Group and may be punished by law, if the act is illegal.

6) ACE Group provides training to directors, executives and employees of ACE Group company to understand the implementation of the anti-corruption policy, and promote morality, honesty, responsibility and their obligations.

7) ACE Group encourages contractors, trade partners, or other parties that perform duties related to ACE Group to report any violations of the anti-corruption policy of ACE Group.

8) ACE Group has policies in recruiting or selecting personnel, promotion, training, evaluation, remuneration of ACE Group staff and employees fairly and sufficiently to prevent corruption within the organization and establish Foundation for ACE Group employees.

9) In order to be clear about the conduct of high-risk matters with the occurrence of corruption in the following matters, the directors, executives, and employees of ACE Group must act and investigate carefully:

9.1 Giving and accepting gifts and receptions must be transparent, legal, and according to normal trade practices or traditions at an appropriate price.

9.2 Giving and receiving donations or grants must be transparent and legal by ensuring that the donations or grants given and received must not conceal bribery.

9.3 In carrying out business, contacting, negotiating, bidding and other operations with public or private sectors must be transparent and legal. In addition, the directors, executives, staff and employees of ACE Group must not give or receive any bribe at all stages of the business operation.

### 3. Respect the Human Rights

ACE Group has policies that support and respect the protection of human rights, by treating all involved parties including employees, communities and society with respect for human values. ACE Group takes into account the equality and equal freedom by not violating basic rights and discriminate any race, nationality, religion, language, color, gender, age, education, physical condition or social status. ACE Group also provides supervision to prevent any business of ACE Group to be involved in human rights violations such as child labor and sexual harassment etc. In addition, ACE Group has promoted the monitoring of compliance with human rights requirements by arranging for opinions expression and channels for complaints for those who may suffer from human rights violation from ACE Group business operation and ACE Group will take appropriate remedies after.

In order to respect human rights efficiently, ACE Group has built knowledge on human rights and created awareness among ACE Group personnel to comply with human rights principles.

### 4. The Fair Treatment towards Employees and Responsibility to Employees

ACE Group has been aware of the importance of human resource development and has treated the employees fairly which is a factor that will increase the value of the business and enhance the competitiveness and sustainable growth of ACE Group in the future. ACE Group has policies and guidelines as follows:

- 1) Respect the rights of employees in accordance with human rights principles and comply with the labor law.
- 2) Provide fair employment process and conditions, including fair consideration of the remuneration and evaluation.
- 3) Promote personnel development by providing training, seminars, and sending personnel to attend seminars and various related academic training to improve knowledge, capability, and potential of personnel including cultivating a good attitude, morality, ethics and teamwork.
- 4) Provide welfare in various forms for employees as required by law, such as social security etc. and additional benefits, not required by law, such as accident insurance, and various types of grants to employees such as scholarships to children, cremation money etc.
- 5) Provide annual health check-up services for personnel at all levels of the Group by considering the risk factors based on age, gender and working environment of each individual.
- 6) Ensuring employees to work safely and have good hygiene in the workplace by providing measures to prevent accidents and strengthen staff safety awareness including training and encourage employees to have good hygiene and taking care of the workplace. The Group also has a policy for every power plant of ACE Group to be certified to international standards for health and safety management systems (TIS 18001 and OHSAS 18001).
- 7) Allow employees to express their opinions or make complaints about unfair practices or wrong actions in ACE Group, including the protection of employees reporting such matters.



## Standards and certification for the fair treating of labor and responsibility to employees in various field

1

### Advance Agro Asia Co., Ltd.: Koh Khanun SPP Power Plant



Picture : White Factory Award



Picture : Excellent Awards for Safety Workplace Vocational Hygiene and Working Environment 2019: City Contest



Picture : OHSAS 18001 : 2007 Standard Certification



Picture : Green Office Award: Good Level

2

### Advance Clean Power Co., Ltd.: Bo Ploy Power Plant



Picture : White Factory Award



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : Standard on Prevention and Solution to Drugs Problems in an Establishment Certificate



Picture : White Factory Award



Picture : Safe, Healthy &amp; Happy Workplace



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : Nationwide Anti-drug Factory Award



5

## Advance Clean Power Co., Ltd.: Ban Bueng Power Plant



Picture : TIS 18001:2015 / OHSAS 18001 : 2007 Standard Certification

6

## Advance Asia Power Plant Co., Ltd.: Nam Phong Power Plant



Picture : Gold Medal, Safety, Vocational Hygiene and Working Environment

Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification

7

## Alliance Clean Power Co., Ltd.: Si Chiang Mai Power Plant



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : Safety Workplace Award  
Gold Level: Small & Medium Enterprise

Picture : Prevention Standard Solve Drugs  
at Work problems



Picture : Safety Workplace Awards

Picture : Role Model Awards: Citywide, for Safety, Vocational Hygiene  
and Working Environment, 2019

8

## Alliance Clean Power Co., Ltd.: MSW Khon Kaen Power Plant



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : Prevention Standard Solve Drugs at Work problems



Picture : White Factory Award



Picture : TIS 18001:2015 / OHSAS 18001:2007 Standard Certification



Picture : Safety Workplace Award  
Gold Level: Small & Medium Enterprise



Picture : Nationwide Anti-drug Factory Awards

11

## Advance Bio Asia Co., Ltd.: Thoen Power Plant



Picture : TIS 18001:2015 Standard Certification



Picture : Safe, Healthy & Happy Workplace

### 5. Responsibility to Customers

ACE Group aims to develop services for the satisfaction and benefits of the customer, and adheres to treat customers with responsibility, honesty and attention as if the customer is a family member of ACE Group as follows:

- 1) ACE Group considers the quality and service efficiency of ACE Group, in addition to the development of a quality service management system, ACE Group also cares about occupational health and safety management in order to provide customers with the most quality and efficient service.
- 2) ACE Group adheres to fair marketing with a policy to ensure that the customers receive correct, unambiguous, or overly advertised information about ACE Group services. To provide customers with accurate and sufficient information for making a decision.

3) ACE Group considers the safety of customers and strive to provide customers with quality and safe services in accordance with international safety standards and regulations. And as required by law Including continuous development and improvement of services to provide customers with confidence in the quality, standards and safety of ACE Group services.

4) ACE Group has set up a customer relationship system for use in communicating with customers, including receiving complaints about the quality of service efficiently through various channels to be able to respond to the needs of customers quickly.

5) ACE Group will keep customer information confidential. And will not use the said information in a wrongful way.

6) ACE Group has organized various activities to strengthen the relationship between customers, between customers and the Company group to be sustainable.

7) ACE Group has a policy for our power plants in every location has been certified for quality management system (ISO 9001) as follows

1

**Advance Agro Asia Co.,Ltd :**  
**Koh Khanun SPP Power Plant**



Picture : Certification standard ISO 9001: 2015

2

**Advance Agro Power Plant Co., Ltd :**  
**Chok Chai Power Plant**



Picture: Certification standard ISO 9001: 2015

3

**Advance Agro Power Plant Co., Ltd:  
Ta Nee Power Plant**



Picture: Certification standard ISO 9001: 2015

4

**Advance Clean Power Co., Ltd:  
Ban Bueng Power Plant**



Picture : Certification standard ISO 9001: 2015

5

**Advance Asia Power Plant Co., Ltd:  
Nam Phong Power Plant**



Picture : Certification standard ISO 9001: 2015

6

**Alliance Clean Power Co., Ltd:  
Si Chiang Mai Power Plant**



Picture : Certification standard ISO 9001: 2015

7

**Alliance Clean Power Co., Ltd:  
MSW Khon Kaen Power Plant**



Picture : Certification standard ISO 9001: 2015

8

**Advance Clean Power Co., Ltd:  
Phon Thong Power Plant**



Picture : Certification standard ISO 9001: 2015

9

**Alliance Clean Power Co., Ltd:  
Sirindhorn Power Plant**



Picture : Certification standard ISO 9001: 2015

10

**Advance Bio Asia Co., Ltd:  
Thoen Power Plant**



Picture : Certification standard ISO 9001: 2015



## 6. Caring for the Environment

ACE Group of Companies has formulated business strategies and practices of the management and staff by focusing on converting waste from the community to energy by purchasing surplus goods or agricultural residues such as corn cob, corn stalk, corn husk, sugar cane leaf, bagasse, cassava rhizome, bark that is peeled off from the pulp raw material production process, palm bunches left behind from the palm oil production process, rice stalk, waste, community waste, used as fuel or raw materials to generate electricity, which generates revenue from electricity production for ACE Group and promoting opportunities for job creation, career creation, as well as generating income for the community. In order to improve the quality of life and better living condition for the farmers in the community.

ACE Group places great importance on social responsibility in protecting the environment. Conduct and control the operations of ACE Group to strictly comply with the law relating to environmental protection, including procurement and installation of various environmental protection system with the objective of care and avoid damaging the environment with the following guidelines.

- 1) Design and develop of machinery and equipment to be able to control pollution and /or reduce pollution covering waste water, dust, gas, including various waste.
- 2) Determine responsible persons related to the production process, control machinery and equipment, by supervising them to prevent impacts on the environment beyond the standards set. And must control the use of natural resources for maximum benefit.
- 3) Have a policy to reduce the occurrence of garbage or waste and cooperate in the disposal of garbage or waste in the correct way.
- 4) There is an assessment of risks and impacts on matters related to the environment, health and safety before investing or investing in any business by operates under the concept of environmental awareness and care.
- 5) There are guidelines for the efficient use of natural resources, materials, or equipment and effectiveness.
- 6) Establish measures on the conservation of natural resources such as the 3R policy (Reduce, Reuse/ Recycle, Replenish).
- 7) Set up policy for power plants in every location to be certified for environmental management system standards (ISO 14001).



Picture: Machine quality inspection for pollution control and reduction



Picture: Sampling for environmental quality measurements

Standards and certification in environmental management ISO 14001: 2015 and the standard  
**" Green Industry Award "**  
 from the Department of Industrial Works of ACE Group of companies are as follows

1

Advance Agro Asia Co.,Ltd : Koh Khanun SPP Power Plant



Picture : Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

2

## Advance Agro Power Plant Co., Ltd : Chok Chai Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

3

## Advance Agro Power Plant Co., Ltd : Ta Nee Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

4

## Advance Clean Power Co., Ltd : Ban Bueng Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

5

## Advance Asia Power Plant Co., Ltd : Nam Phong Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

6

## Alliance Clean Power Co., Ltd : Si Chiang Mai Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

7

## Alliance Clean Power Co., Ltd : MSW Khon Kaen Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3



Picture: Reward for Waste Management in the Factory, followed by 3Rs

8

## Advance Clean Power Co., Ltd: Phon Thong Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3

9

## Alliance Clean Power Co., Ltd : Sirindhorn Power Plant



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 3



Picture: Certification standards ISO 14001: 2015



Picture: Green Industry Award, Green Industry, Level 2

8) The design of ACE Group power plants Every plant uses a water circulation system that is used to produce steam in a boiler to produce water (Boiler). After using steam to run the turbine (Turbine), there is a process to convert steam into water and recycle this water into the boiler to generate steam; resulting in reducing the amount of water used in the production process.

9) All Power plants of ACE Group company are designed to recycle hot air from the steam production process in the boiler, before releasing into the atmosphere, to warm the water before entering into the boiler using the Economizer set and used. In preheating the air before entering into the combustion chamber by using the Air Pre-Heater, it is considered to conserve energy and help save the fuel used to generate electricity a lot.

10) All Waste power plants of ACE Group will perform treatment of contaminated water with a high BOD value, from the waste conversion process, to become clean water and recycle them in the production process. There is no disposal of unclean water from the power plant or factory. Aside from preserving the environment, it also saves water that must be purchased for use in the production process.

11) All Biomass power plants of ACE Group have a system to bring hot air before it is discharged via the chimney to return to dry the fuel before burning. It is also used as for combustion control in the combustion chamber, causing the fuel to have a higher calorific value. Combustion is very efficient and saves fuel. It also reduces the amount of hot air released into the atmosphere.

In addition, ACE Group biomass power plants have used agricultural waste such as bark, palm bunches, rice husk, rice straw and corn husks to be used as fuel in the electricity generation process. And waste power plants that use community waste as fuel in the electricity generation process. The said production process helps to eliminate waste and protect the environment. It also replaces the use of energy from coal or oil, which is a waste of resources and causes pollution to the environment.



## 7. Community and social development

ACE Group is aware of the responsibility to the community and society. Therefore, it sets up policies to help and develop society as follows:

- 1) ACE Group has policies to support and provide assistance that is appropriate for the society and community, especially the communities around the workplace of ACE Group.
- 2) ACE Group gives the opportunity to the community and related parties to participate in giving opinions for various projects that may affect the community, including giving opinions or complaints resulting from ACE Group operations.
- 3) ACE Group provides cooperation in the implementation of standards or international agreements on various matters, to prevent or reduce environmental impact.
- 4) ACE Group pays attention to the response to events that have an impact on communities, society and the environment due to the operations of ACE Group, with speed and efficiency.
- 5) ACE Group encourages the employees to have awareness and responsibility towards the environment and society.
- 6) ACE Group organized community coordination staff to participate in activities with government agencies, private organizations and the public sector to community development caring for the elderly, supporting children and youth, and helping the underprivileged in the community.
- 7) ACE Group requires that all power plants of ACE Group of companies are Learning Centers for the community.



Picture: Community development activities in nearby areas



## **8. Innovation and the dissemination of innovation from operations with responsibility to society, the environment, and stakeholders.**

ACE Group is aware that stakeholders play an important role in determining business direction. Therefore, it is important to look after and take into account all groups of stakeholders both inside and outside the organization, including the shareholders. Therefore, has established a mission statement that “ To achieve business stability while being responsible for the environment, communities, and shareholders” ACE Group supports and promotes the participation of stakeholders. (Co-Creation) to develop innovations that create a balance between value and value to the community, society and the environment, along with the growth of a sustainable business. With the following guidelines.

- 1) Analyze the work process thoroughly to create opportunities for development towards the discovery of business innovation.
- 2) Create opportunities to search for new products for growth while creating sustainable business profits.
- 3) Cooperation with government agencies in product development to help the underprivileged and the society.
- 4) ACE Group has researched and developed models and methods for generating renewable energy electricity. Including types of fuels used in production in order to reduce dependence on imported fossil fuels from foreign countries by using planting trees or energy plants that encourage farmers to grow in the contract farming system, which is creating economic growth for communities and the country and protect the environment and reduce greenhouse gas emissions. This includes helping the government to solve the problem of forest fires due to the burning of waste materials in farmers’ agricultural farms, helps to solve the problem of leaving the land wilderness. It is also a solution to the problem of sluggishness and the price of traditional agricultural products slump. The government will have to bring taxes of the entire nation into a budget to help subsidize annually. Such support In addition to creating a national electricity security is also creating economic growth at both the micro and macro levels. Environmental protection and creating quality of life Including the well-being of farmers and rural people along the way.

### **Activities for the benefit of society and the environment (After Process)**

ACE Group gives importance to society and the environment. Therefore, has set a vision, mission, and strategy that is responsible for the environment and society. There is a community relations operation area, surveying the attitude of the community and organizing various activities. To create a positive attitude towards the community, build awareness / recognition in participation and create a community that is satisfied with the operations of ACE Group companies. And able to live together sustainably.

From the mentioned policy, ACE Group has always encouraged and pushed the organization to operate under social responsibility and bring success to various awards such as awards for projects promoting industrial factories to be socially sustainable (CSR-DIW), Green Industry Awards, environmental governance awards. Other certifications, includeCS certification for safety and occupational health management etc.



Picture : CSR-DIW Award 2018



Picture: Corporate Environmental Governance Award 2018



Picture: CSR-DIW Continuous Award 2019

2

## Advance Agro Power Plant Co., Ltd. : Chok Chai Power Plant



Picture: CSR-DIW Award 2018



Picture: CSR-DIW Continuous Award 2019

3

## Advance Agro Power Plant Co., Ltd. : Ta Nee Power Plant



Picture: CSR-DIW for Beginner Award 2013

4

## Advance Clean Power Co., Ltd.: Ban Bueng Power Plant



Picture: CSR-DIW Continuous Award 2018



Picture: CSR-DIW Continuous Award 2019



Picture: Corporate Environmental Governance Award 2019

5

## Advance Asia Power Plant Co., Ltd. : Nam Phong Power Plant



Picture: CSR-DIW Award 2012

6

## Alliance Clean Power Co., Ltd. : Si Chiang Mai Power Plant



Picture: Corporate Environmental Governance Award 2018

7

## Alliance Clean Power Co., Ltd.: Sirindhorn Power Plant



Picture: Corporate Environmental Governance Award 2017

8

## Advance Bio Asia Co., Ltd.: Thoen Power Plant



Picture: CSR-DIW for Beginner 2017

9

## Advance Clean Power Co., Ltd.: Bo Ploy Power Plant



Picture: Corporate Environmental Governance  
Award 2019

10

## Advance Clean Power Co., Ltd.: Phon Thong Power Plant



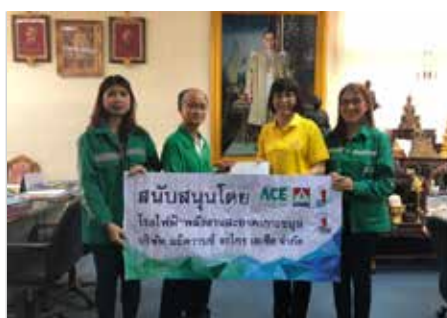
Picture: Corporate Environmental Governance  
Award 2019



In addition, ACE Group organized and participated in various community activities, as well as promoting career creation for the community and the nation as a whole as follows:



Picture : Community discussion activities, Village - community activities.



Picture : Activity of the EIA committee meeting



Picture : Activities supporting the area development fund around the power plant



Picture : Educational and cultural activities

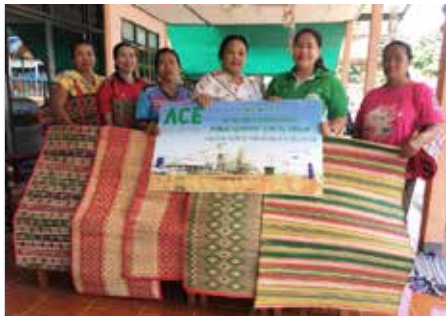


Picture : Activity for development and technology access





Picture : Activity for job creation and skill development



Picture : Activity to create income and promote the economic



Picture : Conducting health promotion activities

# The Company Directors, Executives, Executive Directors and Company Secretary



**Mr. Pranai Suwanrath**

Chairman of the Board Directors  
and Independent Director



**Mr. Charoon Intachan**

Director and Independent Director



**Ms. Chonticha Chitraporn**

Chairman of Audit Committee, Director and  
Independent Director



**Mr. Nuekrak Baingern**

Director, Independent Director and  
Member of the Audit Committee and  
Member of the Nomination and  
Remuneration Committee



**Mrs. Patchanee Sutheevitanunt**

Member of the Audit Committee,  
Director Independent Director and  
Chairman of the Nomination and  
Remuneration Committee



**Ms. Jiratha Songmetta**

Director, Member of the Nomination and Remuneration Committee and Chairman of Executive Committee



**Mr. Teerawut Songmetta**

Director, Executive director and Chief Executive Technology & Innovation Officer



**Mr. Pornmett Songmetta**

Director, Executive Director and Chief Operating Officer



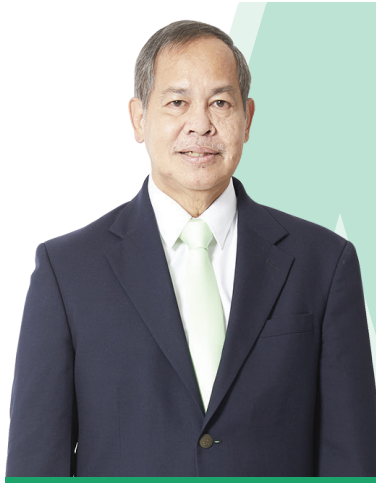
**Mr. Tanavijit Ankapipatchai**

Director, Executive Director and Chief Financial Officer



**Mr. Tanachai Bunditvorapoom**

Director, Chief Executive Officer and Executive Director



### 1. Mr. Pranai Suwanrath

Chairman of the Board Directors  
and Independent Director

#### Positions Appointment Date

15 May 2018	Chairman of the Board Directors
27 April 2018	Independent Director

**Age** 69 years

#### Education Trainings and Seminar

- Master of Public Affairs, Indiana State University, USA
- Bachelor of Laws, Thammasat University, Thailand
- Director Accreditation Program DAP (153/2018), Thai Institute of Directors

#### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

- None -

#### Family Relationship with Director and Executive

- None -

#### Work Experience

2018 - Present	Chairman of the Board Directors / Independent Director Absolute Clean Energy Public Company Limited
2015 - Present	Director Miyoshi (Thailand) Company Limited
2012 - Present	Director of the Administration Office Bureau of the Administration of the Thai Red Cross
1984 - Present	Director Thai Nishiken Company Limited
2013 - 2019	Chairman of the Board Directors / Independent Director Richy Place 2002 Public Company Limited
2011 - 2014	Chairman of the Metropolitan Electricity Authority Metropolitan Electricity Authority



**2. Mr. Charoon Intachan**  
Director and Independent Director

#### Positions Appointment Date

14 July 2018      Director and Independent Director

**Age**    76 years

#### Education Trainings and Seminar

- Ph.D. (Public Administration), Eastern Asia University
- Ph.D. (Public Administration), Western University
- M.A. (Political Science), Ramkhamhaeng University
- Barrister-at-law, The Thai Bar Association
- Bachelor of Laws, Thammasat University
- Director Certification Program DCP (176/2013),  
Thai Institute of Directors
- Training Course of Capital Market Academy (DMA 13),  
Thai Institute of Directors
- Top Executive Program in Commerce and Trade (TEPCot 4),  
Thai Institute of Directors

#### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

- None -

#### Family Relationship with Director and Executive

- None -

#### Work Experience

2018 - Present	Director and Independent Director Absolute Clean Energy Public Company Limited
2015 - Present	Director of Council of State Independent Director Bangkok Post Public Company Limited
2016 - 2018	Honorary Member Council Suratthani Rajabhat University
2014 - 2015	Constitution Drafting Committee The Secretariat of the House of Representatives
2013 - 2014	President of the Constitutional Court The Constitutional Court





### 3. Ms. Chonticha Chitraporn

Chairman of the Audit Committee, Directors  
and Independent Director

#### Positions Appointment Date

29 June 2017 Chairman of the Audit Committee, Directors  
and Independent Director

**Age** 62 years

#### Education Trainings and Seminar

- Master Degree in Applied Economics, Faculty of Economics, University of Michigan, USA
- Master Degree in Language and International Trade, Faculty of Economics, Eastern Michigan University, USA
- Bachelor Degree in Accounting, Thammasat University, Thailand
- Director Accreditation Program (DAP 143/2017), Thai Institute of Directors
- Advanced Audit Committee Program AACP (33/2019), Thai Institute of Directors

#### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

- None -

#### Family Relationship with Director and Executive

- None -

#### Work Experience

2017 - Present Chairman of the Audit Committee, Director and Independent Director  
Absolute Clean Energy Public Company Limited

2018 - Present Director, Independent Director, and Member of the Audit Committee  
International Research Corporation Public Company Limited  
Chairman of the Risk Management Committee, Member of the Audit Committee, Director and Independent Director  
Advance Life Assurance Public Company Limited

2014 - Present Member of the Risk Management Committee  
Dhanarak Asset Development Company Limited

2008 - 2014 Senior Consultant  
Senses Consulting & Research Company Limited



#### **4. Mr. Nuekrak Baingern**

Director, Independent Director and  
Member of the Audit Committee, and  
Member of the Nomination and  
Remuneration Committee

#### **Positions Appointment Date**

29 June 2017	Director, Independent Director and Member of the Audit Committee
15 September 2017	Member of the Nomination and Remuneration Committee

**Age** 66 years

#### **Education Trainings and Seminar**

- Master of Business Administration, University of Detroit, Michigan, USA
- Bachelor of Commerce, Major in Marketing,  
Chulalongkorn University, Thailand
- Director Accreditation Program (DAP 143/2017),  
Thai Institute of Directors

#### **Shareholding Ratio in the Company (%) (on 31 Dec 2019)**

- None -

#### **Family Relationship with Director and Executive**

- None -

#### **Work Experience**

2018 - Present	Chairman of the Audit Committee, Director and Independent Director Advance Life Assurance Public Company Limited
2017 - Present	Director, Independent Director, Member of the Audit Committee, and Nomination and Remuneration Committee Absolute Clean Energy Public Company Limited
2014 - Present	Managing Partner Punyapol Limited Partnership
2012 - 2016	Advisor - Project Management and Information Technology Advance Life Assurance Public Company Limited





## 5. Mrs. Patchanee Sutheevitanunt

Member of the Audit Committee,  
Director, Independent Director and  
Chairman of the Nomination and  
Remuneration Committee

### Positions Appointment Date

29 June 2017	Member of the Audit Committee, Director and Independent Director
15 September 2017	Chairman of the Nomination and Remuneration Committee

**Age** 64 years

### Education Trainings and Seminar

- MA in Counseling Psychology, Faculty of Psychology,  
Spalding University, USA
- Bachelor of Liberal Arts, Psychology,  
Thammasat University, Thailand
- Director Accreditation Program (DAP 143/2017),  
Thai Institute of Directors

### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

- None -

### Family Relationship with Director and Executive

- None -

### Work Experience

2018 - Present	Director Advance Life Assurance Public Company Limited
2017 - Present	Chairman of Nomination and Remuneration Committee, Member of the Audit Committee, Director, and Independent Director Absolute Clean Energy Public Company Limited
2015 - 2016	Director Advance Life Assurance Public Company Limited
2013 - 2016	Executive Consultant Advance Life Assurance Public Company Limited



## 6. Ms. Jiratha Songmetta

Director, Member of the Nomination and Remuneration Committee and Chairman of Executive Committee

### Former name

Mrs. Siriwan Damnernchanvanich Songmetta

### Positions Appointment Date

3 December 2015	Director
15 September 2017	Member of the Nomination and Remuneration Committee
	Chairman of Executive Committee

**Age** 61 years

### Education Trainings and Seminar

- Bachelor of Business Administration, Ramkhamhaeng University
- Advanced Financial Management Course (Mini MBA), Thammasat University
- Director Certification Program (DCP 4/2000), Thai Institute of Directors
- The Rule of Law for Democracy (Class 2), 2014 The Office of the Constitutional Court
- The National Defence Course for The Joint State - Private Sector, (Class 22), 2010, National Defence Studies Institute / National Defence College
- The Programme for Senior Executives on Justice Administration Batch 13, 2009, National Justice Academy, Judicial Training Institute / Office of Judiciary
- Tax Law Certificate, 2009, Institute of Training, Research and Development for Tax Law / Central Tax Court

### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

- None -

### Family Relationship with Director and Executive

- Wife (status : divorce) of Pol.Gen.Dr. Wirachai Songmetta, Shareholder who owns 22.43% of the Company's shares.
- Mother of Mr.Teerawut Songmetta, Director and Shareholder who owns 18.52% of the Company's shares.
- Mother of Mr. Natt Songmetta, Shareholder who owns 15.91% of the Company's shares.
- Mother of Mr. Pornmett Songmetta Director and Shareholder who owns 21.66% of the Company's shares.

### Work Experience

Dec 2015 - Present	Director Absolute Clean Energy Public Company Limited
Sep 2017- Present	Chairman of Executive Committee Absolute Clean Energy Public Company Limited Member of the Nomination and Remuneration Committee Absolute Clean Energy Public Company Limited
June 2012 - Present	Chairman of the Board of Directors Asia Clean Energy Company Limited
Dec 2009 - Present	Chairman of the Board of Directors Advance Agro Asia Company Limited
Nov 2013 - Present	Chairman of the Board of Directors Alliance Clean Power Company Limited
Nov 2012 - Present	Chairman of the Board of Directors Advance Clean Power Company Limited Chairman of the Board of Directors Advance Agro Power Plant Company Limited
Feb 2014 - Present	Chairman of the Board of Directors Advance Asia Power Plant Company Limited
Nov 2013 - Present	Chairman of the Board of Directors Advance Bio Asia Company Limited
Oct 2016 - Present	Chairman of the Board of Directors Advance Farm Tree Company Limited Chairman of the Board of Directors ACE Solar Company Limited Chairman of the Board of Directors Bio Power Plant Company Limited
Oct 2016- Present	Chairman of the Board of Directors Prasartporn Rungrueng Company Limited
May 2018 - Present	Chairman of the Board of Directors Power Supply & Maintenance Service Company Limited



## 7. Mr. Teerawut Songmetta

Director, Executive Director and  
Chief Executive Technology &  
Innovation Officer

### Positions Appointment Date

3 December 2015	Director
28 February 2018	Executive Director
1 March 2018	Chief Executive Technology & Innovation Officer

Age 30 years

### Education Trainings and Seminar

- Bachelor Degree, Industrial and Enterprise Systems Engineering, University of Illinois at Urbana Champaign, USA
- Director Accreditation Program (DAP 146/2018), Thai Institute of Directors

Shareholding Ratio in the Company (%) (on 31 Dec 2019)  
18.52%

### Family Relationship with Director and Executive

- Son of Pol. Ge. Dr. Wirachai Songmetta, Shareholder who owns 22.43% of the Company's shares and Ms. Jiratha Songmetta, Director, Nomination and Remuneration Committee, and the Company Executive Chairman.
- Older brother of Mr. Natt Songmetta, Shareholder who owns 15.91% of the Company's shares.
- Older brother of Mr. Pornmett Songmetta, Director and Shareholder who owns 21.66% of the Company's shares.

### Work Experience

Dec 2015 - Present	Director Absolute Clean Energy Public Company Limited
Feb 2018 - Present	Executive Director Absolute Clean Energy Public Company Limited
Mar 2018 - Present	Chief Executive Technology & Innovation Officer Director Absolute Clean Energy Public Company Limited
Oct 2018 - Present	Director Asia Clean Energy Company Limited
Nov 2014 - Present	Director Advance Agro Asia Company Limited Director Alliance Clean Power Company Limited Director Advance Clean Power Company Limited
Nov 2014 - Present	Director Advance Agro Power Plant Company Limited Director Advance Asia Power Plant Company Limited Director Advance Bio Asia Company Limited
Oct 2016 - Present	Director Advance Farm Tree Company Limited Director ACE Solar Company Limited Director Bio Power Plant Company Limited
Oct 2018 - Present	Director Prasartporn Rungrueng Company Limited
May 2018 - Present	Director Power Supply & Maintenance Service Company Limited



#### 8. Mr. Pornmett Songmetta

Director, Executive Director and  
Chief Operating Officer

#### Positions Appointment Date

3 December 2015	Director
15 September 2017	Executive Director
1 March 2018	Chief Operating Officer

**Age** 27 years

#### Education Trainings and Seminar

- Bachelor of International Business Management, International Program, Chulalongkorn University
- Director Accreditation Program (DAP 139/2017), Thai Institute of Directors
- Institute of Business and Industrial Development IBD (5/2018), Institute of Business and Industrial Development

#### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

21.66%

#### Family Relationship with Director and Executive

- Son of Pol.Ge.Dr. Wirachai Songmetta, Shareholder who owns 22.43% of the Company's shares and Ms. Jiratha Songmetta, Director, Nomination and Remuneration Committee, and the Company Executive Chairman.
- Younger brother of Mr. Teerawut Songmetta, Shareholder who owns 18.52% of the Company's shares.
- Younger brother of Mr. Natt Songmetta, Shareholder who owns 15.91% of the company's shares.

#### Work Experience

Dec 2015 - Present	Director Absolute Clean Energy Public Company Limited
Sep 2017 - Present	Executive Director Absolute Clean Energy Public Company Limited
Mar 2018 - Present	Chief Operating Officer Absolute Clean Energy Public Company Limited
Oct 2015 - Present	Director Asia Clean Energy Company Limited
July 2019 - Present	Chief Executive Officer Asia Clean Energy Company Limited

### Work Experience

Feb 2017 - Present	Director Advance Agro Asia Company Limited
	Director Alliance Clean Power Company Limited
Apr 2019 - Present	Chief Executive Officer
	Alliance Clean Power Company Limited
Mar 2017 - Present	Director Advance Clean Power Company Limited
Apr 2019 - Present	Chief Executive Officer
	Advance Clean Power Company Limited
Feb 2017 - Present	Director
	Advance Agro Power Plant Company Limited
Apr 2019 - Present	Chief Executive Officer
	Advance Agro Power Plant Company Limited
Feb 2017 - Present	Director
	Advance Asia Power Plant Company Limited
Apr 2019 - Present	Chief Executive Officer
	Advance Asia Power Plant Company Limited
Feb 2017 - Present	Director Advance Bio Asia Company Limited
Apr 2019 - Present	Chief Executive Officer
	Advance Bio Asia Company Limited
Feb 2017 - Present	Director Advance Farm Tree Company Limited
July 2019 - Present	Chief Executive Officer
	Advance Farm Tree Company Limited
Feb 2017 - Present	Director ACE Solar Company Limited
July 2019 - Present	Chief Executive Officer
	ACE Solar Company Limited
Feb 2017 - Present	Director Bio Power Plant Company Limited
July 2019 - Present	Chief Executive Officer
	Bio Power Plant Company Limited
Oct 2018 - Present	Director Prasartporn Rungrueng Company Limited
July 2019 - Present	Chief Executive Officer
	Prasartporn Rungrueng Company Limited
May 2018 - Present	Director Power Supply & Maintenance Service Company Limited
July 2019 - Present	Chief Executive Officer
	Power Supply & Maintenance Service Company Limited



## 9. Mr. Tanavijit Ankapiatchai

Director, Executive Director and  
Chief Financial Officer

### Former name

Mr. Vijit Ankapiatchai

### Positions Appointment Date

3 December 2015	Director
15 September 2017	Executive Director
1 March 2018	Chief Financial Officer

**Age** 56 years

### Education Trainings and Seminar

- Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasat University
- Directors Certification Program (Class DCP 45/2004 ), Thai Institute of Directors
- Orientation Course - CFO Focus on Financial Reporting, Class 1/2018

### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

0.0%

### Family Relationship with Director and Executive

- None -

### Work Experience

March 2018 - Present	Chief Financial Officer Absolute Clean Energy Public Company Limited
Sep 2017 - Present	Executive Director Absolute Clean Energy Public Company Limited
Dec 2015 - Present	Director Absolute Clean Energy Public Company Limited
Feb 2017 - Present	Director Asia Clean Energy Company Limited
Jan 2013 - Present	Director Advance Agro Asia Company Limited
Nov 2013 - Present	Director Alliance Clean Power Company Limited Director Advance Clean Power Company Limited
July 2006 - Present	Director Advance Agro Power Plant Company Limited
Feb 2014 - Present	Director Advance Asia Power Plant Company Limited
Nov 2013 - Present	Director Advance Bio Asia Company Limited
June 2008 - Present	Director Advance Farm Tree Company Limited
July 2006 - Present	Director ACE Solar Company Limited Director Bio Power Plant Company Limited
Feb 2018 - Present	Director Power Supply & Maintenance Service Company Limited
Feb 2017 - Present	Director Advance Power Plant Company Limited
July 2006 - Present	Director Prasartporn Rungrueng Company Limited
Jan 2015 - Feb 2018	Co-CEO Advance Agro Asia Company Limited





#### 10. Mr. Tanachai Bunditvorapoom

Director, Chief Executive Officer and  
Executive Director

#### Positions Appointment Date

14 July 2018	Director
2 May 2017	Chief Executive Officer
16 September 2017	Executive Director

**Age** 47 years

#### Education Trainings and Seminar

- MBA (Finance), The National Institute of Development Administration
- Bachelor of Law (Business Law), Chulalongkorn University
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University
- Director Certification Program (DCP 252/2018), Thai Institute of Directors
- Board Nomination & Compensation Program (BNCP 6/2019), Thai Institute of Directors
- TLCA Executive Development Program (EDP 9), Thai Listed Companies Association

#### Shareholding Ratio in the Company (%) (on 31 Dec 2019)

0.0%

#### Family Relationship with Director and Executive

- None -

#### Work Experience

July 2018 - Present	Director Absolute Clean Energy Public Company Limited
Sep 2017 - Present	Executive Director Absolute Clean Energy Public Company Limited
May 2017 - Present	Chief Executive Officer Absolute Clean Energy Public Company Limited
Aug 2019 - Present	Director Asia Clean Energy Company Limited Director Advance Agro Asia Company Limited Director Bio Power Plant Company Limited Director ACE Solar Company Limited
Feb 2018 - Present	Director Synergetic Auto Performance Public Company Limited
Apr 2018 - Present	Nomination and Remuneration Committee Synergetic Auto Performance Public Company Limited
June 2012 - Apr 2017	FSVP - Head of Investment Banking TISCO Securities Company Limited
Mar 2011 - May 2012	Senior Vice President - Head of Investment Banking TISCO Bank Public Company Limited
Oct 2003 - Feb 2011	Assistant Managing Director Finansa Securities Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
11. Ms. Sadudta Navaskul VP-Finance & Accounting (6 November 2017)	37	<ul style="list-style-type: none"> <li>Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasat University</li> </ul>	- None-	- None-	Nov 2017 - Present  2005 - Oct 2017	VP-Finance & Accounting  Manager, Senior Manager	Absolute Clean Energy Public Company Limited  EY Company Limited
12. Ms. Wannee Sukpiboonrat Accounting Manager (1 October 2017)	48	<ul style="list-style-type: none"> <li>Bachelor of Arts (B.A.), Burapha University</li> </ul>	- None-	- None-	Oct 2017 - Present  July 2013 - Nov 2015  Dec 2012 - Mar 2017  Mar 2011 - Sep 2017	Accounting Manager  Director  Director  Accounting Manager	Absolute Clean Energy Public Company Limited  Advance Professional Training Company Limited  Global Wood Chip Company Limited  Advance Agro Power Plant Company Limited
13. Mr. Chainat Buathong Company Secretary (15 September 2017)	37	<ul style="list-style-type: none"> <li>LLM. in Business Law, Faculty of Law, Chulalongkorn University</li> <li>Bachelor of Law (Laws), Chulalongkorn University</li> <li>Company Secretary Program CSP (85/2018), Thai Institute of Directors</li> <li>Effective Minutes Taking (EMT) (40/2018), Thai Institute of Directors</li> <li>Thai barrister-at-law Certification (65/2012), Institute of Legal Education of the Thai Bar</li> </ul>	- None-	- None-	Sep 2017 - Present  Sep 2017 - Present  Feb - Aug 2017  Jan 2017  Apr 2015 - Dec 2016  June 2015 - Sep 2016  Sep 2010 - Sep 2016  Mar 2015  2010 - Feb 2015	Company Secretary  Legal and Regulatory Compliance Director  Legal Manager  Legal Manager  Legal Manager  Director  Director  Legal Manager  Legal Manager	Absolute Clean Energy Public Company Limited  Absolute Clean Energy Public Company Limited  Advance Asia Power Plant Company Limited  Asia Clean Energy Company Limited  Advance Agro Asia Company Limited  Advance Energy Development Company Limited  Good Will Innovation And Engineering Company Limited  Global Wood Chip Trading Company Limited  Shaiyo triple A Company Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
14. Mrs. Chanya Sangkaha Director  Former Name Mrs. Waraporn Sawangarrom	36	<ul style="list-style-type: none"> <li>MBA in Finance and Marketing, Ramkhamhaeng University</li> <li>Bachelor of Finance, Faculty of Management Sciences, Khon Kaen University</li> <li>Director Accreditation Program (DAP 139/2017), Thai Institute of Directors</li> </ul>	- None-	- None-	Oct 2018 - Present	Director	Prasartporn Rungrueng Company Limited
					Nov 2013 - Present	Director	Advance Clean Power Company Limited
					Sep 2017 - Present	Business Development Director	Absolute Clean Energy Public Company Limited
					May 2018 - Present	Director	Power Supply & Maintenance Service Company Limited
					Oct 2016 - Present	Director	Advance Agro Asia Company Limited
					Oct 2016 - Present	Director	Bio Power Plant Company Limited
					Oct 2016 - Present	Director	ACE Solar Company Limited
					Oct 2016 - Present	Director	Advance Farm Tree Company Limited
					Nov 2013 - Present	Director	Advance Agro Power Plant Company Limited
					Nov 2013 - Present	Director	Advance Bio Asia Company Limited
					Nov 2013 - Present	Director	Alliance Clean Power Company Limited
					Jan 2013 - Present	Director	Advance Asia Power Plant Company Limited
					Apr 2017 - Mar 2018	Director	Advance Asia Fiber Company Limited
					June 2016 - Mar 2018	Director	Asia Clean Industrial Company Limited
15. Mr. Thanes Sudthikanokpat Factory Manager (1 May 2016)	29	<ul style="list-style-type: none"> <li>Bachelor of Electrical Engineering, College of Industrial Technology, King Mongkut's University of Technology North Bangkok</li> </ul>			2009 - 2017	Financial Manager	Advance Agro Power Plant Company Limited
					May 2016 - Present	Factory Manager	Advance Clean Power Company Limited
					Feb 2015 - May 2016	Operator Manager	Advance Clean Power Company Limited
					Apr 2013 - Jan 2015	Factory Engineer	Advance Asia Power Plant Company Limited
					July 2012 - Mar 2013	Engineer	Advance Energy Development Company Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
16. Mrs. Napasthanon Pornchaisiangkul Community Relations Manager (1 November 2014)  Former name Mrs. Nontawun Khattiyarat	38	<ul style="list-style-type: none"> <li>Bachelor of Radio and Television Broadcasting, Faculty of Journalism and Mass Communication, Thammasat University</li> </ul>	- None-	- None-	Nov 2014 – Present  Feb 2012 – Nov 2014  June 2017 – Mar 2018	Community Relations Manager	Advance Clean Power Company Limited
						Community Relations Manager	Advance Energy Development Company Limited
						Director	Chonburi Smile City Company Limited
17. Mr. Vinai Buapradit Alliance Clean Power Company Limited Director (16 August 2019)	65	<ul style="list-style-type: none"> <li>Bachelor of Art, Faculty of Political Science, Ramkhamhaeng University</li> <li>M.A. in Social Development and Administration, Kasetsart University</li> <li>Ph.D. Graduate Studies, Faculty of Regional Development Strategies, Nakhon Sawan Rajabhat University</li> <li>National Defence College of Thailand Training 2019</li> </ul>	- None-	- None-	Aug 2019 – Present  2014 – 2016  2012 – 2014  2011 – 2012	Director	Alliance Clean Power Company Limited
						Governor of Phatthalung Province	Ministry of Interior
						Governor of Nakorn Ratchasima Province	Ministry of Interior
						Governor of Phetchaburi Province	Ministry of Interior

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
18. Mrs. Wanicha Noimanop Accounting Director (1 June 2018)	50	<ul style="list-style-type: none"> <li>Bachelor of Business Administration (Finance), School of Business Administration, Bangkok University</li> </ul>	- None -	- None -	June 2018 – Present	Accounting Director	Alliance Clean Power Company Limited
					Feb 2017 – May 2017	Accounting Director	Advance Clean Power Company Limited
					Apr 2014 – Jan 2017	Accounting Manager	Global Wood Chip Company Limited
					Jan 2011 – Mar 2014	Accounting Manager	Advance Asia Engineering Company Limited
					Feb 2013 – Mar 2018	Director	Nham Klong Luang Company Limited
					Nov 2011 – Present	Director	Shaiyo Supply Chain Company Limited
					Mar 2010 – Mar 2018	Director	Advance Agro Bio Product Company Limited
					Mar 2010 – Mar 2018	Director	Boonbundarn Rungrueng Company Limited
					Feb 2010 – Mar 2018	Director	Clean Bio Fuel Company Limited
					June 2008 – Oct 2018	Director	Prasartporn Rungrueng Company Limited
					June 2015 – May 2017	Director	Advance Energy Development Company Limited
					Oct 2015 – Oct 2016	Director	ACE Solar Company Limited
					Sep 2008 – Oct 2016	Director	Bio Power Plant Company Limited
					Sep 2008 – Oct 2016	Director	Advance Farm Tree Company Limited
					June 2015 – Oct 2015	Director	Good Will Innovation And Engineering Company Limited
					Apr 2012 – Oct 2015	Director	Shaiyo AA International Holding Company Limited
					Feb 2012 – Oct 2014	Director	Shaiyo AA International Holding Company Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
19. Mr. Chatthep Punya Co-CEO (1 April 2017)	44	<ul style="list-style-type: none"> <li>Bachelor of Engineering (Industrial Engineering), Faculty of Engineering, North Eastern University</li> </ul>	- None -	- None -	Apr 2017 – Present May 2015 – Mar 2017 2014 – 2015	Co - Ceo Factory Manager Factory Manager	Alliance Clean Power Company Limited Alliance Clean Power Company Limited Mae Wong Green Power Company Limited
20. Mr. Wisarut Chaochaiyaphum Factory Manager (1 May 2016)	34	<ul style="list-style-type: none"> <li>Bachelor Degree in Electrical Engineering, Faculty of Engineering, Khon Kaen University</li> </ul>	- None -	- None -	May 2016 – Present Apr 2014 – Apr 2016	Factory Manager Operator Manager	Alliance Clean Power Company Limited Advance Asia Power Plant Company Limited
21. Mr. Chanathun Suthipunya Factory Manager (22 June 2017) Former name Mr. Wisut Suthipunya	42	<ul style="list-style-type: none"> <li>Bachelor Degree in Electrical Engineering, Faculty of Engineering, Siam University</li> </ul>	- None -	- None -	June 2017 – Present Apr 2014 – June 2017	Factory Manager Operator Manager	Alliance Clean Power Company Limited Alliance Clean Power Company Limited
22. Mr. Yuthana Viriyakit Advance Agro Power Plant Company Limited Director (16 August 2019)	63	<ul style="list-style-type: none"> <li>Bachelor Degree in Political Administration, Faculty of Political Science, Ramkhamhaeng University</li> <li>M.P.A. in Public Policy Analysis and Planning, Faculty of Public Administration, National Institute of Development Administration</li> <li>Thailand National Defence Institute training</li> </ul>	- None -	- None -	Aug 2019 – Present 2015 – 2016 2014 2009 – 2013	Director Governor of Sri Saket Province Ministry of Interior Inspector Vice Governor of Surin Province	Advance Agro Power Plant Company Limited Ministry of Interior Ministry of Interior Ministry of Interior

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
23. Mr. Yuthpol Wilachun Factory Manager (1 February 2018)	44	<ul style="list-style-type: none"> <li>Bachelor of Engineering (Electrical Engineering), Faculty of Engineering, North Eastern University</li> </ul>	- None -	- None -	2018 – Present  2013 - 2017	Factory Manager  Factory Manager	Advance Agro Power Plant Company Limited  Advance Clean Power Company Limited
24. Ms. Ratanarat Muensa Community Relations Manager (1 September 2016)  Former name Mrs. Yupin Muengmak	43	<ul style="list-style-type: none"> <li>Bachelor of Business Administration (Marketing), Faculty of Business Administration, Nakhon Ratchasima Rajabhat University</li> <li>Corporate Social Responsibility Personnel training (2017), Department of Industrial Works</li> </ul>	- None -	- None -	Sep 2016 – Present  June 2013 – Aug 2016  July 2013 – Jan 2017	Community Relations Manager  Assistant to Khun Jiratha  Director	Advance Agro Power Plant Company Limited  Advance Agro Power Plant Company Limited  Twenty Four Mansion Company Limited
25. Mrs. Pathama Chaiyupatham Accounting Manager (1 April 2018)	36	<ul style="list-style-type: none"> <li>M.A. in Accounting, Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>Bachelor of Accounting, Faculty of Business Administration, Chiang Mai University</li> </ul>	- None -	- None -	Apr 2018 – Present Dec 2017 – Mar 2018 Apr 2011 – Nov 2017	Accounting Manager  Accounting Manager  Accounting Manager	Advance Asia Power Plant Company Limited  Advance Bio Asia Company Limited  Advance Asia Power Plant Company Limited
26. Mr. Chakaphun Sunkudom Factory Manager (1 June 2017)	29	<ul style="list-style-type: none"> <li>Bachelor of Mechanical Engineering, Faculty of Engineering, Khon Kaen University</li> </ul>	- None -	- None -	June 2017 – Present  Aug 2016 – May 2017  July 2014 – July 2016	Factory Manager  Operation Manager  Power Plant Engineer	Advance Asia Power Plant Company Limited  Advance Asia Power Plant Company Limited  Advance Asia Power Plant Company Limited



Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
27. Mr. Chaloenpong Srimunta Operator Manager (1 April 2016)	34	<ul style="list-style-type: none"> <li>Diploma in Electrical Power, Yasothon Technical College</li> </ul>	- None -	- None -	Apr 2016 – Present  2014 – Mar 2016	Operation Manager  Maintenance Manager	Advance Asia Power Plant Company Limited  Advance Energy Development Company Limited
28. Mrs. Puthaporn Suksawas Human Resources Manager (1 March 2018)	31	<ul style="list-style-type: none"> <li>Bachelor of Arts (English), Faculty of Arts, Khon Kaen University</li> </ul>	- None -	- None -	Mar 2018 – Present  Jan 2017 – Feb 2018  May 2016 – Dec 2016  Jan 2011 – Apr 2016	Human Resources Manager  Human Resources Officer  Human Resources Officer  Advisor	Advance Asia Power Plant Company Limited  Advance Asia Power Plant Company Limited  Global Wood Chip Company Limited  PA&CA Recruitment Company Limited
29. Mr. Umporn Sangsukdee Chief Executive Officer (1 October 2015) and Director of Power Supply & Maintenance Service Company Limited (16 August 2019)	64	<ul style="list-style-type: none"> <li>Master of Public and Private Management, National Development Institute of Administration</li> <li>Bachelor of Electrical Engineering, Faculty of Engineering, Rajamangala University of Technology Phra Nakhon</li> </ul>	- None -	- None -	Aug 2019 – Present  Oct 2015 – Present  Oct 2013 – Sep 2015	Director  Chief Executive Officer  Power Plant Manager	Power Supply & Maintenance Service Company Limited  Advance Agro Asia Company Limited  North Bangkok Power Plant Electricity Generating Authority of Thailand
30. Ms. Peck Shu Tan Co-Chief Executive Officer (1 July 2016)	42	<ul style="list-style-type: none"> <li>MBA, Enterprise Management, University of Bolton, United Kingdom</li> <li>Bachelor Degree, Economics, Faculty of Economics and Management, Universiti Kebangsaan Malaysia (UKM), Malaysia</li> </ul>	- None -	- None -	July 2016 – Present  2012 – 2016  Aug 2011 – Mar 2018	Co-Chief Executive Officer  Carbon Credit Manager  Director	Advance Agro Asia Company Limited  Advance Clean Power Company Limited  Advance Carbon Security Venture Company Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
31. Mr. Thammarat Duangsuphan Production and Performance Manager (10 February 2017)	31	<ul style="list-style-type: none"> <li>Bachelor of Electrical Engineering, Faculty of Engineering, Khon Kaen University</li> </ul>	- None -	- None -	June 2016 – Present  Oct 2014 – May 2016  2012 – Sep 2014	Production and Performance Manager  Shift Leader  Operation Engineer	Advance Agro Asia Company Limited  Operational Energy Group Company Limited  Gulf Cogeneration Company Limited
32. Mr. Phaitoon Boonprakong Plan and Maintenance Manager (1 August 2016)	46	<ul style="list-style-type: none"> <li>Bachelor of Electrical Engineering, Faculty of Engineering, Mahanakorn University of Technology</li> </ul>	- None -	- None -	Aug 2016 – Present  2015 – 2016  2014 – 2015	Planning and Maintenance Manager  Power Plant Manager  Electrical Manager in Construction Department	Advance Agro Asia Company Limited  Advance Clean Power Company Limited  Advance Energy Development Company Limited
33. Mrs. Pornuma Thongsuk Community Relations Manager (1 April 2017)	41	<ul style="list-style-type: none"> <li>M.B.A. in Faculty of Business Administration, Ramkhamhaeng</li> <li>General Management Program, Faculty of Management Science, Rajabhat Rajanagarindra University</li> </ul>	- None -	- None -	Apr 2017 – Present  Jan 2015 – Mar 2017  Aug 2015 – Mar 2018  Oct 2014 – Mar 2018  June 2017 – Mar 2018	Community Relations Manager  Community Relations Manager  Director  Director  Director	Advance Agro Asia Company Limited  CSR and GRM Management Company Limited  CSR and GRM Management Company Limited  Asia Clean Industrial Park Company Limited  Chonburi Smile City Company Limited
34. Mr. Somchai Punyakarn Project Manager (16 June 2015)	57	<ul style="list-style-type: none"> <li>M.P.A. in Public Administration, Graduate School of Public Administration, Burapha University</li> <li>Bachelor in Electrical Engineering, Faculty of Engineering, King Mongkut's Institute of Technology Ladkrabang</li> </ul>	- None -	- None -	June 2015 – Present  July 2012 – June 2015  May 2017 – Mar 2018	Project Manager  Project Manager  Director	Advance Agro Asia Company Limited  SNC-Lavalin(Thailand)Company Limited  Triple A Station Company Limited

Name-Surname Positions Appointment Date	Age (years)	Education Trainings and Seminar	Shareholding Ratio in the Company (%) (on 31 Dec 2019)	Family Relationship with Director and Executive	Period	Work Experience	
						Position	Company's Name /Type of Business
35. Mr. Somchai Chea-Piyasakul Project Manager (Finance) (1 December 2014)	56	<ul style="list-style-type: none"> <li>• MBA, Faculty of Administration, Chulalongkorn University</li> <li>• Bachelor of Science (Agricultural Economics), Faculty of Agricultural, Chiang Mai University</li> <li>• Graduate Diploma Program in Property Valuation, Faculty of Administration, Thammasat University</li> </ul>	- None -	- None -	Dec 2014 – Present	Project Manager (Finance)	Advance Agro Asia Company Limited
					May 2016 – Mar 2018	Director	Chok Chai Smile City Company Limited
					May 2016 – Mar 2018	Director	ABCE Group Company Limited
36. Mrs. Ninnarat Watanapornpittaya Co-Assistant Chief Executive Officer (1 January 2015)	35	<ul style="list-style-type: none"> <li>• M.A. in Economic Law, Faculty of Law, Chulalongkorn University</li> <li>• Bachelor in Accounting, Thammasat Business School</li> </ul>	- None -	- None -	Jan 2015 – Present	Joint-Assistant Chief Executive Officer	Advance Agro Asia Company Limited
					July 2015 – Mar 2018	Director	Ubon Smile City Company Limited
					July 2015 – Mar 2018	Director	Smile City Company Limited
					Dec 2017 – Mar 2018	Director	Smile Community Company Limited
					July 2015 – Mar 2018	Director	Klongsam Smilecity Company Limited
					July 2015 – Mar 2018	Director	Shaiyo Smile Company Limited
					Feb 2013 – Mar 2018	Director	Nham Klong Luang Company Limited
					Mar 2017 – Mar 2018	Director	Triple A Industrial Park Company Limited
					May 2017 – Mar 2018	Director	Triple A Water Supply Company Limited
					Feb 2016 – Mar 2018	Director	Siam Agro Industry Product Trading Company Limited
					May 2013 – Mar 2018	Director	Soon Hua Seng Inter Corporation Company Limited
					Aug 2011 – Mar 2018	Director	Triple A Paper Company Limited
					Jan 2018 – Mar 2018	Director	Shaiyo AA International Holding Company Limited
					July 2011 – Sep 2015	Director	Shaiyo Motor Service Company Limited

## Details regarding the Company Director, Executives ,and Director with Authorization of the Songmetta Group in other companies

Company A Director and Executive	Work Experience			
	Mrs. Jiratha Songmetta	Mr. Teerawut Songmetta	Mr. Pornmett Songmetta	Mr. Tanavijit Ankapipatchai
1. Asia Clean Industrial Park Company Limited	A (Oct 2014 – Nov 2018)		A (June 2016 – Sep 2018)	A (Aug 2009 – Mar 2018)
2. Best Publishing Company Limited	A (Dec 2014 – Present)			
3. Triple A Board Company Limited	A (May 2015 – Aug 2018)		A (Oct 2016 – Present)	
4. Advance Asian Company Limited	A (July 2014 – Feb 2018)			
5. Eco Green Tree Company Limited	A (July 2014 – Feb 2018)			
6. Advance Agro Energy Company Limited	A (June 2012 – Jan 2018)			
7. Alright Alliance Company Limited	A (Nov 2014 – Jan 2018)		A (Jan 2018 – Present)	
8. Golden Success Capital Company Limited	A (Oct 2014 – Jan 2018)			
9. Songmetta Corporation Company Limited	A (Sep 2016 – Feb 2018)	A (Sep 2016 – Present)	A (Feb 2018 – Present)	A (Sep 2016 – Mar 2018)
10. Shaiyo AA International Holding Company Limited	A (Oct 2015 – Jan 2018)		A (Oct 2015 – Present)	
11. SM Capital Company Limited (Liquidated)	A (Nov 2011 – Feb 2018)	A (Aug 2016 – Mar 2018)	A (Aug 2016 – Present)	A (Aug 2016 – Mar 2018)
12. Good Will Architect and Construction Company Limited	A (Oct 2010 – Dec 2016)			
13. Chok Chai Smile City Company Limited	A (May 2015 – Oct 2015)			
14. Advance Asia Industrial Park Company Limited	A (Mar 2010 – Nov 2013)		A (Apr 2016 –Mar 2018)	A (Mar 2010 – Nov 2013)
15. Cha-Am Beach Hotel Company Limited	A (Jan 2009 – Feb 2014)		A (June 2016 – Present)	
16. Advance Asia Fiber Company Limited	A (Jan 2014 – Apr 2015)		A (July 2015 – Mar 2018)	A (Jan 2014 – Mar 2018)
17. ABCE Group Company Limited	A (May 2015 – Dec 2017)			
18. AED Development Company Limited	A (May 2015 – Dec 2017)			
19. Shaiyo Smile Company Limited	A (Aug 2013 – Dec 2017)		A (Mar 2018 – Present)	
20. Triple A Station Company Limited	A (Dec 2011 – Dec 2017)			A (Dec 2011 – Mar 2018)

Company A Director and Executive	Work Experience			
	Mrs. Jiratha Songmetta	Mr. Teerawut Songmetta	Mr. Pornmett Songmetta	Mr. Tanavijit Ankapitchai
21. ABC Energy Company Limited		A (Dec 2019 – Present)	A (June 2012 – Present)	
22. Shaiyo Triple A Company Limited		A (July 2012 – Present)	A (July 2012 – Present)	
23. Triple A Solar Energy Company Limited		A (Nov 2016 – Present)	A (Mar 2013 – Present)	
24. Triple A Solar Engineering Company Limited		A (Feb 2015 – Present)	A (Feb 2015 – Present)	
25. Triple A Solar Technology Company Limited		A (Feb 2015 – Present)	A (Feb 2015 – Present)	
26. Triple A Green City Company Limited		A (Feb 2015 – Present)	A (Feb 2015 – Present)	
27. Triple A Green Energy Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
28. AAA Green City Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
29. AAA Green Energy Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
30. Triple A Clean Energy Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
31. AAA Clean City Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
32. AAA Clean Energy Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
33. Ai and Robotics Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
34. Smile City Company Limited		A (Feb 2015 – Present)	A (Feb 2015 – July 2015)	
35. Samui Smile City Company Limited		A (Mar 2015 – Present)	A (Mar 2015 – Present)	
36. Klongsam Smile City Company Limited		A (Feb 2015 – Present)	A (Feb 2015 – July 2015)	
37. ABCE Group Company Limited		A (May 2015 – Present)		
38. AED Development Company Limited		A (May 2015 – Present)		
39. Advance Carbon Security Venture Company Limited		A (Aug 2011 – Present)	A (Dec 2019 – Present)	
40. Smile Community Company Limited		A (Mar 2018 – Present)	A (Mar 2018 – Present)	
		A (Mar 2015 – Oct 2015)	A (Mar 2015 – Oct 2015)	
41. Radius Company Limited		A (Jan 2015 – Present)		

Company A Director and Executive	Work Experience			
	Mrs. Jiratha Songmetta	Mr. Teerawut Songmetta	Mr. Pornmett Songmetta	Mr. Tanavijit Ankapiatchai
42. The Paint Bar Company Limited		A (Sep 2014 – Present)		
43. Energy Saving Corporation Company Limited		A (Mar 2016 – June 2018)	A (Mar 2016 – June 2018)	
44. SM Farm Tree Company Limited			A (Oct 2012 – Present)	
45. Global Positioning and Information Services Company Limited			A (Aug 2016 – Present)	
			A (Apr 2013 – Present)	
46. Ubon Smile City company Limited			A (Mar 2018 – Present)	
47. Triple A Industrial Park Company Limited			A (Dec 2019 – Present)	
48. Nham Klong Luang Company Limited			A (Dec 2019 – Present)	
49. Asia Marine Stevedoring Company Limited			A (Mar 2013 – Sep 2014)	
50. AED Service Company Limited			A (May 2016 – Mar 2018)	
51. 304 I Town 1 Company Limited				A (Nov 2010 – Nov 2013)
52. Sri Benchalak Company Limited				A (June 2011 – Present)
53. Shaiyo Supply Chain Company Limited				A (June 2009 – Present)
54. Inter Care and Service Company Limited				A (May 2540 – Present)
55. Global Shipping and Agency Company Limited				A (Aug 2011 – Mar 2018)
56. Clean Bio Fuel Company Limited				A (Feb 2010 – Mar 2018)
57. Triple A Water Supply Company Limited				A (Feb 2013 – Mar 2018)
58. Global Wood Chip Company Limited				A (Sep 2009 – Feb 2018)
59. Rice for Health Company Limited				A (Sep 2011 – Mar 2018)
60. Shaiyo Motors Company Limited				A (Oct 2010 – Mar 2018)
61. Boonbundarn Rungrueng Company Limited				A (Jan 2008 – Mar 2018)
62. Advance Professional Training Company Limited				A (Feb 2012 – Nov 2015)

Remarks A = Director B = Executive



# ACE

ABSOLUTE CLEAN ENERGY  
PUBLIC COMPANY LIMITED

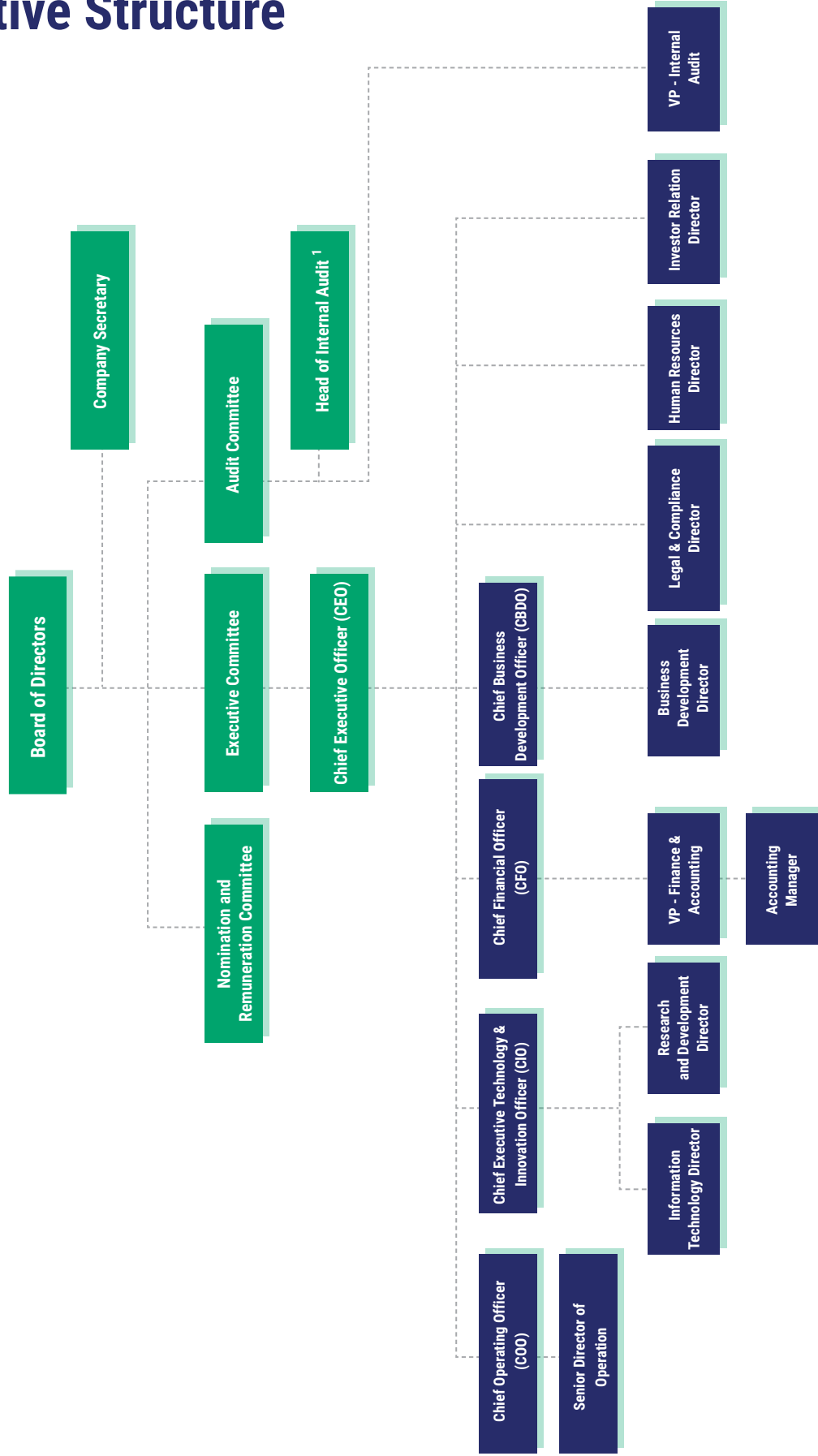


# Executive Structure

## Executive Structure of the Company (“ACE”)

### Organization Structure

Organization Structure of the Company for the year ended December 31, 2019



Remarks : <sup>1</sup>The audit committee appointed Ms. Wanvimol Jongsureeyapat, the executive committee of P & L Internal Audit Co., Ltd. to be the Chairman of the internal audit department, according to the resolution of the Audit Committee Meeting No.1/2018 on September 15, 2017.

## Board

Organization Structure for the year ended December 31, 2019, consists of the Board of Directors and 3 Sub-Committees consist of the Audit Committee, the Nomination and Remuneration Committee, and the Executive Board of Directors, with the details as follows:

### (1) Board of Directors

For the year ended December 31, 2019, the Board of Directors consists of 10 Directors as follows:

Name	Position	Number of meeting attended / Number of meeting (after appointed as Directors)
		2019
1. Mr. Pranai Suwanrath <sup>1</sup>	Chairman/Independent Director	4/11
2. Mr. Charoon Intachan	Director/Independent Director	11/11
3. Ms. Chonticha Chitraporn	Director/Independent Director/ Chairman of Audit Committee	11/11
4. Mrs. Patchanee Sutheevitanunt	Director/Independent Director/ Member of Audit Committee/ Chairman of Nomination and Remuneration Committee	11/11
5. Mr. Nuekrak Baingern	Director/Independent Director/ Audit Committee/ Nomination and Remuneration Committee	10/11
6. Ms. Jiratha Songmetta	Director/ Chairman of Executive Committee/ Member of Nomination and Remuneration Committee	9/11
7. Mr. Tanavijit Ankapipatchai	Director/ Member of Executive Committee	10/11
8. Mr. Teerawut Songmetta	Director/ Member of Executive Committee	9/11
9. Mr. Pornmett Songmetta	Director/ Member of Executive Committee	11/11
10. Mr. Tanachai Bunditvorapoom	Director/ Member of Executive Committee/ Chief Executive Officer	11/11

Remarks: <sup>1</sup> Mr. Pranai Suwanrath, the Company's Chairman of the Board and Independent Director, was ill and under recovery since May 2019 and could not attend the Board of Directors meeting.

### Director with Authorization

Director with Authorization are Ms. Jiratha Songmetta, Mr. Tanavijit Ankapipatchai, Mr. Teerawut Songmetta, and Mr. Pornmett Songmetta. Two out of four Directors jointly sign and affix the Company's seal.

## (2) Audit Committee

For the year ended December 31, 2019, the Audit Committee consists of 3 Directors as follows:

Name	Position	Number of meeting attended / Number of meeting (after appointed as Directors)
		2019
1. Ms. Chonticha Chitraporn	Chairman of Audit Committee	11/11
2. Mrs. Patchanee Sutheevitanunt	Member of Audit Committee	11/11
3. Mr. Nuekrak Baingern	Member of Audit Committee	10/11

Remarks : - Ms. Chonticha Chitraporn has sufficient knowledge and experience to review the creditability of financial statements.

- Mr. Somchai Chia-Piyasakul acts as the Secretary of the Audit Committee.

## (3) Nomination and Remuneration Committee

For the year ended December 31, 2019, the Nomination and Remuneration Committee consists of 3 Directors as follows:

Name	Position	Number of meeting attended / Number of meeting (after appointed as Directors)
		2019
1. Mrs. Patchanee Sutheevitanunt	Chairman of Nomination and Remuneration Committee	3/3
2. Ms. Jiratha Songmetta	Member of Nomination and Remuneration Committee	2/3
3. Mr. Nuekrak Baingern	Member of Nomination and Remuneration Committee	3/3

Remarks : - Mr. Chainat Buathong acts as the Secretary for the Nomination and Remuneration Committee

#### (4) Executive Committee

For the year ended December 31, 2019, the Executive Director Board consists of 6 Directors as follows:

Name	Position	Number of meeting attended / Number of meeting (after appointed as Directors)
		2019
1. Ms. Jiratha Songmetta	Chairman of Executive Committee	18/18
2. Mr. Teerawut Songmetta	Member of Executive Committee	18/18
3. Mr. Pornmett Songmetta	Member of Executive Committee	18/18
4. Mr. Tanavijit Ankapipatchai	Member of Executive Committee	17/18
5. Mr. Tanachai Bunditvorapoom	Member of Executive Committee	18/18
6. Pol.Lt.Gen. De. Adul Narongsak <sup>1</sup>	Member of Executive Committee	18/18

Remarks : - Pol.Lt.Gen. De. Adul Narongsak is an Executive Director who is not an employee or Executive of the Company or any subsidiary companies.

- Mr. Chainat Buathong acts as the Secretary for the Executive Director Board

<sup>1</sup>The Company Directors who are not the Directors and Executive by the definition of SEC are responsible to prepare reports of changes in holding securities and futures ("Report Form") according to the Executive Securities holding report (section 59) and have to report to the Company Secretary within 3 days every time there is a change in the holding of the Company's Securities. After receiving the report, the Company Secretary will present the report to the Board of Directors in the next Board of Directors meeting.

#### Executive Board

For the year ended December 31, 2019, the Company had 6 Executives as follows:

Name	Position
1. Mr. Tanachai Bunditvorapoom	Chief Executive Officer
2. Mr. Teerawut Songmetta	Chief Executive Technology & Innovation Officer
3. Mr. Pornmett Songmetta	Chief Operating Officer
4. Mr. Tanavijit Ankapipatchai	Chief Financial Officer
5. Ms. Sadudta Navaskul	VP - Finance & Accounting
6. Ms. Wannee Sukpiboonrut	Accounting Manager

## Report of changes in the holdings of securities of Directors and Executives of the Company in 2019

Name	Number of Shares / Changes		Number of Shares increase (decrease during the year
	For the year ended December 31, 2018	For the year ended December 31, 2019	
Board of Directors Name			
1. Mr. Pranai Suwanrath, spouse and underage child	- -	- 200,000	- 200,000
2. Mr. Charoon Intachan, spouse and underage child	- -	- -	- -
3. Ms. Chonticha Chitraporn, spouse and underage child	- -	- -	- -
4. Mrs. Patchanee Sutheevitanunt, spouse and underage child	- -	- -	- -
5. Mr. Nuekrak Baingern, spouse and underage child	- -	- -	- -
6. Ms. Jiratha Songmetta, spouse and underage child	- -	- -	- -
Executive Committee Name			
1. Mr. Tanavijit Ankapipatchai, spouse and underage child	20 -	20 -	- -
2. Mr. Teerawut Songmetta, spouse and underage child	1,883,407,020 -	1,884,014,820 -	607,800 -
3. Mr. Pornmett Songmetta, spouse and underage child	2,133,407,000 -	2,203,977,400 -	70,570,400 -
4. Mr. Tanachai Bunditvorapoom, spouse and underage child	- -	- -	- -
5. Ms. Sadudta Navaskul, spouse and underage child	- -	- -	- -
6. Ms. Wannee Sukpiboonrut, spouse and underage child	- -	- -	- -

## Company Secretary

The 1/2018 Board of Directors meeting (after converting to public company limited) on July 19, 2018, appointed Mr. Chainat Buathong as the Company Secretary (details of the Company Secretary are shown in the attachment 1) The Company Secretary is required to graduate from law or accounting, or undergo a training course related to the work of the Company Secretary. The Company Secretary has the following responsibilities:

- 1) Inform the resolutions and policies of the Board of Directors and shareholders to relevant executives, as well as giving advice and preliminary recommendations to the Board, in accordance with the Company's regulations and Corporate Executive practices.
- 2) Prepare and store the following documents:
  - (1) Director registration
  - (2) Board meeting notice, Board meeting report, and the Company's annual report
  - (3) Shareholders meeting notice, and the meeting report
- 3) Instruct the Directors and executives to do the Executive Securities holding report, keep the report, send the copies to the chairman and the Chairperson of audit committee.
- 4) Arrange the shareholders meeting and Board of Directors meeting, to be in accordance to the law, the Company regulations, charter of each committee, and the code of conduct, as well as recording the meeting minutes and monitoring the implementation of the resolutions from the meeting.
- 5) Ensure the disclosure of information and report for the relevant department
- 6) Oversee the business of the Board of Directors and coordinate between the Board and the Executives, as well as providing news and information to Directors regarding issues related to the Company's business operations and reporting significant changes to the Company's Directors.
- 7) Arrange the assessment of the Board and individual's performance, and report the assessment to the Board of Directors.
- 8) Perform any actions to ensure the compliance with the Securities and Exchange law, as well as other laws and relevant regulations.
- 9) Perform other activities that the Company has assigned.

## Directors and Executive's Remuneration

### Directors's Remuneration

#### Monetary Remuneration

The general meeting and the Board of Directors meeting has approved the remuneration for the Board of Directors, and sub-committees consisting of the Audit Committee, Nomination and Remuneration Committee, and the Executive Board of Directors, with the details as follows:

#### (1) Attendance fee and monthly salary

Board of Directors	Meeting Allowance per time (baht/time)	Monthly Salary (baht/month)
	2019 <sup>1</sup>	2019 <sup>1</sup>
Board of Directors		
- Chairman	30,000	30,000
- Directors	25,000	25,000
Audit Committee		
- Chairperson of Audit Committee	25,000	-
- Audit Committee Member	20,000	-
Nomination and Remuneration Committee		
- Chairperson of Nomination and Remuneration Committee	25,000	-
- Nomination and Remuneration Committee Member	20,000	-
Executive Board		
- Chief Executive Officer	25,000	-
- Executive Director	20,000	-

Remarks : <sup>1</sup> The Company's Annual General Shareholder Meeting on April 22, 2019 approved the remuneration of the Board of Directors and Sub-Committee including the Board of Executive Directors for 2019.

In this regard, the conditions for meeting allowances and monthly salaries are as follows:

- 1) Directors that hold various positions in various committees would receive the salary for the highest position only.
- 2) The Audit Committee and the Chairperson of Audit Committee would receive the salary as a Director.
- 3) Directors that receive the salary as the Company's employee would not receive the salary as a Director again.



## (2) Bonus

The 2019 Annual General Shareholder Meeting on April 22, 2019, resolved to pay bonus after knowing the 2019 Operating results from the General Shareholder Meeting.

For the fiscal year ended December 31, 2019, the Company had expenses for the payment for the Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Executive Board of Directors, with the details as follows:

Name	For the Fiscal Year ended December 31, 2019				
	Board of Director	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Total
1. Mr. Pranai Suwanrath	437,250	-	-	-	437,250
2. Mr. Charoon Intachan	541,500	-	-	-	541,500
3. Ms. Jiratha Songmetta	491,500	-	30,000	420,000	941,500
4. Ms. Chonticha Chitraporn	541,500	260,000	-	-	801,500
5. Mrs. Patchanee Sutheevitanunt	541,500	205,000	65,000	-	811,500
6. Mr. Nuekrak Baingern	516,500	185,000	50,000	-	751,500
7. Mr. Tanavijit Ankapipatchai	235,000	-	-	310,000	545,000
8. Mr. Teerawut Songmetta	210,000	-	-	330,000	540,000
9. Mr. Pornmett Songmetta	260,000	-	-	330,000	590,000
10. Mr. Tanachai Bunditvorapoom	260,000	-	-	330,000	590,000
11. Pol.Lt.Gen. De. Adul Narongsak	-	-	-	330,000	330,000
<b>Total</b>	<b>4,034,750</b>	<b>650,000</b>	<b>145,000</b>	<b>2,050,000</b>	<b>6,879,750</b>

### Non-monetary Compensation

-None-

### **Executive's Remuneration**

#### Monetary Remuneration

For the fiscal year ended December 31, 2019, the Company had the expenses for the executives as follows:

Type of Remuneration	Total Expenses for Executives (baht)
	For the Fiscal Year ended December 31, 2019
Number of Executives (Person)	4
Salary, Bonus, Provident Fund, and Other Benefits (baht) <sup>1</sup>	23,760,835

Remarks : <sup>1</sup> Remuneration for the executives in 2018 and 2019 did not include the VP - finance & accounting and the accounting manager.

### Non-monetary Remuneration

-None-

## Executive Structure of the Subsidiary Companies

Executive Structure of the Subsidiary Companies, for the year ended December 31, 2019

Company / Directors and Executives	ASCE	ACP	ALCP	AAPP	AAP	ABA	AFT	BPP	ACE SOLAR	PSPR	AAA	PSMS
1. Ms. Jiratha Songmetta	H	H	H	H	H	H	H	H	H	H	H	H
2. Mr. Teerawut Songmetta	/	/	/	/	/	/	/	/	/	/	/	/
3. Mr. Pormmett Songmetta	/, //	/, //	/, //	/, //	/, //	/, //	/, //	/, //	/, //	/, //	/, //	/, //
4. Mr. Tanavijit Ankepipatchai	/	/	/	/	/	/	/	/	/	/	/	/
5. Mr. Tanachai Bunditvorapoom	/							/	/		/	
6. Ms. Chanya Sangkaha		/	/	/	/	/	/	/	/	/	/	/
7. Mr. Thanet Sutthikanokpan		//										
8. Mrs. Naphastano Pornchaiankul		//										
9. Mr. Vinai Buapradit			/									
10. Mr. Chattep Punya			//									
11. Mrs. Wanicha Noimanop			//									
12. Mr. Visarut Chaochaiyaphum			//									
13. Mr. Chontan Sutthipunya			//									
14. Mr. Yuthana Viriyakitti				/								
15. Mr. Yuttapol Vilajun				//								
16. Mrs. Rattarat Muensa				//								
17. Mr. Jakkapan Sangudom					//							
18. Mr. Chalermpong Srimunta					//							
19. Mr. Puttaporn Suksawat					//							
20. Mrs. Pattama Chaiyupatum					//							
21. Mr. Amporn Sangsookdee											//	/
22. Miss Nicole Tan Peck Shu											//	
23. Mr. Thammarat Duangsuphan											//	
24. Mr. Paitoon Boonprakong											//	
25. Mrs. Ornuma Thongsuk											//	
26. Mr. Somchai Panyakarn											//	
27. Mr. Somchai Chia-Piyasakul											//	
28. Mrs. Ninnart Wattanapittaya											//	

Remarks: H = Chairman / = Director // = Executive

### Company Subsidiaries

ASCE	AAP	ACE SOLAR	ACE Solar Co., Ltd.
Asia Clean Energy Co., Ltd.	Advance Asia Power Plant Co., Ltd.	PSPR	Prasartporn Rungrueng Co., Ltd.
ACP	ABA	AAA	Advance Agro Asia Co., Ltd.
Advance Clean Power Co., Ltd.	AFT	PSMS	Power Supply & Maintenance Service Co., Ltd.
ALCP	BPP		
Alliance Clean Power Co., Ltd.			
AAPP			
Advance Agro Power Plant Co., Ltd.			

## ACE Group's Employees

### Number of Employees

For the year ended December 31, 2019, ACE Group has a total number of 625 employees (excluding the executives) with the details as follows:

Company	Number of Employee (Person)	
	For the year ended December 31, 2018	For the year ended December 31, 2019
1. Production Department	427	295
2. Legal Department	7	5
3. Security, Health and Environment Department	18	17
4. Purchasing Department	4	3
5. Community Relation Department	22	23
6. Internal Audit Department	10	11
7. Executive Department	15	12
8. Human Resource Department	41	25
9. Information Systems and Technology Department	17	13
10. Finance/Accounting Department	60	62
11. Engineering Department	25	24
12. Material Procurement Department	9	7
13. Maintenance Department	89	102
14. Performance Development Department	6	8
15. Public Coordination and Investment Department	5	5
16. Business Development Department	9	13
<b>Total</b>	<b>764</b>	<b>625</b>

### Employee's Remuneration

For the year ended December 31, 2019, ACE Group has a total number of 625 employees (excluding the executives). The total employee's pay (excluding the executives) is 238,127,656.99 baht. The remuneration includes salary, bonus, provincial fee, position fee, and other benefits.

For the year ended December 31, 2018, ACE Group has a total number of 764 employees (excluding the executives). The total employee's pay (excluding the executives) is 238,528,858.52 baht. The remuneration includes salary, bonus, provincial fee, position fee, and other benefits.

### Provident Fund

The 6/2018 Board of Directors meeting on June 19, 2018, approved the establishment of a provident fund for all employees in ACE Group, under the Management of Siam Commercial Bank Asset Executive Co., Ltd. with the objective to be a welfare for employees who are considered an important resource of ACE Group.

## Labor Disputes

ACE Group does not have any significant labor disputes with ACE Group's operation in the past three years.

## Staff Development Policy

ACE Group considers the staff development significant because ACE Group believes that the human resources are valuable to the sustainable growth of the development of the organization. As a result, ACE Group's employee will be trained and developed to have values and capabilities to operate systematically and continuously for the advance in career path and long-term growth of the Company.

The staff development policy aims to increase knowledge, skill, and good attitudes for the job through Company's 3 courses, which are

1. Pre-Service Training, a training course aims to prepare the trainees before taking over the job to have knowledge and skill to work efficiently to the assigned tasks. The content of the training would comprehensively focus on necessary aspects for the detailed work. Usually, the courses in the training would be about orientation such as the corporate introduction, the corporate culture, welfares and pays, and basic course work.
2. In-Service Training, a training course aims to increase the knowledge, skill and attitudes for the trainees to work more efficiently, to solve the work problems caused by the trainees themselves, or to prepare the trainees for the change in working field. The course is conducted in many different forms such as on the job training, classroom training, and self-learning or E-Learning.
3. Pre-Promotion Training, a course aims to increase the knowledge in Executive, leadership, people Executive, etc, for the trainees to efficiently have role competency. In other words, it is a course to prepare the trainees for the promotion.









# Corporate Governance

## Corporate Governance Policy

The Board of Directors pays attention to the compliance to the law, objectives, regulations and resolution of the Board of Directors' meeting, as well as strictly following the Corporate Governance according to the guideline set by the Stock Exchange of Thailand which has been set as the guideline for Company operation to achieve the work efficiency and also bring transparency for the investors which will gain reliability for business operation of ACE Group to the Public. The policy on Corporate Governance covers 5 categories as follows:

### Article 1 The Rights of Shareholders

The Company is aware and pays attention to basic rights of the shareholders as the investor of the asset and the owner of the Company, such as the right to purchase, sell, transfer the asset they are holding, rights to receive dividend from the profit of the Company, rights to receive adequate information, and rights in the Shareholders' meeting, right to share opinion, right to make decision on important issues of the Company, such as dividend allocation, appointment or dismissal of Director, appointment of Auditor, approval of important transaction and transaction that affect the business operation, direction of ACE Group, as well as the amendment to Memorandum of Association and Articles of Association of the Company, etc.

In this regard, the Company has the mission to support and facilitate the use of rights of shareholders as follows:

- 1) The Company will send the invitation letter together with the information for the meeting according to the agenda to the shareholders in advance and will advertise the meeting arrangement in the local newspaper before the meeting date not fewer than 7 days in advance or any other duration as stated by the law or relevant regulations. In addition, the Company will announce such information in the website of the Company before the Shareholders' meeting.
- 2) In case the shareholders cannot attend the meeting by themselves, the Company gives the opportunity for the shareholders to assign the proxy to the Company Independent Director or other person to attend the meeting on their behalves.
- 3) When arranging the Shareholders' meeting, the Company will use the place that is convenient for transportation and select the suitable date and time and arrange the meeting time adequately, in order to comply with the policy on facilitating the shareholders of the Company.



4) In Shareholders' Meeting, the Company gives opportunity to all shareholders to have equal rights to share opinion, suggestion or ask question in the agenda independently before voting in any agenda. The Directors and Management of the Company who are related to the agenda will attend the Shareholders' Meeting to provide answer to the meeting.

5) Before the Shareholders' Meeting, a shareholder or shareholders that own the share or voting rights not fewer than 5 percent of all voting rights of the Company can propose the agenda to the Board of Directors to list as the agenda in the Shareholders' meeting.

6) After the Shareholders' Meeting ends, the Company will prepare the minutes of meeting that record the complete and correct information to the shareholders to verify.

## Article 2 The Equitable Treatment of Shareholders

The Company intends to treat all shareholders equally, regardless of the major or minor shareholders, Management or Non-Management shareholders, Thai or foreign shareholders. The details are as follows:

1) In each Shareholder's Meeting, the Company will give an opportunity to all shareholders equally. Before the meeting start, the Chairman of the Meeting will explain the voting method and vote count of the shareholders to be done in each agenda and give an opportunity to all shareholders and the proxies who attend the meeting to show their opinion, suggestion and ask question in each agenda by giving adequate and suitable time. The Chairman of the Meeting will lead the meeting according to the agenda.

2) In the Director election, the Company will give an opportunity to the shareholders to use their right to vote for the Company Director individually. Apart from that, the Company will give an opportunity to the minor shareholders to propose the list of person to hold the position of the Company Director in advance at an appropriate time together with the supporting data about the qualification and the consent from the person who is proposed.

3) The Company states that the Company Director must report their interest in any agenda at least before the consideration of the relevant agenda in the Board of Directors' meeting and record such interest in the minutes of the Board of Directors' meeting. Apart from that the Director who has significant interest in the agenda in the manner that cannot independently give their opinion, will be prevented from participating in such agenda of the meeting.

4) The Company has set a guideline for storage and prevention of the use of internal data that is significant and may affect the change of the asset price of the Company. The individual or organization that acknowledge of such internal data are prohibited from using such data to reveal to irrelevant organization

or individual until such data has already been revealed to the public. Apart from that, the Company states that the Company Directors, Management, Officers and Employees of the Company and the Subsidiaries that are acknowledge of the internal data that is significant and may affect the change of the asset price of the Company, including the financial information, must refrain from trading the asset of the Company from the date that they are acknowledge of such data or on the last day of each quarter or the ending date of the accounting period of the Company (as the case may be) until the day that the financial statement or such internal data is published to the public for 24 hours. In the case that this statement is violated, the Company will consider such violation as the disciplinary offense and will consider to punish the person as appropriate.

**Article 3 Consideration on the Role of Stakeholders and Business Ethics**

**1) Consideration on the Role of Stakeholders**

The Company and the Subsidiaries pay attention to the right of all stakeholders, regardless of the internal stakeholders, which are the shareholders and Officers or external stakeholders, which are partners, customers, etc. The Company and the Subsidiaries are aware that the support and opinion from all stakeholders will be useful for the business operation and development of the Company and the Subsidiaries. Therefore, the Company and the Subsidiaries will comply with the related law and regulations so that the rights of the stakeholders are properly taken care of. Apart from that, the Company and the Subsidiaries also consider on the rights of all stakeholders and business ethics according to the following guidelines:

Shareholders	The Company and the Subsidiaries will operate the business with transparency and efficiency and will intend to perform good performance and sustainable growth, in order to gain maximum benefits for the shareholders in long term. Apart from that, the Company will also reveal the information with transparency and reliability to the shareholders.
Officers	The Company and the Subsidiaries will treat all Officers equally, fairly, and give them appropriate return. Apart from that, the Company and the Subsidiaries also pay attention to the skill, knowledge and potential improvement of the Officers regularly. For example, arranging the course, seminar and training by giving opportunity to all Officers and try to motivate the knowledgeable Officers to stay with the Company and the Subsidiaries to further improve the organization. Furthermore, the Company and the Subsidiaries also set the guideline for anti-corruption and encourage all Officers to strictly comply to the related laws and regulations, such as the regulation preventing the use of internal data, etc.

<b>Partners</b>	<p>The Company and the Subsidiaries have the partner selection process that allow the partners to compete on the same data and select the partners with fairness under the evaluation and selection criteria of the Company and the Subsidiaries. Apart from that, the Company and the Subsidiaries also enter into the agreement that is appropriate and fair for all contract parties and provide the monitoring system to ensure that the contract provisions are completely complied to and ensure that there shall be no corruption and inappropriate behavior in all procurement process. The Company and the Subsidiaries purchase products from the partners that meet the condition and comply with the agreement with the partners strictly, as well as keeping the information of partners confidential and will not use such information in an inappropriate way.</p>
<b>Customers</b>	<p>The Company and the Subsidiaries are responsible for the customers by maintaining the quality and standard of the service as well as responding to the customers' demand completely and thoroughly in order to focusing in gaining customers' satisfaction in long-term. Apart from that, the Company and the Subsidiaries also provide correct information about the services of the Company and the Subsidiaries, as well as providing the contact channel for the customers of the Company and the Subsidiaries to report the problems or the inappropriate service providing, so that the Company and the Subsidiaries can prevent and correct the problems related to the services of the Company and the Subsidiaries promptly as well as keeping the information of partners confidential and will not use such information in an inappropriate way.</p>
<b>Lenders</b>	<p>The Company and the Subsidiaries will comply with the conditions of the agreement with the lenders and will make repayment of the principle, interest and deal with the securities under relevant agreement.</p>
<b>Competitors</b>	<p>The Company and the Subsidiaries follow the framework of good competition with ethics and are in the legal framework, as well as supporting and encouraging the Independent and fair competition policy.</p>
<b>Society and the public</b>	<p>The Company and the Subsidiaries pay attention to and focus on safety to society, environment and quality of life of relevant persons of the operation of the Company and the Subsidiaries and also encourage the Officers of the Company and the Subsidiaries to have consciousness and responsibility towards environment and society. Apart from that, the Company and the Subsidiaries also strictly comply with the relevant law and regulations. In addition, the Company and the Subsidiaries try to participate in the activities to create and maintain the environment and society, as well as supporting the local culture of the place that the Company and the Subsidiaries operate the business.</p>

Moreover, the stakeholders can ask about the details and report the complaint or the clue of the illegal action and incorrect financial report, defects in internal control system or breach of the business ethics of the Company and the Subsidiaries through Independent Director or Audit Committee of the Company. In this regard, the complaints and the clues reported to the Company will be kept confidential. The Independent Director or the Audit Committee will instruct to examine the information and seek solution (if any) and report to the Board of Directors further.

## **2) Business ethics of ACE Group**

Absolute Clean Energy Public Company Limited will run the business with honesty, morality, ethics and responsibility towards nation, religion, the King and comply with the laws and good moral and treat the stakeholders equally and fairly with transparency and Accountability. Apart from that, we will support the development of economics, society, community and environment, to be able to gain worthiness and value at present and in the future to the organization which will lead to stable and sustainable growth at international level.

### **(1) Definition and Meaning**

**"Moral"** refers to doctrine which is a way to behave or morality

**"Ethics"** refer to the good behavior that is stated for performing or taking action to other people with fairness.

**"Business ethics"** refers to the standard of the good behavior that is set up for the Directors, Managements and Officers to follow.

**"The Company"** refers to Absolute Clean Energy Public Company Limited and the Subsidiaries that are under the supervision of the Company, for both the existing one in the present and those to be established in the future.

**"Management"** refers to Company Director, Executive Board, CEO, COO, Managers of Absolute Clean Energy Public Company Limited and the Companies that are under the supervision of the Company, for both the existing one in the present and those to be established in the future.

**"Officers"** refer to Officers and employee who work to get the wages from Absolute Clean Energy Public Company Limited and the Subsidiaries under the supervision of the Company, for both the existing one in the present and those to be established in the future.

The Company has a goal to make the Management and Officers at all level of the organization to be responsible for complying with this ethics. The Management must be responsible to create the standard and culture of ethics compliance of the organization by motivating and encourage the Officers to voluntarily comply with the ethics.

## **(2) Persons who has obligation to follow the ethics**

- (A) Managements and Officers of the Company
- (B) The Subsidiaries under the supervision of the Company or has the right to control existing business and those to be established in the future must accept and comply with the ethics of the Company.
- (C) The Subsidiaries that are not under the supervision of the Company should accept and comply with the ethics of the Company.
- (D) External parties who are the representative of the Company, such as consultant, representative and Independent contract party must:
  - Give consent to follow the ethics of the Company.
  - Acknowledge about the ethics.
  - Be taken an action, which may include terminating the contract, if the Company knows that any external party violates the ethics of the Company.

## **(3) Actions that are consider violating the ethics**

All Officers are responsible for following and encourage other people to follow the ethics of the Company. Taking the following actions is considered as violating the ethics and will be punished.

- (A) Do not follow the ethics
- (B) Suggest, support or encourage other people to not follow the ethics.
- (C) Ignore and be indifferent when seeing the violation or non-compliance to the ethics, in the case that the person know, or should have known because it is related to the work under one's responsibility.
- (D) Do not cooperate or obstruct the investigation of the fact that there is a violation or non-compliance to the ethics.
- (E) Blame, rebuke or threaten the Officers who report the suspecting about the non-compliance to the ethics.
- (F) Unfair treatment to other people since the person reports the non-compliance to the ethics.

In this connection, the person who violate or breach the ethics must be disciplinary considered according to the regulations stipulated by the Company. Apart from that, the person may be punished according to the law if such action is illegal.

## **Article 4 Disclosure and Transparency**

1) The Company pays attention to the financial statements and financial information shown in the annual report. The Audit Committee will verify the quality of the financial report and internal control system including the disclosure of the important information adequately in the notes to the financial statement and report to the Board of Directors for acknowledgement. Apart from that, the Board of Directors also support the preparation of the explanation and Management Discussion and Analysis to support the disclosure of the financial statement in every quarter.

2) The Company will manage to disclose the information about each Director, role and responsibility of the Board of Directors and Sub-Committee of the Company, number of time of the meeting and the meeting attendance in the past at the headquarters of the Company.

3) The Company will reveal the Audit fee and non-Audit fee that the Auditor has given services to the Company and the Subsidiaries.

4) The Company will manage to prepare the report of policy about Corporate Governance, Business Ethics, Risk Management policy and policy about responsibility towards Environment and Society that are approved in summary and the performance of the compliance to such policy, as well as in the case that such policy cannot be complied with, together with the reason.

## **Article 5 Responsibilities of the Board of Directors**

### **1) Structure of the Board of Directors and Sub-Committee**

The Board of Directors consists of people who have knowledge, ability and experience that can gain benefits to the Company and the Subsidiaries. They are people who have important roles in setting the policy and overview of the organization, as well as having an important role to supervise, examine and evaluate the performance of the Company and the Subsidiaries to be as planned.

The Board of Directors shall have at least 5 members and there shall be Independent Company Director not fewer than one-third of all Directors and must not be fewer than 3 persons in order to balance the consideration and voting in various subjects appropriately. In this connection, the Company Director has a period to hold the position not more than 3 years at a time according to the relevant laws. The Independent Director has a period to hold the position not more than 9 years, unless the Board of Directors sees that the person is appropriate to continue being the Independent Director of the Company further to maximize the benefits of the Company. Apart from that, Directors and Managements of the Company can hold the position of the Directors or the Managements of the Subsidiaries and/or the Company in ACE Group or other companies. But such position holding must be in accordance with the law and/or relevant regulations and must report to the Board of Directors' meeting for acknowledgement before each position holding.

Apart from that, the Board of Directors also appoints the Sub-Committee to help in Corporate Governance of the Company and the Subsidiaries as follows:

- (1) Audit Committee consist of at least 3 Independent Directors to perform the obligation to support the Board of Directors in compliance and examine the administration, internal control and compliance to the relevant laws, as well as examining the financial report, so that the operation and information disclosure of the Company are done with transparency and reliability.

- (2) Executive Board consist of at least 3 and not more than 10 members to perform the obligation to support the Board of Directors in the administration of the Company and the Subsidiaries to be in accordance with the policy, work plan, regulations and orders, as well as the target set under the framework assigned by the Board of Directors.
- (3) Nomination and Remuneration Committee consist of at least 3 and not more than 5 Directors to perform the obligation to nominate people with appropriate qualification to hold the position of the Directors and high level Managements, consider on the form and criteria of remuneration of the Company Directors, Chairman of the Executive Board, Sub-Committee, CEO and Company Secretary, in order to propose to the Board of Directors for approval and/or to propose to the Shareholders' meeting for approval (as the case may be).

Moreover, the Board of Directors may consider the appropriateness to appoint the Risk Management Working Group Directors to perform the obligation to support the Board of Directors in setting the risk Management policy for the whole organization, supervise to have the risk Management system or process to minimize the impact to the business of the Company and the Subsidiaries appropriately, set the criteria and guidelines for the operations as well as supervise the organization to operate and comply with the policies related to Corporate Governance and propose the Risk Management report and suggestion to the Board of Directors.

The Company appoints a Company Secretary to perform the obligation about the arrangement of the Board of Directors' meeting and Shareholders' meeting, as well as supporting the work of the Board of Directors by giving suggestion about the law provision and regulations related to the performance of the Board of Directors, and also coordinate to comply with the resolution of the Board of Directors.

## 2) Roles, Obligations and Responsibility of the Board of Directors

The Board of Directors are responsible for the Shareholders about the operation of the Company and the Subsidiaries and has the obligation to set the policy and direction of the operation of the Company and the Subsidiaries, as well as supervise the administration to be in accordance with the target and guideline for long term benefit for the shareholders under the legal framework and business ethics. At the same time, the benefits of all stakeholders are also considered. In this regard, the details are as specified in the Board of Directors' Charter.

### (1) Policy about Corporate Governance

The Company shall set the policy about Corporate Governance of the Company in writing to propose to the Board of Directors' meeting for approval of such policy. In this regard, the preparation of the Corporate Governance manual has the objective to be the guideline for the Directors, Managements and Officers to comply with such policy. The Company will review the policy on yearly basis



## (2) Business Ethics

The Company and the Subsidiaries have the intention to run the business with transparency, moral, responsibility to stakeholders as well as the society and environment. The Company and the Subsidiaries has set the Code of Conduct in writing for the Board of Directors, the Managements and Officers to comply with as follows:

- (1) Ethics concerning responsibility towards shareholders
- (2) Ethics concerning relationship with customers
- (3) Ethics concerning relationship with partners, competitors and lenders
- (4) Ethics concerning responsibility towards Officers
- (5) Ethics concerning responsibility towards society and environment

In this regard, the Company and the Subsidiaries will announce and inform all Officers to acknowledge and strictly comply with.

## (3) Conflict of interest

The Company and the Subsidiaries have a policy to carefully eliminate the issue of conflict of interest with honesty, rationale and independence under a good moral for the benefit of the Company and the Subsidiaries by stating that the person who is related or connected to the discussed subject shall reveal the information about their interest and the relevant person to the Company for acknowledgement and must not participate in the consideration and shall not have the approving authority in such matter.

The Company and the Subsidiaries have the policy on the related transaction and the items that have conflict of interest; complying to the law and related regulations.

## (4) Internal control

The Company and the Subsidiaries provide the efficient internal control system for supervision and internal control both at the Management and operational level. The Company and the Subsidiaries have employed the external Internal Auditor to perform the examination and evaluation of the adequacy of the internal control system and report to the Audit Committee according to the Audit plan that has been set out.

## (5) Risk Management

The Company and the Subsidiaries have set the policy of Risk Management for the whole organization and the compliance, so that there is a risk Management system or process to minimize the impact to the business of the Company and the Subsidiaries appropriately.

#### (6) Report of the Board of Directors

Audit Committee is responsible for examining the financial report. The Accounting Division and the Auditor will arrange a meeting and propose the financial report to the Board of Directors every quarter. The Board of Directors will be responsible for the consolidated financial statements of the Company and the Subsidiaries, as well as the financial information.

#### 3) The Board of Directors' meeting and self-assessment

The Company arranges the Board of Directors' meeting at least every quarter and there shall be additional special meeting as necessary. The meeting agenda will be distinctly set in advance and there shall be an agenda to follow up the annual performance. The Company will send the invitation letter to all Directors in advance, at least 7 days before the meeting, so that the Board of Directors can study the information with adequate time before the meeting, unless in urgent case and there shall be a minutes of meeting recorded and the documents approved shall be gathered for reference and Accountability. In each meeting, the Management and related persons shall participate to provide information and details for decision making correctly and timely.

When casting the vote in the Board of Directors' meeting, the resolution will be on the majority. One Director shall have one vote and the Directors who are the stakeholder in the agenda will not participate and will not use the right to cast the vote for the agenda. In this regard, in case the voting is tied, the Chairman of the meeting shall cast another vote as a final decision.

Apart from that, the Board of Directors encourages to have the performance assessment at least once a year to improve and correct the operation. The subjects of the meeting shall be set before such assessment in order to gather the opinion and propose to the meeting.

#### 4) Remuneration

Remuneration of the Director is monthly remuneration and meeting allowance. In this regard, the remuneration of the Director must be in the average as compared to the same industry. The adequacy for the performance and responsibility of the Board of Directors shall also be considered. For the Managements, the remuneration will be given as salary and annual bonus by considering on the performance of the Company.

In this connection, the annual remuneration of the Board of Directors and Management in total must not be abnormally high as compared to the remuneration of the Director and Management in average of the listed Company in the Stock Exchange of Thailand and the maximum benefit of the shareholder will be mainly considered.

In this regard, the Company has appointed a Nomination and Remuneration Committee to consider in the form and criteria of remuneration payment for the Director to propose to Shareholders' meeting for approval.

#### 5) Improvement of Company Director and Management

The Board of Directors has a policy to support and facilitate the training and providing knowledge to the related person in the Corporate Governance system of the Company, for example Company Director, Audit Committee, Management and Company Secretary, so that the operation is constantly improved. The training and knowledge provided may be conducted internally in the Company or use the outsourcing services.

In case there is a change of Directors or there is a new Director joining the Company, the Administration Division will prepare the document and data that are useful for the operation of the new Directors, as well as arranging the introduction of the business and the business operation of the Company and the Subsidiaries to the new Director.

The Board of Directors may arrange the work rotation as assigned based on expertise of the Managements and Officers by considering mainly on the appropriateness of work and time. The CEO will set the timeline and consider the performance of such work as the improvement and successor plan of the Company. In this regard, this is to improve the Management and Officers to have more knowledge and ability to work and to be able to work interchangeably.

### Structure of the Director of the Company

As of December 31, 2019, the Structure of the Director of the Company consists of the Board of Directors and 3 Sub-Committees, which are Audit Committee, Nomination and Remuneration Committee and Executive Board. Each set of the Committee has the different scope, authority and responsibility. The details are as follows:

#### 1. The Board of Directors

##### Components and appointment of the Board of Directors

Shareholders are the person who approve the appointment of Company Director.

The Board of Directors consist of Chairman, Vice Chairman (if any) and Directors. The number of the members shall be appropriate for the size of the business of the Company and the efficient operation. In total, there shall not be fewer than 5 persons, and not fewer than half of the Company Director must have domicile in Thailand. There shall be the Directors that are genuinely Independent from the Managements and free from the business relation or any other relation that may influence the use of discretion independently, at least one-third of the total number of Director and but not be fewer than 3 persons.

The appointment of the Company Director must be in accordance with the Article of Association of the Company and the related laws. In this regard, it must be transparent and distinct. The consideration must include the educational background and work experience of the person. The details must be adequate for the advantage of decision making of the Board of Directors and shareholders.

#### Qualification of the Board of Directors

1) Company Director must be the person with knowledge and ability, honesty and morale in business operation and have enough time to use the knowledge and ability and perform duties for the Company.

2) Company Director must have qualification and must not be prohibited by law concerning public Company limited and the relevant laws. Apart from that Company Director must not have the characteristic that is suitable to gain reliability to administer the business with public shareholders as specified by the Capital Market Supervisory Board.

3) Company Director can hold the position of the Director in other Company but such Director position holding must not be the obstacles to perform the duty as the Director of the Company and must be in accordance with the guideline of the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”).

4) Company Director must not run the business with the same condition or compete with the business of the Company or become the partner in an ordinary partnership or partner with unlimited liability in a limited partnership or be the Director of the private Company or other Company that run the business with the same condition and compete with the business of the Company, regardless of for one’s benefit or for the benefit of other people, unless informing the Shareholders’ meeting prior to the appointment.

5) Independent Director must have the Independent qualification as specified by the Capital Market Supervisory Board and must be in accordance with the qualification of Audit Committee according to the notification of the Capital Market Supervisory Board and/or the Securities and Exchange Commission, concerning the qualification and scope of operation of the Audit Committee and must be able to take care of the benefits of all shareholders equally and must not cause conflict of interest. Moreover, the Independent Director must be able to attend the Board of Directors’ meeting and provide opinion independently.

#### Scope, authority and responsibility of the Board of Directors

1) Perform duties with responsibility, carefulness and honesty by considering on the maximum benefits of the Company and must comply with the laws, objectives and regulations of the Company, as well as the Shareholders’ meeting resolution. In this regard, the agenda that needs to be approved by the Shareholders’ meeting before operation, such as the operation that the is stipulated by law that the Shareholders’ meeting resolution is required, the related transaction and the acquisition and selling of key asset, etc.

2) Determine and approve the vision, mission, target, guideline, policy and approving authority for the operation and budget of the Company and the Subsidiaries, as well as Monitoring and Supervision on the administration, Management and follow up the performance of the Managements of both the Company and the Subsidiaries to be in compliance with the policy, work plan and budget set out with efficiency and effectiveness according to the business policy.

3) Consider to approve the appointment of the person who is qualified and does not have the prohibited characteristic according to the Public Company Limited Act B.E. 2535 and the laws concerning stock and stock exchange, as well as the relevant rules and/or regulations to hold the position of the Director in case the position of the Director is vacant due to any reason other than periodically resign, unless the remaining period for position holding of such Director is fewer than 2 months.

4) Consider to appoint the Independent Director by considering on the qualification and prohibited characteristic of the Independent Director according to the laws concerning stock and stock exchange, notification of Capital Market Supervisory Board, as well as the notification on the relevant rules and/or regulations of SET or propose to the Shareholders' meeting for consideration on the appointment of Independent Director of the Company further.

5) Consider to appoint the Audit Committee with the qualification as specified by laws concerning Securities and Stock exchange, notification of Capital Market Supervisory Board, as well as the notification on the relevant rules and/or regulations of SET

6) Consider to appoint the Executive Board by selecting from the Director and/or Management of the Company or the Subsidiaries or the external expert who has knowledge and ability that is beneficial to the Company and the Subsidiaries, as well as setting the scope, authority, obligations and responsibility of the Executive Board.

7) Consider to appoint the other Sub-Committee, as well as setting the scope, authority, obligations and responsibility to assist in the operation of the Board of Directors.

8) Consider to appoint the CEO or the top Management of the Company and Company Secretary that has the qualification as specified by law and consider on setting the remuneration of the CEO or the Top Management.

9) Consider to determine and change the name of the Directors who are authorized to sign on behalf of the Company.

10) Appoint other person to operate the Company under the supervision of the Board of Directors or authorized such person to have the authority and/or within the time specified by the Board of Directors, which the Board of Directors may cancel, revoke, change or amend such authority later. In this regard, the

authorization must be done as the resolution of the Board of Directors in the form of minutes of meeting and the scope of authority given to the authorized person must be clearly specified.

11) Consider to approve the acquisition and sale of the asset and/or the related transaction, except when such transaction must be approved by the Shareholders' meeting. In this regard, such approval will be in accordance with the notification of the Capital Market Supervisory Board and/or notification, rules and/or regulations of SET.

12) Consider to approve the interim dividend payment to the shareholders, when the Company has enough profit to do so and report the dividend payment to the Shareholders' meeting for acknowledgement in the next Shareholders' meeting.

13) Prepare the annual report of the Board of Directors and consolidated financial statements as well as the financial statement only for the business of the Company at the end of the accounting period of the Company which has been Audited by the Auditor in order to show the financial status and the performance in the preceding year and propose to the Shareholders' meeting for consideration and approval.

14) Consider to select and comment on the list of Auditors of the Company and the Subsidiaries and/or the Joint Venture and consider to determine the appropriate remuneration as proposed by the Audit Committee before proposing to the Shareholders' meeting in the Annual General Meeting for consideration and approval.

15) Take action to make the Company and the Subsidiaries and/or the Joint Venture utilize the accounting system that is appropriate and efficient and provide the efficient internal control system and Internal Audit system.

16) Consider to set the Risk Management policy for the whole organization and supervise in order to provide the Risk Management system or process. There shall be a supporting measure and controlling method to reduce the impact to the business of the Company and the Subsidiaries appropriately.

17) Set the policy about Corporate Governance and Anti-Corruption policy in all aspects of the Company and the Subsidiaries and/or the Joint Venture according to the good governance in writing, at least according to the guideline set by SET and/or Capital Market Supervisory Board and apply such policy efficiently to ensure that the Company and the Subsidiaries are responsible for all relevant persons with fairness.

18) Company Director is responsible for reporting their shareholding and the interest of relevant persons to the Company for acknowledgement. Apart from that, there must be a report on the shareholding of the Management and relevant persons as well as the Directors and relevant persons and Management and relevant persons of the Subsidiaries as well.

19) Authorize one or more of the Company Directors or any other person to take any action on behalf of the Board of Directors, which shall be under the control of the Board of Directors or may authorize such person to have the authority as the Board of Directors seen appropriate and within the timeline that the Board of Directors seen appropriate. The Board of Directors may cancel, revoke, change or amend such authority later. In this regard, such authorization must not have the characteristic of the authorization that such person can consider and approve the transaction that the person or people who may have conflict or interest or may have conflict of interest in any aspect which may occur to the Company or the Subsidiaries or the Joint Venture as defined in the notification of Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or any other notification of the relevant organization, unless it is the approval of the transaction that is in accordance with the policy and criteria that the Board of Directors has considered and approved.

20) Supervise to ensure that there is a disclosure of the role and obligation of the Board of Directors and Sub-Committee, number of the meeting and number of time that each Director attend the meeting in the preceding years and report the performance of the Board of Directors and all Sub-Committees.

21) Support the Directors and Managements of the Company and the Subsidiaries to attend the seminars of the Thai Institute of Directors in the course related roles and responsibility of Director and Management.

22) Follow up and supervise the Management and operations of the Company the Subsidiaries and/or the Joint Venture (*mutatis mutandis*) to be in compliance with the policy set out by the Company, the laws related to business operation, as well as the laws concerning stock and stock exchange, notification of Capital Market Supervisory Board, regulations of the Stock Exchange of Thailand, *mutatis mutandis*, to the extent that it does not contradict or conflict with other laws.

23) Consider to appoint the representative to be the Director and Management in the Subsidiaries and/or the Joint Venture at least according to the ratio of shareholding in the Subsidiaries and/or the Joint Venture of the main business, unless there is any legal limitation or conditions of the co-investment with the government sector or any other cases as stated by the laws concerning Securities and Stock Exchange, notification of Capital Market Supervisory Board, regulations of the Stock Exchange of Thailand. In this connection, the Director and Management of the Subsidiaries mentioned above that are appointed or proposed, must be the person with qualification, roles, obligations and responsibility as specified by relevant law, and shall not have the characteristic that is not reliable according to the notification of the Capital Market Supervisory Board, concerning the characteristic that is not reliable of the Director and Management of the Company.



24) In the case that the Subsidiaries agree to do the transaction that is related to the person who is related to the Subsidiaries, or the transaction of the acquisition or sale of the assets of the Subsidiaries according to the criteria set in the notification of the Capital Market Supervisory Board and/or the notification of the Stock Exchange of Thailand (as the case may be). The Company and the Subsidiaries must follow the criteria and the method as set out in the notifications, before conducting the transaction, mutatis mutandis. The Subsidiaries must follow the criteria and the method as set out in the notifications in the same manner as the Company is the one who conducts such transaction.

In this regard, such transaction needs to be approved by the Board of Directors' meeting and/or Shareholders' meeting of the Company according to the notification of the Capital Market Supervisory Board and/or the notification of the Securities and Exchange Commission. The Company and the Subsidiaries shall consider the size of the transaction compared to the consolidated financial statements of the Company.

25) Monitor the Subsidiaries and/or the Joint Venture to disclose the important information, such as the financial status and work performance, related transaction and the transaction that may have the conflict of interest, the list of acquisition or sale of the significant asset and any other items that are important which is not the normal transaction of the Subsidiaries or the Joint Venture, etc. In this regard, the revelation of such information must be adequate, complete and correct within the time specified by the Company and correspond with the criteria of the relevant organization.

26) The Board of Directors must provide to the Subsidiaries and/or the Joint Venture that runs the main business with internal control system that is suitable and concise enough for preventing the fraud that may occur to the Subsidiaries and/or the Joint Venture. Apart from that the Subsidiaries and/or the Joint Venture should have a distinct work system to show that the Subsidiaries and/or the Joint Venture have an adequate system in information disclosure for the significant transaction according to the stipulated criteria consistently and reliably. Plus, there must be a channel for the Director and Management of the Company to be able to efficiently get the information of the Subsidiaries and/or the Joint Venture for supervising the work performance and financial status, transaction between the Subsidiaries and/or the Joint Venture and the Director and/or Management of the Subsidiaries and/or the Joint Venture and the significant transaction of the Subsidiaries and/or the Joint Venture. Apart from that, the Board of Directors must provide the Subsidiaries and/or the Joint Venture the examination mechanism for such work system in the Subsidiaries and/or the Joint Venture. The internal Auditor team and Independent Director of the Company must be able to access the information directly and there must be a report of such work system examination for the Audit Committee and the Board of Directors to ensure that the Subsidiaries and/or the Joint Venture has complied with the work system efficiently and regularly.

## 2. Sub-Committee

The Company has appointed 3 sets of Sub-Committee of the Company, consist of Audit Committee, Nomination and Remuneration Committee and Executive Board by using the Code of Conduct of Corporate Governance to apply as the guideline for administration of ACE Group and the Sub-Committee will have to report the performance to the Board of Directors' meeting for acknowledgement further.

In this regard, when considering investing in any projects the Company must propose to the Executive Board who has knowledge, ability and experience in the business of the Company for approval or propose to the Board of Directors' meeting for approval according to the approving authority.

Apart from the Sub-Committees mentioned above, the Company established the Risk Management Working Group to responsible for analyzing and managing the risk of the Company and must propose to the Audit Committee's meeting for acknowledgement and monitoring further.

However, if in the future the Company has significantly higher risk, the Board of Directors may consider to appoint the Risk Management Committee to operate on behalf of the existing Risk Management Working Group.

The Sub-Committees have the components and scope of authority as follows:

### 2.1 Audit Committee

#### Scope, authority and responsibility of Audit Committee

Audit Committee has the following authorities:

1) Authority to examine and investigate as necessary in the matters with the indication that there may be significant impact towards the reputation, financial status and work performance of ACE Group, as well as the benefit that the shareholders should receive, such as:

- The transaction that may cause conflict of interest
- Suspect or assume that there may be a fraud or abnormality or defect in the internal control system of the Company or the Subsidiaries
- Suspect that there may be law violation concerning stock and stock exchange, regulations of the Stock Exchange or laws related to the business of ACE Group.

2) Authority to seek independent opinion from any other professional consultant when it is required by using the Company expense to make the operation under their responsibility success well. In this connection, the Audit Committee is responsible for report the result of the Audit and Investigation to the

Board of Directors for correction within the time the Audit Committee seen appropriate. However, if the Audit Committee sees that such corrective action is ignored without an appropriate reason, one of the Audit Committee members may report it to the Securities and Exchange Commission and/or the Stock Exchange of Thailand. In this regard, the authority of Audit Committee will not include the authority that make the Audit Committee or the person who is authorized by the Audit Committee be able to vote or give opinion to the issue that the Audit Committee or the representative of the Audit Committee or the person who may cause conflict according to the definition by the notification of Capital Market Supervisory Board to be the Shareholder or have the conflict of interest with the Company or the Subsidiaries.

Audit Committee has the following obligations and responsibility:

- 1) Ensure the Company to have the correct financial report and reveal adequate information with the coordination with Auditor and Management who are responsible for preparing the financial report on quarterly and annual basis. Audit Committee may suggest the Auditor to verify or examine any transaction that is necessary and significant during the Audit of the Company.
- 2) Ensure the Company and the Subsidiaries to have internal control system and internal Audit system that are appropriate and effective. The verification shall be done together with the Auditor and the internal Auditor and consider the independence of the internal Audit division, as well as the approval to consider to appoint the relocation, employment termination and determine the remuneration of the Head of internal Audit division or any other division that is responsible for internal Audit, as well as approving the internal Audit plan as well as assigning the internal Audit officer to support the Audit Committee operation.
- 3) Ensure to make the Company comply with the laws concerning stock and stock exchange, regulations of SET and laws related to business of the Company and the relevant standard.
- 4) Consider selecting and proposing the appointment of the Auditor of the Company and the Subsidiaries and/or the Joint Venture and propose the remuneration of such Auditor by considering on the reliability, adequacy of the resourced, amount of Auditing work of such Audit Company, as well as the experience of the personnel assigned to conduct the Audit the Company. Apart from that, Audit Committee must participate in the meeting with the Auditor without the administration division joining the meeting at least one a year.
- 5) Consider providing opinion about conducting the relevant transaction or the transaction that may have conflict of interest of the Company and/or the Subsidiaries according to the law provision and relevant criteria and regulations of SET. In this regard, this is to ensure that such transaction is reasonable and have highest benefit to the Company.

6) Prepare the report of Audit Committee by revealing in the annual report of the Company. Such report shall be signed by the Chairman of the Audit Committee and the report should be consist of at least the following information:

- 6.1) Opinion about the correctness, completeness, reliability of financial report of the Company and the Subsidiaries
- 6.2) Opinion about the adequacy of the internal control system of the Company and the Subsidiaries.
- 6.3) Opinion about the compliance to the laws concerning stock and stock exchange, regulations of SET or laws related to business of the Company and the Subsidiaries.
- 6.4) Opinion about the appropriateness of the Auditor
- 6.5) Opinion about the statement that may have conflict of interest of the Company and the Subsidiaries.
- 6.6) the Number of the Audit Committee meeting and the attendance of each Audit Committee member.
- 6.7) Opinion or notice in overall that the Audit Committee has obtained from the operation according to the charter.
- 6.8) Any other report that the shareholders and the investor in general should know under the scope of authority and responsibility from the Board of Directors.

7) Verify and give opinion about the policies related to the authority of the Audit Committee, such as the accounting policy, Corporate Governance policy and responsibility towards the society and anti-corruption policy, etc.

8) Review the process of Corporate Governance and responsibility towards society, including the anti-corruption process.

9) Perform any other tasks as assigned by the Board of Directors with approval from the Audit Committee.

#### Audit Committee Reporting

Audit Committee has obligation and responsibility in the activity report of the Audit Committee or other obligations as assigned by the Board of Directors. The report of Audit Committee will pay attention to the Board of Directors, Shareholders and Investors in general because such report will show Independent and straightforward opinion of the Audit Committee and the Board of Directors can be confident that the Administrative Division has operate carefully and pays attention to the benefits of all shareholders equally.

#### 1) Report to the Board of Directors

- 1.1 Report the activities done regularly, so that the Board of Directors is acknowledge of the activity of the Audit Committee.
  - Minutes of Audit Committee's meeting which specify the opinion of the Audit Committee in various matters and the Chairman of the Audit Committee shall be the one who record the minutes of Audit Committee's meeting for the Board of Directors' meeting in the next meeting for acknowledgement.

- Summary of the activities done during the year
- Report on the opinion to the Financial Report, Internal Audit and Internal Audit process
- Any other report that the Board of Directors should be acknowledged of

1.2 Report the finding immediately so that the Board of Directors can seek for corrective action in timely manner

- Report conflict of interest
- Suspect or assumption that there may be fraud or abnormality or the important defect in the internal control system
- Suspect of violation against laws or regulations of SET
- Any other report that the Board of Directors should be acknowledged of

## 2) Report to the government agency

If the Audit Committee has reported to the Board of Directors about the significant impact to the financial status and work performance and has discussed with the Board of Directors and Managements that there must be a correction, once the due date is reached, if the Audit Committee found that the correction is ignored without an appropriate reason, one of the Audit Committee members may report it to the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

## 3) Report to the shareholders and investors in general

The activities done during the year according to the obligation and responsibility that is assigned by the Board of Directors which has been signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

## 2.2 Nomination and Remuneration Committee

### Scope, authority and responsibility of Nomination and Remuneration Committee

Set the policy, criteria and method to recruit the Company Director, Sub-Committee, Company Secretary and Top Management (CEO) as well as the Director of the Subsidiaries as follows:

1) Set the policy, criteria and method to recruit the Company Director, Sub-Committee, Company Secretary and Top Management (CEO) as well as the Director of the Subsidiaries by considering on the appropriateness of the number, structure and component of the Board of Directors. Determine the qualification of the Director to propose to the Board of Directors and/or seek approval from the Shareholders' meeting as the case may be.

2) Consider on the Nomination, selection and propose the list of people with appropriate qualification, knowledge, expertise to assign them to hold the position of the Company Director, Sub-Committee, Company Secretary and Top Management (CEO) as well as the Director of the Subsidiaries. Apart from that, consider on the profile of such person that they have all qualification as specified by the relevant laws and does not disagree or conflict with the laws related to the business of the Company.

3) Consider determining the policy for Nomination of Management to be the successor in an important position (Succession Plan)

4) Review the criteria and method to recruit the Director to propose to the Board of Directors before the Nomination of the Director who reach the duration of position holding

5) In the case that Nomination and Remuneration Committee propose the name of the Director who reach the duration to hold the position again, the Nomination and Remuneration Committee will consider the performance of such Director and the performance and contribution as well as the record of the participation in the Board of Directors' meeting and Shareholders' meeting must be proposed to the shareholders for consideration too.

6) Prepare the development plan for the Company Director to develop the knowledge of the existing Company Director and the new Company Director, so that they can understand the business of the Company and the Subsidiaries, roles and responsibility of the Company Director and the important developments, such as economic and industry situation, regulations or laws related to the business of the Company and the Subsidiaries, etc.

7) Other operations as assigned by the Board of Directors with approval from the Nomination and Remuneration Committee

#### Consideration on remuneration

1) Prepare the policy and criteria to determine the remuneration and other benefits of the Board of Directors, Sub-Committee, Company Secretary and Top Management (CEO) as well as the Director of the Subsidiaries for proposing to the Board of Directors and/or seek approval from the Shareholders' meeting as the case may be.

2) Determine the remuneration as necessary and appropriate in monetary and non-monetary form to the Board of Directors for each individual in each year by considering the appropriateness and the experience, role, obligation, responsibility, contribution, work performance of the Company and the Subsidiaries and compare to the Company in the same industry and the expected benefits from the Director, and comply with the long term strategy and goal of the Company and connect to the value that the Company created for the shareholders for proposal to the Board of Directors for consideration and proposal to the Shareholders' meeting for approval.

- 3) Determine the guideline for the performance evaluations of Board of Directors, Sub-Committee, Company Secretary and Top Management (CEO) as well as the Board of Directors of the Subsidiaries for consideration on the annual remuneration
- 4) Reveal the policy about the determination of remuneration and reveal the remuneration in various forms and prepare the report of the determination of remuneration in the annual report of the Company
- 5) Determine the bonus and annual increment rate of the Management and Officers which may be considered from the performance of the Company and the Subsidiaries
- 6) Consider the salary structure and other benefits of the organization
- 7) Take other actions as assigned by the Board of Directors with the approval from the Nomination and Remuneration Committee

In this regard, the assignment of obligation and responsibility of the Nomination and Remuneration Committee, regarding less of by authorization or Sub-authorization that make the assignee of the Nomination and Remuneration Committee be able to approve the transaction the oneself or the person who may have conflict of interest (as defined in the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant organization) have the stake holding have other conflict of interest with the Company or the Subsidiaries and/or the relevant companies, Nomination and Remuneration Committee shall not have the approving authority in such matter. It shall be proposed to the Board of Directors' meeting and/or Shareholders' meeting (as the case may be) for approval. Apart from that, such authorization must be done in writing or record as the resolution of Nomination and Remuneration Committee in the minutes of meeting and specify the scope of authority of the assignee and the duration of the assignment.

## **2.3 Executive Board**

### Components and appointment of Executive Board

- 1) Appoint by the Board of Directors with the number that the Board of Directors seen appropriate. The Executive Board shall consist of Company Director and/or Management of the Company. In this regard, the Executive Board should have not fewer than 5 members and not more than 10 members.
- 2) Executive Board does not need to be the Company Director or the Company Officers. The outsider who have appropriate qualification and does not have conflict of interest with the Company, the Executive Board should specify the appropriate reason and necessity for the consideration to appoint clearly.



3) The Board of Directors will select one of the Executive Board members to be the Chairman of the Executive Board. In the case that the Board of Directors seen appropriate, one or more of the Executive Board members may be selected to be the Vice Chairman of the Executive Board.

4) Chairman of the Executive Board may be the same person as the CEO.

5) The Executive Board can appoint an Officer of the Company to be the Secretary of the Executive Board to facilitate the operation of the Managements about the meeting appointment, agenda preparation, delivering the meeting document and recording the minutes of meeting. In this regard, the Executive Board has authority to determine the remuneration (meeting allowance) for the Secretary of the Executive Board as seen appropriate.

#### Qualification of the Executive Board

1) Executive Board must be the person who have knowledge, ability and experience that is useful for the business operation of the Company with honesty, morality and good governance and have enough time to give knowledge, ability and work for the Company at best effort.

2) Executive Board must be the person who is qualified and does not have the prohibited characteristic according to the law concerning Public Company Limited and laws concerning Securities and Stock Exchange, and/or other relevant laws.

3) Executive Board cannot run the business, be the partner or be the Director in other juristic person with the same condition and/or be the competitor with the business of the Company and/or the Subsidiaries and/or the Joint venture, regardless of for one's own benefit or benefit of other person, unless notified the Board of Directors' meeting or Shareholders' meeting of the Company prior to the appointment (as the case may be).

#### Scope, authority and responsibility of Executive Board

1) Run the business and operate the Company and the Subsidiaries according to the objective, regulations, policy, rules, requirement, order and resolution of the Board of Directors' meeting and/or Shareholders' meeting of the Company under the relevant law.

2) Consider the proposal of the Administrative Division to determine the structure of the organization, vision, mission, target, policy direction, business strategy, business operation of the Company and the Subsidiaries, work plan, investment for business expansion, public relation, financial planning, annual report, budget as well as annual budget, human resource Management, investment in information technology for proposal to the Board of Directors' meeting for consideration.

- 3) Have authority to appoint the working group to run the business or the administration of the Company and/or the Subsidiaries and/or the Joint Venture and determination of the authority, duty and responsibility of the working group as well as the supervision to make the operation of the appointed working group achieve the policy and target.
- 4) Provide suggestion, advice and determine the guideline for the policy and authority of the CEO and special working group.
- 5) Monitor the work performance of the Company and the Subsidiaries to be in accordance with the policy and the target approved by the Board of Directors and supervise the operation to have good quality and efficiency.
- 6) Consider on annual budget allocation as proposed by the Administrative Division before the consideration and approval by the Board of Directors.
- 7) Have authority to approve the financial expenses for the operation that is normal transaction of the business of the Company, but not more than the budget approved by the Board of Directors.
- 8) Study the possibility of the new projects and consider approving the participation in the bidding, as well as the operation in the projects as seen appropriate, including the legal actions related to such matter until completion. In this regard, such authority shall be in accordance with the approving authority set by the Board of Directors and comply with the law provision concerning security and security exchange.
- 9) Approve the important investment as specified in the annual expense budget as assigned by the Board of Directors or as the Board of Directors has approved in principle.
- 10) Have authority to approve the borrowing, financial transaction with the bank or the financial institution for supporting the normal operation, such as opening bank account, closing bank account, offering the loan of the Company and/or the Subsidiaries, seeking credit limit or apply for loan of the Company according to the approving authority table as approved from the Board of Directors.
- 11) Consider and monitor the work performance of the Company and/or the Subsidiaries and propose the interim dividend payment or annual dividend payment to propose to the Board of Director for approval.
- 12) Determine the structure of the organization, administration authority as well as appoint, employ, relocate, terminate employment, determine the wages, remuneration, bonus of Officers at Management level, from Director of the division or equivalent upwards, except for the CEO.

13) Authorize to authorize other person to take an action under the supervision of the Executive Board or authorize the person to have the authority as the Executive Board seen appropriate and within the time that Executive Board seen appropriate. The Executive Board may cancel, revoke, change or amend the authorized person or such authorization as seen appropriate.

14) Authorize to appoint the Chairman of the consultant or consultant or group of consultant of the Executive Board as seen appropriate and authorized to determine the remuneration, allowance, welfare, facility and other expenses of the Chairman of the consultant or consultant or group of consultant as seen appropriate.

15) Have authority to appoint Managements of the Company to perform all positions, except for the CEO which requires the approval from the Board of Directors, as well as be able to authorize any person to take action on its behalf in any matter under the responsibility and obligation as Executive Board as seen appropriate.

16) Executive Board or Chairman of Executive Board is authorized to all for Executive Board meeting and/or determine the regulations of the meeting as seen appropriate.

17) In case the Chairman of the Executive Board cannot perform the obligation, the Chairman of the Executive Board shall appoint the person in charge to perform duty on their behalf on case by case basis. The person in charge shall have equal authority as Chairman of the Executive Board.

18) Approve the authorization to operate administration for the Management according to the regulations.

19) Supervise the Company to have the internal control system that is suitable, concise and efficient by coordinating with the Audit Committee.

20) Propose the list of people who have appropriate qualification to the Board of Directors for considering to appoint as the Director and/or Management in the Subsidiaries and/or the Joint Venture at least according to the ratio of shareholding of the Company, as well as determining the compliance policy of the Subsidiaries and/or the Joint Venture to propose to the Board of Directors for approval.

21) Other operation as assigned by the Board of Directors.

### Report of the Executive Board

Executive Board must report the performance to the Board of Directors and report the performance of obligation for the preceding year to the shareholders in annual report by disclosing the details at least the following:

- 1) Number of meeting
- 2) Number of attendance of each Executive Board member
- 3) Remuneration of Executive Board
- 4) Performance according to the charter

### **Authority of the Chairman of the Executive Board**

- 1) The Chairman of Executive Board must take action to comply with the obligation and responsibility mentioned above efficiently and effectively.
- 2) Have the authority to take action according to the policy of Executive Board which is under the law, condition, rules and regulation the Company.
- 3) Supervise the business operation according to the policy assigned by the Executive Board.
- 4) Consider amending and improving the work regulations as appropriate to the Executive Board for approval.
- 5) Take other action as assigned by Executive Board.

In this regard, the assignment of obligation and responsibility of the Executive Board, regardless of by authorization or Sub-authorization that make the assignee of the Executive Board be able to approve the transaction the oneself or the person who may have conflict of interest (as defined in the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant organization) have the Shareholding have other conflict of interest with the Company or the Subsidiaries and/or the relevant companies, Executive Board shall not have the approving authority in such matter. It shall be proposed to the Board of Directors' meeting and/or Shareholders' meeting (as the case may be) for approval. Apart from that, such authorization must be done in writing or record as the resolution of Executive Board in the minutes of meeting and specify the scope of authority of the assignee and the duration of the assignment.

## 2.4 CEO

### Scope, authority and responsibility of CEO

- 1) Supervise, administer, operate and perform the normal tasks according to the normal business for the benefit of the Company and the Subsidiaries, as well as the benefit of ACE Group in overall, to be in accordance with the objectives and regulations, as well as rules, resolution, policy, work plan and budget as specified by the Executive Board, the Board of Directors and/or Shareholders' meeting resolution under the relevant law and authority specified by the Board of Directors and/or Executive Board.
- 2) Supervise the business and/or administer the daily work of the Company and the Subsidiaries, as well as the report of work performance of the Company and the Subsidiaries, suggest the alternative and measures that comply with the policy to the Executive Board and/or the Board of Directors.
- 3) Prepare and present policy on business, business plan, business expansion, human resource Management, vision, mission, target, business planning, business strategy, public relation, annual report, annual budget of the Company and the Subsidiaries as well as ACE Group in overall, for using in the business operation and set the administration authority for proposing to the Executive Board and/or the Board of Directors.
- 4) Examine, monitor and evaluate the work performance of Management Division and Administrative Division of the Company and the Subsidiaries, as well as the Joint Venture that are invested in regularly and propose the suggestion on the solution to the obligations, so that the Management and Administrative Division can operate according to the strategy and business planning to comply with the policy and goal of the Company and the Subsidiaries, as well as reporting to the Board of Directors every quarter.
- 5) Issue the order, rules, notification and memorandum of understanding to ensure that the operation of the Company and the Subsidiaries are in accordance with the policy and for the benefit of ACE Group, as well as to maintain the discipline in the organization.
- 6) Be the representative of the Company or ACE Group as well as have the authority to assign any person to contact with the external organization, which include the government agencies and other regulators.
- 7) Determine the structure of the organization, administration, including the selection, develop and train, employment, appointment, relocation and termination of employment, of the officer, and determine the wages, salary, remuneration, bonus and welfare of Officers under the framework and policy set by the Board of Directors.

8) Authorize to appoint and remove the officer or employee in the position lower than the Management.

9) Negotiate and enter into contract and/or transaction related to the normal business operation of the Company under the authorization and limitation of money as specified in the approving authority table approved by the Board of Directors.

10) Have approving authority for the expense in normal business operation of the Company according to the approving authority table considered and approved by the Board of Directors, such as asset purchase, loan applying for loan from the financial institution, important investment and conduct other transaction for the benefit of the Company, which the approving authority is the normal transaction of the business.

11) Perform other obligation as assigned by Executive Board or the Board of Directors.

In this regard, in any operation that the CEO or the assignee to perform the obligation and responsibility of CEO, or the person who may have conflict of interest (as defined in the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant organization) have the stake holding have other conflict of interest with the Company or the Subsidiaries and/or the relevant companies, CEO shall not have the approving authority in such matter. It shall be proposed to the Board of Directors' meeting and/or Shareholders' meeting (as the case may be) for approval, unless it is the approval of the normal business operation and normal trading condition as stated in the notification of Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant organization.

### **3. Performance Assessment**

#### **3.1 Performance Assessment of the Board of Directors**

The Board of Directors arranges the overall Performance Assessment of the Board of Directors and Sub-Committee (As a Whole) and self-assessment by individual (Self-Assessment) on yearly basis for the Board of Directors to consider the performance and problems together, in order to correct the operation to have more efficiency. In the process of self-assessment of the Board of Directors and Sub-Committee, Company' Secretary and Secretary of the Audit Committee will send the evaluation form to all Director for evaluation and return to Company Secretary and Secretary of the Audit Committee for processing and summary the score to report to the Audit Committee and The Board of Directors for acknowledgement.

The main subject in the performance assessment can be summarized as follows:

	Self-assessment as a whole		Self-assessment for individual	
	the Board of Directors	Audit Committee	the Board of Directors	Audit Committee
1) Structure and qualification of Board of Directors	✓	✓	✓	✓
2) Meeting	✓	✓	✓	✓
3) Roles, obligations and responsibility of Board of Directors	✓	✓	✓	✓
4) Other matters, such as relation between the Board of Directors and the self-development of Director and Management development	✓			

## Approving authority

### Approving authority of the Company and the Subsidiaries

The Company has specified that the Board of Directors has approving authority in various matters of the Company according to the scope of obligation specified by law, regulations of the Company, the Board of Directors' charter and Shareholders' meeting resolution, as well as the revision of the strategy in the operation on yearly basis and revise the work plan, annual budget, investment plan, cost of investment, as well as the budget of operating expenses of the Company, monitoring and work performance assessment according to the plan. The approvals that are important, while the Management is responsible for managing the activities of the Company as assigned by the Board of Directors and approve the transaction that is in the annual budget as approved by the Board of Directors.

## 5. Supervising the operation of the Subsidiaries and the Joint Venture

1) The Board of Directors has an obligation to monitor and supervise the administration and operation of the Subsidiaries and/or the Joint Venture (*mutatis mutandis*), to be in accordance with the policy specified by the Company, the laws related to business operation, as well as the laws concerning stock and stock exchange, notification of Capital Market Supervisory Board, regulations of the Stock Exchange of Thailand, *mutatis mutandis*, to the extent that it does not disagree or conflict with other laws.



2) The Board of Directors has obligation to appoint the representative to be the Director and Management in the Subsidiaries and/or the Joint Venture at least according to the ratio of shareholding in the Subsidiaries and/or the Joint Venture of the main business and there must be a code of conduct or regulations, so the submission of such person must be approved by the Board of Directors' meeting. The scope of obligation and responsibility of the representative who is appointed to hold the position of the Director and Management in the Subsidiaries must be clearly specified and there must be the result of the consideration of Director and Management in the Board of Directors' meeting of the Subsidiaries in an important issue must obtain the approval from the Board of Directors' meeting in advance, except for the case that there is limitation by other law or the condition about joint investment with government agency or in any other cases according to the laws concerning security and security exchange, notification of Capital Market Supervisory Board or regulations of the Stock Exchange of Thailand. In this regard, the Director and Management of the Subsidiaries and/or the Joint Venture mentioned above that are appointed or proposed must be a qualified person with roles, obligations and responsibility as defined by the relevant law, and there shall not have the characteristic that is not reliable according to the notification of the Capital Market Supervisory Board, concerning the characteristic that is not reliable of the Director and Management of the Company.

3) The Board of Directors has an authority to take action to make the Subsidiaries and/or the Joint Venture to have internal control system, Risk Management system and anti-corruption system, as well as setting the standard for work performance monitoring system of the Subsidiaries and/or the Joint Venture efficiently, regularly and precisely enough to ensure that the operations of the Subsidiaries and/or the Joint Venture will be in accordance with the work plan, budget, policy of the Company, as well as the laws and notification on Corporate Governance of the registered Company as well as the notification, regulations and criteria related to Capital Market Supervisory Board the Securities and Exchange Commission and the Stock Exchange of Thailand genuinely and continuously. Apart from that, the Board of Directors also have the obligation to monitor the Director and Management of the Subsidiaries and/or the Joint Venture to comply with the roles and responsibility specified by law.

4) The Board of Directors is responsible for monitoring the Subsidiaries and/or the Joint Venture to reveal significant information, such as information about financial status and work performance, relevant transaction, and the items that may have conflict of interest of the Subsidiaries and/or the Joint Venture, the item acquired and sold which are significant asset and any other items that are important, normal transaction of the Subsidiaries and/or the Joint Venture, etc. In this regard, the disclosure of such information must be adequate, complete, correct and be on time as specified by the Company and comply with the criteria of the related organization.

5) In the case that the Subsidiaries agree to conduct the transaction that is related to the related person of the Subsidiaries or the transaction related to the acquisition or sale of the asset of the Subsidiaries according to the criteria specified in the notification of Capital Market Supervisory Board and/or the

notification of the Stock Exchange of Thailand (as the case may be). The Company and the Subsidiaries must comply with the criteria and method as specified by such notification before conducting the transaction, mutatis mutandis. The Subsidiaries must comply with the criteria and method as specified by such notification in the same manner as the Company has conducted such transaction on one own.

6) In this regard, such transaction require the approval from the Board of Directors' meeting and/or Shareholders' meeting of the Company according to the notification of Capital Market Supervisory Board and/or the notification of the Securities and Exchange Commission and/or relevant laws. The Company and the Subsidiaries shall consider the size of the transaction as compared to the consolidated financial statements of the Company.

#### Scope of authorization and responsibility of the Director and Management of the Subsidiaries and the Joint Venture

The Company Sub-Committee and/or the Joint Venture have authority, obligation and responsibility in managing the Subsidiaries and/or the Joint Venture to comply with the law, objectives and regulations of the Subsidiaries and/or the Joint Venture as well as the resolution of Sub-Committee's meeting and/or the Joint Venture Shareholders' meeting resolution of the Subsidiaries and/or the Joint Venture with honesty and be careful to keep the benefits of the Subsidiaries and/or the Joint Venture. The operation of the Director and Management of the Subsidiaries and/or the Joint Venture shall have the scope, authority and responsibility as specified by the Board of Directors. The Director and Management of the Subsidiaries and/or the Joint Venture shall have the discretion to consider and vote in the Board of Directors' meeting of the Subsidiaries and/or the Joint Venture concerning general administration and normal operation of the Subsidiaries and/or the Joint Venture as the Director and Management of the Subsidiaries and/or the Joint Venture seen appropriate for maximum benefit of the Subsidiaries and/or the Joint Venture and shareholders, as follows:

1) Director and Management of the Subsidiaries and/or the Joint Venture must follow the obligation and responsibility as specified by law and follow the work plan budget and policy of the Company.

2) Director and Management of the Subsidiaries and/or the Joint Venture must reveal the important information, such as information about financial statement and performance, related transaction and the transaction that may have conflict of interest with the Subsidiaries and/or the Joint Venture, the transaction of acquisition or sale of the significant asset and any other items that are important, which is not normal operation of the Subsidiaries and/or the Joint Venture to the Company for acknowledgement, adequately, completely, correctly and in timely manner, mutatis mutandis. In this regard, the Board of Directors of the Subsidiaries considers the related transaction acquisition or sale of the significant asset and ant other important transaction that is not normal operation of the Subsidiaries. The related notification of Capital Market Supervisory Board and the notification of the Securities and Exchange Commission shall be enforce, mutatis mutandis.

3) Director and Management of the Subsidiaries must reveal and deliver the information of the stake holding of oneself and person who may have conflict to Board of Directors of the Company and the Subsidiaries and/or Company Secretary who are aware of the relation and transaction of the Subsidiaries or the Company in the manner that it may cause conflict of interest and avoid the transaction that may cause conflict of interest with the Subsidiaries or the Company. The Board of Directors of the Subsidiaries has obligation to report such information to the Board of Directors of the Company for acknowledgement in the time as specified by the Company as the information for consideration to make decision or approve. Such consideration must focus in the overall benefit of the Subsidiaries and the Company.

In this regard, Director and Management of the Subsidiaries and the Joint Venture must not participate in approving the subject that they are the stake holder or may have the conflict of interest.

The following action is the action which make the Director, Management or people who may have conflict of the Subsidiaries and the Joint Venture, receive monetary return other than those normally get or is the cause making the Subsidiaries or the Joint Venture or the Company suffer from damage, it shall be considered that such actions have conflict against the benefit of the Subsidiaries or the Joint Venture or the Company significantly.

- (A) The transaction between the Subsidiaries and Director, Management or people who may have conflict of the Subsidiaries, does not comply the criteria of the relevant transaction.
- (B) Maximize the benefit of data use of the Company or the Subsidiaries or the Joint Venture the they are aware of for the benefits of one's or other people, unless the information is announced to the public.
- (C) The use of asset or business opportunity of the Company or the Subsidiaries or the Joint Venture in the same manner as the Company or the Subsidiaries or the Joint Venture take action and violate criteria or the general operation rules as the Securities and Exchange Commission or Capital Market Supervisory Board specified.

4) Director and Management of the Subsidiaries and/or the Joint Venture must report the business operation plan, business expansion, large scale investment project, as well as the joint investment with other entrepreneur to the Company through the report of monthly performance and explain or deliver the supporting document of such case, in the case that the Company request.

5) Director and Management of the Subsidiaries and/or the Joint Venture must submit the information or document related to the operation of the Company as requested and as appropriate.

6) Director and Management of the Subsidiaries and/or the Joint Venture must explain or deliver the supporting document to the Company in the case that the Company found the significant issue.

7) Director, Management, Officers, employee or the assignee of the Subsidiaries and/or the Joint Venture, as well as the spouse and minor child of the person must not use the internal information of the Company or the Subsidiaries and/or the Joint Venture, both those obtained from the compliance with obligation in a way, which have or may have significant impact to the Company or the Subsidiaries or the Joint Venture for benefit of oneself or other people, regardless of directly and indirectly and regardless of there is a return or not.

8) Director, Management or people who may have conflict of the Subsidiaries will be able to conduct the transaction with the Subsidiaries only when such transaction is approved by Sub-Committee and/or Board of Directors of the Company or the shareholders of the Subsidiaries and/or shareholders of the Company (as the case may be) according to the size of the transaction as calculated by using the criteria in the notification of the related transaction and the related criteria of Capital Market Supervisory Board and The Securities and Exchange Commission, mutatis mutandis. In this regard, except when the transaction is the trading agreement in the same manner that people should do with the contract party in general in the same situation, with the bargaining power that is free from the influence that the person is in the position of Director, Management or people who may have conflict (as the case may be) and is the trading agreement approved by the Board of Directors or possible according to criteria approved by the Board of Directors.

9) Director and Management of the Subsidiaries and/or the Joint Venture must provide appropriate internal control that is suitable and concise enough for preventing the fraud that may occur to the Subsidiaries and/or the Joint Venture. Apart from that the Subsidiaries and/or the Joint Venture should have a distinct work system to show that the Subsidiaries and/or the Joint Venture have an adequate system in information disclosure for the significant transaction according to the stipulated criteria consistently and reliably. Plus, there must be a channel for the Director and Management of the Company to be able to get the information of the Subsidiaries and/or the Joint Venture for supervising the work performance and financial status, transaction between the Subsidiaries and/or the Joint Venture and the Director and/or Management of the Subsidiaries and/or the Joint Venture and the significant transaction of the Subsidiaries and/or the Joint Venture efficiently. Apart from that, the Board of Directors must provide the Subsidiaries and/or the Joint Venture the examination mechanism for such work system in the Subsidiaries and/or the Joint Venture. The internal Auditor team and Independent Director of the Company must be able to access the data directly and there must be a report of such work system examination for the Audit Committee and the Board of Directors to ensure that the Subsidiaries and/or the Joint Venture has complied with the work system efficiently and regularly.

In this regard, to comply with policy on supervision of the operation of the Subsidiaries and the Joint Venture, the following cases, of the Subsidiaries must be approved by Board of Directors of the Company and/or Shareholders' meeting of the Company (as the case may be) before getting approval from Board of Directors or the Shareholders' meeting of the Subsidiaries (as the case may be).

- The subject that must be considered and approved from the Shareholders' meeting of the Company with the voting not fewer than three-fourth (3/4) of all votes of the shareholders attended meeting and has the right to vote:

- (1) In case the Subsidiaries agree to do the transaction with the related person of ACE or the Subsidiaries or the transaction related to the acquisition or sale of the asset of the Subsidiaries. In this regard, it must be in the case that when calculating the size of the transaction that the Subsidiaries will conduct as compared to the size of ACE using the criteria of calculation as specified in the related announcement of Capital Market Supervisory Board and the notification of the Securities and Exchange Commission (as the case may be) to enforce, mutatis mutandis, it shall be in the criteria that the Shareholders' approval from meeting of ACE is required.
- (2) Capital increase by issuing more share of the Subsidiaries and the share allocation, including the decrease of the registered capital and/or the paid up share of the Subsidiaries which is not comply with the original ratio of shareholding of the shareholders or the other operation in the same manner which make the ratio of shareholding of ACE and/or the use of voting right of ACE directly and indirectly in the Shareholders' meeting of the Subsidiaries, regardless in any stage decreased to lower than the ratio specified in the law enforced with the Subsidiaries, which make ACE lose the controlling power over such the Company. In this regard, it must be in the case that when calculating the size of the transaction as compared to the size of ACE, it is in the criteria that require the approval from Shareholders' meeting of ACE using the criteria of calculation of transaction size as specified in the relevant notification of Capital Market Supervisory Board and the notification of the Securities and Exchange Commission (as the case may be) to enforce, mutatis mutandis.
- (3) The business close down of the Subsidiaries. In this regard, this shall be only when calculating the size of the business of the Subsidiaries to be closed down as compared to ACE using the criteria of calculation of transaction size as specified in the relevant notification of Capital Market Supervisory Board and the notification of the Securities and Exchange Commission (as the case may be) to enforce, mutatis mutandis, it is in the criteria that require the approval from Shareholders' meeting of ACE.
- (4) Any other transaction that is not normal business transaction of the Subsidiaries and it is the transaction that has impact on the Subsidiaries significantly. In this regard, this shall be only when calculating the size of the business of the Subsidiaries to do the transaction as compared to ACE using the criteria of calculation of transaction size as specified in the relevant notification of

Capital Market Supervisory Board and the notification of the Securities and Exchange Commission (as the case may be) to enforce, mutatis mutandis, it is in the criteria that require the approval from Shareholders' meeting of ACE.

- (5) Amendment to the regulations of the Subsidiaries in the subject that may significantly affect the financial status and work performance of the Subsidiaries, including but not limited to, the amendment of regulations of the Subsidiaries that affect the right to vote of the Company in the Board of Directors meeting of the Subsidiaries and/or Shareholders' meeting of the Subsidiaries, etc.

- The subject to be considered and approved by the Board of Directors' meeting

- (1) Appointment or proposal of the name of the person to be the Director and Management in the Subsidiaries at least at the ratio of shareholding of ACE in the Subsidiaries. The Director and Management that ACE appoint or propose the name shall have the discretion to consider voting in the Board of Directors meeting of the Subsidiaries in the subject related to the administration in general and normal business operation of the Subsidiaries as the Director and Management seen appropriate for the maximum benefit of ACE and the Subsidiaries (as the case may be). In this regard, except for the subject that is determined to be considered and approved by the Shareholders' meeting of ACE.

In this regard, Director and Management of the Subsidiaries that is appointed must be the person who is listed in the Director and Management listing system of the Company issued the security (White List) and have the qualifications, roles, obligations and responsibility as specified by relevant law. Apart from that, there shall not have the characteristic that is not reliable according to the notification of the Capital Market Supervisory Board, concerning the characteristic that is not reliable of the Director and Management of the Subsidiaries.

- (2) Consideration on annual dividend payment and interim dividend payment (if any) of the Subsidiaries, except when the case that the Subsidiaries pay dividend in total for the whole year not fewer than the amount specified in the total annual budget of each Subsidiary.
- (3) The amendment of the regulations or the Subsidiaries, except for the following cases:
  - 1. Amendment of the regulations concerning the capital increase according to the ratio of shareholding which is in accordance with the annual budget of each Subsidiary and/or
  - 2. Amendment of the regulations in significant matter which must be approved by Shareholders' meeting of ACE.
- (4) Approval of annual budget of the Subsidiaries, unless specified in the manual of approving authority and operation of the Subsidiaries.

- (5) Appointment of the Auditor of the Subsidiaries especially for the case that the Auditor is not in a Full Member Audit office in the same network as the Auditor of ACE which is not complied with the policy on Auditor appointment of ACE, in which the Auditor of the Subsidiaries must be under the Audit office in the same network as the Auditor of ACE.
- (6) Capital increase by issuing capital increase shares of the Subsidiaries and allocate the share and decrease the Registered Capital and/or paid up capital of the Subsidiaries which does not comply to the ratio of original shareholding of shareholders or the other operation in the same manner which make the ratio of shareholding of ACE and/or the use of voting right of ACE directly and indirectly in the Shareholders' meeting of the Subsidiaries, regardless in any stage decreased to lower more than 10 (ten) percent of the paid up capital of the Subsidiaries or the total vote of the Subsidiaries (as the case may be), except when it is already in the business plan or annual budget of the Subsidiaries which granted approval from the Board of Directors of ACE.
- (7) The item in A to D of this clause are the significant transaction and when it is conducted, it will cause significant impact to the financial status and work performance of the Subsidiaries. Therefore, before the Board of Directors meeting of the Subsidiaries and Director who is appointed by ACE to hold the position in the Subsidiaries will vote on this matter, the Director must granted the consent from the Board of Directors of ACE about such matter first. In this regard, it must be in the case that when calculating the size of the transaction that the Subsidiaries will conduct as compared to the size of ACE using the criteria of calculation as specified in the related announcement of Capital Market Supervisory Board and the notification of the Securities and Exchange Commission (as the case may be) to enforce, mutatis mutandis, it shall be in the criteria that the Shareholders' approval from meeting of ACE is required for the following.
- A. In case of the Subsidiaries agree to enter into the transaction with the related person of ACE or the Subsidiaries or the transaction related to acquisition or sale of the asset of the Subsidiaries, including but not limited to the following cases:
- (1) The transfer or waive of the benefits as well as the waive of the right to claim available to the person who cause damage to the Subsidiaries.
  - (2) Sale or transfer of the entire business or the significant part to other people.
  - (3) Purchase or get the business transfer of the other Company to be owned by the Subsidiaries.
  - (4) Entering into, amendment, or terminate the agreement related to the business rental of the Subsidiaries entirely or partially in the important part. Assigning other people to manage the business of the Subsidiaries or the merger of the Subsidiaries of other people with the objectives to share the profit and loss.
  - (5) Rent or rent out the business or asset of the Subsidiaries entirely or partially in the important part.



- B. Borrowing, lending, giving credit, providing guarantee, entering into legal transaction that make the Subsidiaries have to bear more financial liability or providing financial assistance in other manners to other people and is not the normal transaction of the Subsidiaries, except for the borrowing between ACE and the Subsidiaries or between the Subsidiaries and other Subsidiaries of ACE.
- C. Close down the business of the Subsidiaries.
- D. Other transaction that is not normal transaction of the Subsidiaries and are the transaction that affect the Subsidiaries significantly.

In this connection, the scope, authority and responsibility of the Director and Management of the Subsidiaries and/or the Joint Venture above has been set out in the regulations of the Subsidiaries and effective from the day that the Board of Directors has resolution to approve both before and after the Company has registered in the Stock Exchange of Thailand, to the extent that the Company still keep the status as the registered Company in the Stock Exchange of Thailand and the Company still have the controlling power in the Subsidiaries. In this regard, the definition of controlling power shall be in accordance with laws concerning stock and stock exchange.

## 6. Policy on the supervision of Internal Information

- 1) Give knowledge to Director and Management of the Company about the obligation to report the asset holding of oneself, spouse and child who is a minor to the Securities and Exchange Commission according to the guideline given in Section 59 and penalty section 275 of the Security and Security Exchange Act B.E. 1992 (as amended)
- 2) State that the Director and Management of the Company, as well as the spouse and the child who is a minor prepare and reveal the report of asset holding and report of the change of asset holding to the Company to the Securities and Exchange Commission according to Section 59 and penalty section 275 of the Security and Security Exchange Act B.E. 1992 (as amended) and sliver the copy of report to the Company Secretary on the same day as the report is submitted to the Securities and Exchange Commission.
- 3) The members of Sub-Committee, such as Executive Board, Nomination and Remuneration Committee, Management, Officers and employee of the Company, the Subsidiaries and/or the Joint Venture that are acknowledge of the internal information must comply with the rule stated in Clause 4 strictly. The "Internal information" refers to the fact which is significant which affect or mat affect the change of the asset price of the Company and the fact that has not been revealed to the public. In this regard, example of the event or fact that are considered as internal information are:

- (A) The joint investment, merger or acquisition of the business.
- (B) The announcement to pay or not to pay the dividend or the announcement of profit or loss.
- (C) The change to the par value and stock dividend payment.
- (D) The accusation or loss of the important trading.
- (E) The launch of new product, important development about the resource, technology, product and market or the important finding about natural resource.
- (F) The change of the power to control or significant change in the Board of Directors and Management.
- (G) The call for divestment of asset.
- (H) The borrowing at the significant amount to the financial status and work performance.
- (I) The issuance of capital increase share at an important amount by offering to sell for general public.
- (J) Important legal dispute.
- (K) Purchasing or selling important asset.
- (L) Important change in investment payment.
- (M) Change of objectives of the Company.
- (N) Important dispute about labour, Sub-contractor, supplier of the Company.
- (O) Preparation of the proposal to purchase the security of other Company.
- (P) Change of policy and accounting.

4) The Sub-Committee members such as Executive Board, Nomination and Remuneration Committee, Management, Officers and employee of the Company the Subsidiaries and/or the Joint Venture who are acknowledge of the internal information are prohibited from trading the stock of the Company during the following period.

4.1 From the day that the internal information is known until the date that the Company has disclose such information to the public, according to the guideline of the notification of the Stock Exchange of Thailand concerning guideline on the disclosure of the information of the listed Company on 30 April 1993, and in the period of 24 hours after the Company has revealed the internal information to the public

4.2 From the last day of each quarter or the last day of the accounting period of the Company (as the case may be) until the day that the Company reveal the financial statement for such accounting period of the Company to the public and in 24 hours period after the Company has revealed the financial statement for such accounting period of the Company to the public.

Apart from that, the person related to the internal information must not reveal such information to other people until the information is informed to the Stock Exchange of Thailand. In this regard, if there is any violation of the rules mentioned above, the Company will consider it as the disciplinary offense according to the work regulations of the Company and the will be a punishment as appropriate to the case, ranging from verbal warning, warning in writing, probation to termination of employment.

## 7. Payment for Auditor

### 7.1 Audit Fee

ACE Group makes payment to Price Water house Cooper ABAS Co., Ltd. as the Auditor and the Company that gives opinion to the financial statement of the Company and the Subsidiaries. The details of the payments for the accounting period ended December 31, 2018 and accounting period ended December 31, 2019 are as follows:

Audit fee	For the Fiscal Year ended	
	December 31, 2018 (Baht)	December 31, 2019 (Baht)
the Company	2,850,000	2,850,000
the Subsidiaries and the indirect Subsidiaries	15,310,000	16,217,500
<b>Total</b>	<b>18,160,000</b>	<b>19,067,500</b>

The individual and business related to the Auditor and the office of the Auditor are not the individual and business related to the Company.

### 7.2 Non-Audit Fee

For the fiscal year ended December 31, 2019, the Company did not have Non-Audit Fee.

## 8. Comply with the Corporate Governance in other aspects

- None -

# Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Absolute Clean Energy Public Co., Ltd. ("The Company") is responsible for the consolidated financial statements of the Company and subsidiaries and the separate financial statements of the Company for the year ended December 31, 2019. These financial statements have been prepared in accordance with Thai Financial Reporting Standards with appropriate and consistent use of accounting policies and practices. The Board of Directors has ensured that sufficient key information is disclosed in the notes accompanying the financial statement and has established adequate and appropriate systems for internal control and risk management. These financial statements have been audited and reported unqualified opinion by an Independent Auditor.

The Board of Directors have appointed the Audit Committee, consisting of three independent directors, to supervise and review the reliability and accuracy of financial reports and financial statements, as well as the related-party transactions, the internal control, the internal audit and the risk management systems by discussing and meeting with the internal auditor and the Company external auditor, as shown in the report of the Audit Committee which is already included in the annual report.

The Board of Directors hold the opinion that the Company's internal control and internal audit provides reasonable assurance that the consolidated financial statements of the Company and subsidiaries and the separate financial statements of the Company for the year ended December 31, 2019 have been prepared in an accordance with Thai Financial Reporting Standards, law requirements and related regulations.



(Mr. Charoon Intachan)  
Vice Chairman



(Ms. Jiratha Songmetta)  
Chairman of Executive Committee

24 February 2020

# Audit Committee Report

The Audit Committee of Absolute Clean Energy Public Company Limited ("Company" or "ACE") was appointed by the Board of Director. The Committee comprises independent directors who are qualified and have sufficient knowledge and experience to validate the Company's financial statements. They have complete qualifications in accordance with the rules and regulations of the Securities and Exchange Commission. There are 3 members of the Audit Committee:

- |                                  |                             |
|----------------------------------|-----------------------------|
| 1. Ms. Chonticha Chitraporn      | Chairman of Audit Committee |
| 2. Mr. Nuekrak Baingern          | Member of Audit Committee   |
| 3. Mrs. Patchanee Sutheevitanunt | Member of Audit Committee   |

Mr. Somchai Chiapiyasakul acts as the secretary of the Audit Committee

The Audit Committee has performed its duties independently in the scope and responsibility assigned by the Board of Directors, as specified in the Audit Committee charter which is in line with the regulations of the Stock Exchange of Thailand. There is a review and encouragement for the company to follow the principles of good corporate governance. The Company should conduct business with the principles of good governance, transparency, honesty and integrity. Management should give importance to responsibility to the environment, society and shareholders for stable and sustainable growth and development by taking into account the maximum benefit of the shareholders. In the year 2019, the Audit Committee held a total of 11 meetings with executives, related employees, internal auditor and the external auditor. The essence of the Audit Committee's performance can be summarized as follows:

## **Review of Financial Statements**

The Audit Committee has reviewed quarterly financial statements, the separate annual financial statements of the Company and consolidated financial statements including related party transactions. By meeting with the auditor and executives involved in the preparation of financial statements in order to make sure that financial statements have been prepared in accordance with legal requirements and the generally accepted accounting standards. There is an internal control system that is suitable for the preparation of accounting reports. There is sufficient and appropriate disclosure of financial information in all material areas and is beneficial to users of the financial statements.

## **Connected Transaction of the Company on a Quarterly and Annual basis**

The Audit Committee has reviewed Connected Transactions on a quarterly and annually basis to ensure that the transactions are appropriate and reasonable and protects ACE Group's benefits as well as complying with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

### **Review of Adequacy and Appropriateness of the internal control system**

The audit committee has reviewed the sufficiency of the internal control system of the Company and subsidiaries by reviewing the audit report of the internal auditor and the auditor's report. There was no significant issue or errors. Businesses were conducted in accordance with the policy and the specified line of command. Management has followed the recommendations, showing that the Company has appropriate internal control systems to conduct business. The Audit Committee believes the Company has an adequate internal control system suitable for the size of the business and the current condition of the Company. The system carefully monitors and oversees the Company's operations to protect the Company and subsidiaries' assets from the misuse by directors, executives or employees or without authority. It also provides adequate control of connected transactions.

### **Risk Management**

The Audit Committee places emphasis on the risk management of the organization by establishing the Company's Risk Management plan and policy. Special attentions were put on the risks related to business operations that may affect the business and the Company's performance. The Audit Committee has considered that the executives and the employees of the Company give importance to risk management by analyzing, assessing risk factors and communicating and providing information about the risks thoroughly within the organization. The Company sets up Risk Management Team, consisting of senior management and heads of each department. They are responsible for determining the process, guidelines and measures for managing all significant risks.

### **Supervision of the internal audit department**

The Audit Committee has overseen the operations of the internal audit department by considering and approving the annual internal audit plan. This is to ensure that the annual audit plan covers ACE Group's internal control system, and is consistent and suitable for different characteristics in each phase of the business operation. The Audit Committee has considered the results of internal audits and monitors to be in accordance with the annual internal audit plan of the internal audit department.

### **The Company's Good corporate governance operations**

The Audit Committee has placed importance on the operations in accordance with the good corporate governance (CG Code 2017) of the Company. The implementation of good corporate governance of the Company is considered to be appropriate in terms of operations plans, social and environmental responsibility including sustainability policy. This is an operation to create value for both the Company's shareholders and all stakeholder groups, including disadvantaged people by promoting the well-being of local communities, societies and natural environments. The goals are to make those practices sustainable and complying with good governance, risk management by taking care of the interests of the stakeholders, employee and the environment, based on the ESG framework (Environmental, Social, Government).

### **Selection Consideration and propose the appointment of the Auditor for the year 2019**

The Audit Committee has selected the auditors of the Company by considering qualifications, independence of auditors, expertise, experience, performance, scope of inspection guidelines, including the appropriateness of compensation. The Audit Committee, therefore proposed to the Board of Directors

meeting to request approval at the shareholders' meeting to appoint Mr. Sudwin Panyuwongkhanti, Certified Public Accountant Registration Number 3534 and/or Mrs. Anutai Poomsurakul, Certified Public Accountant No. 3873 and/or Mr. Krit Chatchavalwong, Certified Public Accountant No. 5016 from Price Water house Cooper ABAS Company Limited as the auditor of the Company for the year 2019. The auditors listed above is the auditors approved by the Securities and Exchange Commission and has experience, knowledge, and ability that are appropriate for the audit of ACE Group's financial statements.

**Consideration to acknowledge the use of revised financial reporting standards, effective for the accounting period beginning on or after January 1, 2019.**

The Audit Committee is informed of significant changes to the revised financial reporting standards, effective for the accounting period beginning on or after 1 January 2019 including the preparation of the Company to ensure that the Company will be able to start using financial reporting standards correctly and on time and consider the Company have accounting policies that are consistent with the revised financial reporting standards.

**Evaluation of the performance of the Audit Committee**

The Audit Committee has evaluated the performance of the Audit Committee and each member of Audit Committee to ensure that the operations of the Audit Committee are carried out efficiently to support and promote good corporate governance of the Company. From the evaluation, the Audit Committee has complete qualifications and perform duties efficiently and in accordance with the scope of duties and responsibilities specified in the audit committee charter. In summary, the Audit Committee has performed according to the duties and responsibilities assigned by the Board of Directors and as specified in the charter of the audit committee by using knowledge and ability with caution, prudence and sufficient independence as well as giving opinions and recommendations creatively for the benefit of all stakeholders. The Audit Committee is of the opinion that the Board of Directors, executives, and employees at various levels of the Company are committed to performing their duties in order to achieve the Company's and their professional goals efficiently and effectively. The Company has an appropriate risk management system, good corporate governance policy as well as suitable, concise and sufficient internal control systems.

From the performance of duties of the Audit Committee, in the year 2019 as reported above, it is believed that the Company prepares financial reports that are accurate, complete, reliable, and in accordance with generally accepted accounting standards. There are a risk management system and internal control system that are appropriate for the nature of the business. ACE Group has good corporate governance that takes into account the responsibility to the environmental, society, and shareholders with the goal of creating stable and sustainable growth.

On behalf of the audit committee



(Ms. Chonticha Chitraporn)  
Chairman of Audit Committee



# Connected Transactions

## Relations between the Company and Subsidiaries with Related Companies / Related Persons

Company	Percentage of Shareholding	The Business
ASCE	100.00% owned by ACE	ASCE operates its core business by holding shares in other companies (Holding Company), which operates in the production and distribution of electricity and steam, with a focus on holding shares in companies that operate mainly in Thailand.
ACP	100.00% owned by ASCE	Engages in the business of producing and selling electricity and steam from biomass energy, with 3 projects that have been opened for commercial operation, which are: 1. Ban Bueng Biomass Power Plant ("ACP1") is located in Ban Bueng District, Chonburi Province. 2. Phon Thong Biomass Power Plant ("ACP2") is located in Phon Thong District, Roi Et Province. 3. Bo Ploy Biomass Power Plant ("ACP3") is located in Bo Ploy District, Kanchanaburi Province.
ALCP	100.00% owned by ASCE	Engages in the business of producing and selling electricity and steam from biomass energy, and the business of producing and selling electricity and steam from community waste energy, with 3 projects that have been operated commercially, including: 1. Si Chiang Mai Biomass Power Plant ("ALCP1") is located in Si Chiang Mai District, Nong Khai Province. 2. Sirindhorn Biomass Power Plant ("ALCP2") is located at Sirindhorn District, Ubon Ratchathani Province. 3. MSW Khon Kaen Power Plant ("ALCP3") is located in Muang District, Khon Kaen Province.
AAPP	100.00% owned by ASCE	Engages in the business of producing and selling electricity and steam from biomass energy, with 2 commercially operated projects, which are: 1. Ta Nee Biomass Power Plant ("AAPP1") is located at Prasart District, Surin Province. 2. Chok Chai Biomass Power Plant ("AAPP2") is located in Chok Chai District, Nakhon Ratchasima Province.
AAP	100.00% owned by ASCE	Operates the business of producing and selling electricity and steam from biomass energy, with 1 commercial operation project, Nam Phong Biomass Power Plant ("AAP1"), located in Nam Phong District, Khon Kaen Province.
ABA	100.00% owned by ASCE	Operates a business to produce and distribute electricity and steam from biomass energy, with 1 commercial project, Thoen Biomass Power Plant ("ABA1"), located in Thoen District, Lampang Province.
AFT	100.00% owned by ASCE	Engages in the business of producing and selling electricity and steam from biomass energy, with no commercially operated projects.
BPP	100.00% owned by ASCE	Engages in the production and distribution of electricity and steam from biomass and solar energy (No commercial projects yet).
ACE SOLAR <sup>1</sup>	100.00% owned by ASCE	Engages in the production, and distribution of electricity and steam, from biomass energy And solar energy, with 2 commercially operated projects, including: 1. The first and the extension section of the Solar Rooftop Power Plant, (collectively referred to as "ACE Solar 3"), located in Si Racha District, Chonburi Province. 2. Solar Rooftop Power Plant ("ACE Solar 4"), located in Chok Chai District, Nakhon Ratchasima Province.
PSPR <sup>2</sup>	100.00% owned by ASCE	Engages in the business of producing and distributing electricity and steam from biomass energy, with no commercial projects yet.
AAA	100.00% owned by ASCE	Engages in the business of producing and selling electricity and steam from natural gas energy, with 1 commercial operation project, namely Koh Khanun Natural Gas Power Plant ("AAA1"), located in Phanom Sarakham District, Chachoengsao Province.
PSMS	100.00% owned by ASCE	Mainly engages in engineering maintenance of renewable energy power plants, which mainly provide maintenance services for Power Plant projects within ACE Group.

<sup>1</sup> On November 6, 2018, Sri Chao Phraya Co., Ltd. (SCP) changed its name to ACE Solar Co., Ltd. ("ACE SOLAR").

<sup>2</sup> On October 19, 2018, ASCE bought 100% common share of PSPR from its major shareholder, making PSPR an indirect subsidiary of ACE.

## Companies / Related Persons

Company	Nature of Business	Relationship Category
Global Woodchips Company Limited ("GWC")	Production and distribution of wood chips, logs, and bark	GWC is a company under common control with ACE Group of Companies.
Shaiyo Supply Chain Company Limited ("SSC")	Production and distribution of wood chips, logs, and bark	1. SSC is a company under common control with ACE Group of Companies. 2. Mr. Tanavijit Ankapipatchai is a common director
Sribanpai Company Limited ("SBP")	Production and distribution of wood chips, logs, and bark	SBP is a company under common control with ACE Group of Companies.
Global Woodchip Trading Company Limited ("GWT")	Production and distribution of wood chips, logs, and bark	GWT is a company under common control with ACE Group of Companies.
Siam Agro Industry Product Trading Company Limited ("SAIPT")	Timber distribution business	SAIPT is a company under common control with ACE Group of Companies.
Advance Alliance Logistics Company Limited ("AAL")	Freight business	AAL is a company under common control with ACE Group of Companies.
Namphong Smile Company Limited ("NPS")	Production and distribution of tap water and industrial raw water	NPS is a company under common control with ACE Group of Companies.
Advance Utility Company Limited (Formerly named as Boon Bundan Rungrueng Company Limited) ("BBR")	Production and distribution of tap water and industrial raw water	AUT is a company under common control with ACE Group of Companies.
Advance Asian Company Limited ("AAS")	Agricultural seedling production and agricultural seedlings business	AAS is a company under common control with ACE Group of Companies.
Advance Energy Development Company Limited ("AED")	Engineering service business, renovation service, repair and maintenance of factory buildings	AED is a company under common control with ACE Group of Companies.
Ascender Limited ("ASD")	Machinery Distribution Business	ASD is a company under common control with ACE Group of Companies.
Goodwill Innovation and Engineering Company Limited ("GIE")	Construction Business	GIE is a company under common control with ACE Group of Companies.
AED Fabrication Company Limited ("AEDF")	Metal structure manufacturing business for construction and industrial work, manufacturing machinery, equipment, and parts	AEDF is a company under common control with ACE Group of Companies.

## Companies / Related Persons (Cont.)

Company	Nature of Business	Relationship Category
Advance Asia Fiber Company Limited ("AAF")	Manufacture of solid fiberboard	AAF is a company under common control with ACE Group of Companies.
Triple A Board Company Limited ("TAB")	Manufacture of plywood and veneer	1. TAB is a company under common control with ACE Group of Companies. 2. Mr. Pornmett Songmetta, TAB Director, and the Company's Director and Major Shareholder.
Advance Professional Training Company Limited ("APT")	Training and services business	APT is a company under common control with ACE Group of Companies.
CSR & GRM Management Company Limited ("CSRGRM")	Management consultancy services business	CSRGRM is a company under common control with ACE Group of Companies.
24 Mansion Company Limited ("24M")	Room and Mansion Business	24M is a company under common control with ACE Group of Companies.
Suan Mai Shaiyo Company Limited ("SMS")	Eucalyptus Plantation Business	SMS is a company under common control with ACE Group of Companies.
Shaiyo Smile Company Limited ("SS")	Real estate development business, for sale or rent	SS is a company under common control with ACE Group of Companies.
Rice For Health Company Limited ("RFH")	Rice Distribution Business	RFH is a company under common control with ACE Group of Companies.
Si Nin Rice Company Limited ("SNR")	Production and distribution of cosmetic products & Distribution of rice and rice-derived products	SNR is a company under common control with ACE Group of Companies.
Advance Carbon Security Venture Company Limited ("ACSV")	Management Consultancy Services	1. ACSV is a company under common control with ACE Group of Companies. 2. ACSV is 95.99% held by Songmetta Group, of the registered and paid-up capital 3. Two Directors of ACSV, being a major shareholder and director of the Company, namely Mr. Teerawut Songmetta and Mr. Pornmett Songmetta. There is 1 major shareholder of the Company, namely, Mr. Natt Songmetta
Asia Boiler Company Limited ("ABL") (Formerly known as Clean Biofuel Company Limited ("CBF"))	Property Development Business	ABL is a company under common control with ACE Group of Companies.
Mr. Wirachai Songmetta	-	ACE major shareholder in the proportion of 22.43% of paid-up registered capital
Mr. Teerawut Songmetta	-	ACE Director and major shareholder in the proportion of 18.52 % of paid-up registered capital

### Companies / Related Persons (Cont.)

Company	Nature of Business	Relationship Category
Mr. Pormmett Songmetta	-	ACE Director and major shareholder in the proportion of 21.66% of paid-up registered capital
Mr. Natt Songmetta	-	ACE major shareholder in the proportion of 15.91% of paid-up registered capital
Ms. Jiratha Songmetta	-	Chairman of the Executive Committee, Director of the Board, and Director of the Nomination and Remuneration Committee
Mr. Tanavijit Ankapipatchai	-	Executive Management, Director, and Executive Director
Mrs. Jintana Songmetta	-	A close relative of Songmetta Group, ACE Major Shareholder
Mr. Suthep Songmetta	-	A close relative of Songmetta Group, ACE Major Shareholder
Ms. Supamas Tonta	-	Land Ownership Representative of Songmetta Group, and is under Songmetta Group
Mr. Chavalit Sakuldamrongpanich	-	Land Ownership Representative of Songmetta Group, and is under Songmetta Group
Ms. Preyaporn Suvanphob	-	Land Ownership Representative of Songmetta Group, and is under Songmetta Group
Mr. Chaivant Thongsinkasem	-	Land Ownership Representative of Songmetta Group, and is under Songmetta Group
Mr. Pasin Chokpalasin	-	Land Ownership Representative of Songmetta Group, and is under Songmetta Group
Ms. Vanicha Noimanop	-	Executive of the subsidiary

**(1) The Raw Materials Fuel Purchases of Subsidiary**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Purchase of raw materials and transportation costs for biomass fuels <ul style="list-style-type: none"><li>• GWC</li><li>• SAIPT</li><li>• AAF</li><li>• TAB</li><li>Total</li></ul>	221,835 42,409 475 <u>3,336</u> <u>268,055</u>	234,261 55,564 470 <u>5,262</u> <u>295,557</u>	<b>1. Procurement of Biomass Fuel Raw Materials</b> Formerly, ACP, AAPP, ALCP, AAP and ABA subsidiaries, entered into long-term contracts for all types of biomass fuels with GWC, and / or SSC, and / or SBP (collectively, the "Fuel Sales Company"), to be used as fuel for power plants, in accordance with the conditions of the credit agreement with financial institutions. The subsidiary company will agree to purchase biomass fuels from the fuel vendor at the quantity and price specified in the contract, and will require the fuel vendor to guarantee the quality of the fuel, by guaranteeing the cost of fuel for electricity production for the subsidiary, Including ACP ALCP, and AAP. AAPP and ABA will not have a cost guarantee price, but will guarantee the minimum delivery amount or calorific value of the fuel throughout the year as specified in the contract. If the fuel vendor is unable to deliver the fuel to the minimum quantity required to achieve the required heating value, the fuel vendor agrees to pay the fine based on the difference in the fuel price according to the contract.	<b>The Audit Committee</b> is of the opinion that this transaction is necessary and appropriate, since it is a normal business transaction of ACE Group, will be a transaction with general trading conditions, and fuel will be an important raw material for power generation. Entering into a long-term contract with GWC, SSC and SBP, which is a major fuel producer and distributor, will provide the subsidiary with a portion of the fuel for long-term power generation, while the purchase price is set to not be higher than the market price, which is a reasonable price.
Accounts Payable <ul style="list-style-type: none"><li>• GWC</li><li>• TAB</li><li>• AAF</li><li>• SAIPT</li><li>Total</li></ul>	11,996 316 64 <u>2,692</u> <u>15,068</u>	12,950 753 - <u>3,376</u> <u>17,079</u>	Subsequently, ACP, AAPP, AAP, and ALCP subsidiaries agreed to amend the said agreement, with the approval of the financial institution, which will grant the purchase price of bark biomass fuel not higher than the market price that will calculate from cost plus margin, and will cancel the insurance price conditions for the cost of biomass fuel. The aforementioned subsidiaries will be able to purchase all types of biomass fuels with other non-related fuel suppliers, including the minimum delivery amount, or minimum calorific value per year, in order to control the quality of fuels.  In addition, the subsidiaries that operate biomass power plants purchase biomass fuels, from related companies without a contract of sale, such as GWT, AAF, TAB, AAS, and SMFT, with prices comparable to the market price. Other types of fuels such as wood chips, logs, sawdust, wood dust, plywood,	

## The Raw Materials Fuel Purchases of Subsidiary (Cont.)

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
			<p>waste wood, and energy plants, are by-products from the production process and the high calorific value, which the factories of the companies involved are located in the vicinity of Power plants, power plants of the subsidiaries have therefore purchased these fuels to be used to generate electricity.</p> <p><b>2. Transportation Procurement of Fuel Raw Materials</b>  The subsidiaries operating the Biomass Power Plant business, hiring related companies such as GWC, SSC, GWT, SBP, and AAL, will transport the fuel purchased from third parties to the power plant. The transportation fee will be charged at a price close to the market price. As the said related company has its own transportation and truck business, it is ready to provide service and has expertise in Power Plant routes. Fuel transportation costs will depend on the fuel type and distance.</p>	

## (2) The subsidiary bought water for usage in Power Plant operations and management

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Purchase of water for use in operations and Power Plant management <ul style="list-style-type: none"> <li>• NPS (ALCP3)</li> <li>• AUT (AAP2)</li> </ul> Total	3,029 <u>711</u> <u>3,740</u>	2,824 <u>2,178</u> <u>5,002</u>	<p>The ALCP subsidiary purchased raw water from NPS for usage in the electricity generation process of the ALCP3 waste Power Plant project. Since the project area is not enough to dig a pond, ALCP has to buy raw water from NPS by entering into a long-term raw water purchase agreement. (Details of the raw water sales contract in the important contract section), where the raw water contract price is close to the market price.</p> <p>In addition to the said transaction, AAPP and ALCP subsidiaries purchased raw water, industrial water (RO water), and tap water, from AUT, a related company. Most raw water purchases are temporary items, during which the water in the Power Plant ponds cannot be used. The raw water price from NPS and AUT is THB 10 / cubic meter and THB 8 / cubic meter respectively.</p>	<p><b>The Audit Committee</b> is of the opinion that, this transaction is necessary and appropriate, since it is necessary to produce electricity, and related companies will be able to supply water to power plants in times of shortage. In addition, the water rates purchased from related companies are close to or cheaper than the market price (industrial water prices are lower than market prices because they are water obtained from the production process of AAF), and is a transaction with general trade conditions.</p>
Trade accounts payable <ul style="list-style-type: none"> <li>• NPS (ALCP3)</li> <li>• AUT (AAP2)</li> </ul> Total	275 <u>-</u> <u>275</u>	266 <u>215</u> <u>481</u>		

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Procurement and installation of machinery under machinery installation agreement (EPC) <ul style="list-style-type: none"> <li>• AED</li> <li>• ASD</li> </ul>	-	135,608 59,532 <u>195,140</u>	AED is an expert in procurement, installation, and testing of equipment and machinery for power plants, with experience in building power plants of ACE Group from the outset, including ACP1, ACP2, ALCP1, ALCP2, ALCP3. AAPP1, AAPP2, AAP1, and ABA1. In addition, AED is well-equipped with personnel and equipment, and has the knowledge and capability to build power plants in the form specified by ACE Group, thus providing the ability to use fuel efficiently.	<b>The Audit Committee</b> is of the opinion that the transaction is reasonable because AED and ASD have experience in the construction of power plants. In addition, the service fee for the machinery installation contract of AED and ASD is comparable to the market price, when compared with 3 bidding companies. The Company has carried out all the steps of the new investment project that has been approved by the Board of Directors meeting.
Advance payment for purchase of assets <ul style="list-style-type: none"> <li>• ASD</li> </ul>	-	49,457	In 2019, ACP and ALCP have paid for the procurement and installation of machinery under the EPC contract to AED and ASD, under the ACP4 and ALCP6 Power Plant projects.	
Construction cost of Power Plant under Power Plant construction contract (Civil Engineering) <ul style="list-style-type: none"> <li>• GIE</li> </ul>	-	33,331	ALCP has hired GIE to construct buildings and civil works, for the MSW Krabi Power Plant Project, based on GIE's expertise and construction of power plants for ACE Group.	<b>The Audit Committee</b> is of the opinion that this transaction is reasonable, since GIE has experience in Power Plant construction. In addition, the service fee under the construction contract of GIE is a price that is comparable to the market price, when compared by bidding from 3 operators.
Advance payment for construction of power plants <ul style="list-style-type: none"> <li>• GIE</li> </ul>	-	22,844	In 2019, ALCP had paid for the construction of the Power Plant under the Power Plant construction contract to GIE, for Power Plant projects ALCP6, with a 10% contract deduction from the contract, in accordance with the payment conditions specified in the contract	In addition, the Company has followed the new investment procedures, which have been approved by the Board of Directors in its entirety.
Retention deposit <ul style="list-style-type: none"> <li>• GIE</li> </ul>	-	3,333		
Costs of building construction <ul style="list-style-type: none"> <li>• GIE</li> <li>• AAA1</li> <li>• ACP3</li> </ul>	1,500 1,696 <u>3,196</u>	- - <u>-</u>	Subsidiary companies, namely AAA and ACP, have hired GIE to construct buildings and constructions, for Power Plant projects AAA1, ACP3, and ACP4. Examples include water gates, treatment wells, roads, housing, fences, concrete courtyard, digging wells. ACE Group considers that GIE is a contractor who has expertise, experience, and ability to complete work within the time specified by ACE Group, at a reasonable price, and comparable to other contractors.	<b>The Audit Committee</b> is of the opinion that the aforementioned transaction is reasonable, because GIE has experience in construction, and has tools and equipment ready for work, and such construction is a normal construction, without special techniques. In addition, the construction cost of the GIE proposal is close to the market price. However, if GIE is to be hired in the aforementioned manner in the future, the Company must comply with the procurement policy, and the inspection and operation regulations, prior to the transaction has been agreed, which has been approved by the board of directors meeting.



## The subsidiary procures construction and installation services for machinery, construction contracting, repair and maintenance of power plants, and purchase of fixed assets (Cont.)

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Land improvement expenses • GIE	48,143	-	<p>GIE is a Power Plant contractor, and has equipment available for work, has experience in land improvement, and is able to deliver work within the time specified. The subsidiary therefore hires GIE to improve the land to prepare the site for the construction of the ACP4 Power Plant project.</p> <p>In 2017, ACP paid for clearing, digging, and filling/ compaction of the ACP4 power plant, according to the delivered work value of THB 15.23 million, and the total value of the work as proposed by GIE is approximately THB 120.18 million, by Independent appraiser approved by the Office The SEC, evaluated the total value of land reclamation and digging wells of the ACP4 project, when completed will be THB 120.20 million.</p> <p>In April 2018, ACP had made additional payment for land improvement for the ACP4 Power Plant area, in accordance with the delivered work, in the amount of THB 48.14 million.</p>	<p><b>The Audit Committee</b> is of the opinion that the transaction is reasonable, because GIE has experience in construction, and has Machine and equipment ready to work, making decisions on some parts of the project. ACP4, as it is to prepare wells for the PPA that ACE Group expects to receive back. Digging wells will be prepared 1-2 years in advance, to store rainwater for use in electricity generation processes.</p> <p>In addition, the value of the work as proposed by GIE is close to the total cost of the appraisal report of the independent appraiser.</p>
Purchase of fixed assets • AEDF • AED • CSRGRM • AAF • ACSV	24,516 7,917 1,850 315 550 <u>35,148</u>	34,600 - - - - <u>34,600</u>	<p>The subsidiary company has acquired assets for machinery such as Boiler Water Feed Pump, Wood Shredder, Sugarcane Shredder, and Waste Conveyor for ALCP3 Project, for usage in electricity generation. The reason that the subsidiary has to buy assets from AED and AEDF, because some of the said tools and equipment, which are assets that AED already has and is ready to deliver. Since AEDF is specialized in manufacturing machinery and equipment in the manner specified, the subsidiary hires AEDF to produce machinery and equipment. In some cases, the subsidiary will pay advance payments of 20 to 30 percent, in order to buy equipment, and as a labor cost in the production of machinery and equipment.</p>	<p><b>The Audit Committee</b> is of the opinion that the said asset price is reasonable, as AED and AEDF have the potential to procure tools and equipment at a cheaper price than buying from a third party, benefit the Company. Advance payment to AEDF, in order to produce machinery and equipment in the manner specified by the Company at the rate of 30% is a reasonable rate, as it is close to the rate that the Company pays advance to external companies, according to the market price with general commercial conditions</p>
Fixed asset payables • AEDF	-	2,228		<p>In addition, the purchase of other assets, such as containers, hardboard sheets, and automobiles, is reasonably priced that is comparable to the market price.</p>
Advance payment for purchase of assets • AEDF	1,491	2,322	<p>In addition, the subsidiary purchased other assets, such as containers, to store spare parts inside the Power Plant and hardboard sheets from AAF, to use to make closets in staff dormitories, to store parts and equipment of the project, and bought cars from CSRGRM and ACSV for usage in the subsidiary's business</p> <p>In 2019, the Company purchased assets for machinery and spare parts for 3 types of work, Fabricated Duct, Fabricated Structure, and Fabricated Equipment from AEDF, for usage in yearly maintenance and Power Plant improvements for every project.</p>	

**The subsidiary procures construction and installation services for machinery, construction contracting, repair and maintenance of power plants, and purchase of fixed assets (Cont.)**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
<p>Expenses for repairing machinery and equipment</p> <ul style="list-style-type: none"> <li>• AED</li> <li>• AEDF</li> <li>• GIE</li> <li>• AAF</li> </ul>	<p>16,996</p> <p>4,845</p> <p>3,920</p> <p>49</p> <p><u>25,810</u></p>	<p>-</p> <p>382</p> <p>249</p> <p>10</p> <p><u>641</u></p>	<p>The subsidiaries have hired AED and AEDF, which are manufacturers or assemblers, to have good knowledge and expertise in the machinery of biomass power plants. The subsidiary company that operates the Biomass Power Plant has hired to repair the machinery and equipment, in which the subsidiary's employees are unable to operate. The hiring of AEDF to repair machinery and equipment, in some cases, the subsidiary will pay advance down payment to AEDF in order to order equipment for production of machinery and equipment. In the manner determined by the Company at the rate of 30%, which is the rate that is close to the rate that the Company has made advance payments to external companies.</p> <p>In addition, the subsidiary company hired a related company for other repairs. For example, AAA hires GIE to repair a raw-water well in the AAA1 project. The subsidiary hired AAF to repair the equipment of the Power Plant due to an emergency, and the AAF is near the Power Plant area, and has the equipment to repair together.</p>	<p><b>The Audit Committee</b> is of the opinion that the transaction is a normal business transaction, and occurs as necessary in ACE Group's business operations, with most transaction prices being lower than the prices compared to third parties. Therefore, it is considered that the transaction The said transaction is reasonable and beneficial to ACE Group.</p>
<p>Repair and maintenance payables</p> <ul style="list-style-type: none"> <li>• AEDF</li> </ul>	565	199		
<p>Advance payment for repairs and maintenance of machinery</p> <ul style="list-style-type: none"> <li>• AEDF</li> </ul>	-	1,548		
<p>Engineering consulting fees</p> <ul style="list-style-type: none"> <li>• AED</li> </ul>	2,803	6,886	<p>Subsidiaries, namely ALCP, BPP, and ACE SOLAR, have hired AED who has the knowledge and expertise in engineering systems and machinery for power plants, to be an engineering consultant, to provide information preparation and engineering system design, for biomass power plants and Municipality Solid Waste Power Plant, and for bidding in the Biomass Power Plant and Municipality Solid Waste Power Plant projects.</p> <p>The AED has skilled and experienced personnel, who are able to design and prepare engineering data, for submitting Power Plant bidding documents. The service fee is charged at the rate of 0.05% of the total project value.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as necessary in the course of business operations. The service fee that the advisor offered by AED is, which is comparable to the outside firms used by ACE Group in other projects. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.</p>

**The subsidiary procures construction and installation services for machinery, construction contracting, repair and maintenance of power plants, and purchase of fixed assets (Cont.)**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Commission fee for the installation of solar rooftop systems and equipment <ul style="list-style-type: none"> <li>• AED</li> <li>- Solar Rooftop Project</li> </ul>	4,429	112	<p>ACE SOLAR subsidiary has entered into an AED contract to construct and install a solar power generation system, to distribute electricity to a private individual and one related company, namely Advance Asia Fiber Company Limited (AAF). ACE SOLAR has entered into the Power Purchase Agreement as a seller of these 2 companies. ACE Group considers that the AED has personnel who are knowledgeable, capable and experienced in the construction and installation of ACE Group's biomass Power Plant machinery, which has a system of electrical connection not different from solar power plants. In addition, AED offered a lower price than other contractors, and offered a 2 year warranty.</p>	<p><b>The Audit Committee</b> is of the opinion that the transaction is reasonable, because AED has experience in Power Plant construction. The service fee according to the contract for the installation of solar rooftop systems and equipment is lower than the rates of other contractors, with all conditions required by ACE SOLAR.</p>
Retention deposit <ul style="list-style-type: none"> <li>• AED</li> <li>- Solar Rooftop Project</li> </ul>	221	227		
Advance payment for labor cost of project installation <ul style="list-style-type: none"> <li>• AED</li> <li>- Solar Rooftop Project</li> </ul>	22	-		

**(4) The subsidiary procures other services.**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Fuel weighing service fee • GWC	2,711	2,689	Subsidiary companies, namely ACP, AAPP, and AAP, have hired GWC to weigh various fuels to be used as raw materials for power generation. The said project (ACP1, ACP2, AAPP1, AAPP2, and AAPP1), is a project with GWC located next to the power plant, and the Power Plant that does not personally scale the investment, due to the relatively high price. GWC will charge a service fee of THB 40 per trip for single cars, and THB 80 per trip for trailers, and semi-trailers, which can be compared to the market price.	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and has occurred as it is necessary to conduct business, since it is a management decision of the Company not to invest in fixed assets, but use Hiring a weighing service from GWC which already has a scale, and the plant is located next to the power plant. In addition, the service fee of THB 40 per trip for a single vehicle and THB 80 per trip for trailers or semi-trailers, will be in accordance with general business conditions of trade, and can be compared to the rates of third parties. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.</p>
Fuel weighing service fee payable • GWC	231	179		
Freight, machinery and equipment for power plant • GWT • SSC • GWC	1,940 - 101 <u>2,041</u>	743 757 274 <u>1,774</u>	The subsidiary has hired GWT, SSC, and GWC to transport machinery and equipment, since the Company is also engaged in the transportation business, and will have cars available to service ACE Group, including expertise in transportation routes, due to transportation Fuel to the Power Plant on a regular basis, while the transportation cost is comparable to third parties.	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and will occur as a business transaction is necessary, and will have general trade conditions. The transportation service fee of the related company is cheaper than the service fee that the third party undertakes to transport. Therefore, the said transaction is reasonable and beneficial to ACE Group.</p>
Freight payable • GWT • SSC • GWC	47 - 66 <u>113</u>	194 299 - <u>493</u>		
Service charge for fuel chopping • GWC	108	-	The subsidiary companies, ACP and AAPP, have hired GWC to chop the fuels, including palm bunches and sugar cane leaves, to be used as fuel for electricity generation. The said transaction occurred because ACE Group is in the process of thoroughly shuffling fuel before importing the kiln, in order to increase the efficiency of electricity production.	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as needed in the course of business. The fuel chopping rate is lower than the comparable market price, because GWC already has a fuel chopper, and the GWC wood chopping plant is located next to the power plant. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.</p>

**(5) The Company and subsidiaries have leased assets for usage in the operations.**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Office building rental and utility fees • AED	5,194	5,664	<p>ACE Group will enter into office building lease agreements, various utility services agreements and the use of office equipment from AED, for a total of 2 contracts, including 1) ITF Building, 7<sup>th</sup> floor, with a total rental area of approximately 652 square meters. ITF Building is located on Silom Road, near the Skytrain station, which is a suitable location for the office of the group company. The rental period is from 1 February 2019 to 31 January 2022. There will be a condition to extend the lease for 3 years each time if there is no party not wanting to renew the contract, and there will be a new rental rate equal to the last year rental. There will be a rental rate of THB 350 / square meter / month, utility fees (such as utilities), and office equipment THB 230 / square meter / month, which is comparable to third parties.</p> <p>2) Khlong San office building, located on the 2<sup>nd</sup> floor, with a total rental area of approximately 150 square meters. The objective is to use as an additional office building of ACE Group. In this regard, the rental period will be from 1 August 2018 to 31 July 2021. There is a condition to extend the lease for 3 years each time, if none says that they do not wish to renew the contract, and will set a new rental rate equal to the last year rental. There will be a building rental rate of THB 200 / square meter / month, utility services (such as water, electricity), and office equipment THB 100 / square meter / month, which is a price comparable to a third party.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as necessary in the course of business operations. The rental and service fees are comparable to the market price, and the rental conditions are general commercial conditions. Therefore, the said transaction is reasonable, and is beneficial to ACE group of companies.</p>
Deposit • AED	-	257		
Heavy Machinery Rental Fee • GIE • SMS • GWC	5,870 442 <u>3</u> <u>6,315</u>	- - - <u>-</u>	The subsidiary will rent heavy machinery such as trailers, ten-wheel loaders, for use in transporting fuel materials in power plants and mixing fuel, with monthly rental fees for each type of machinery, which is close to the market price	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and will occur as necessary in the course of business operations. The rental rate is comparable to the market price and the rental conditions are general commercial conditions. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.

### The Company and subsidiaries have leased assets for usage in the operations.(Cont.)

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Land rental fee • Mr. Teerawut Songmetta • SS	214 - <u>214</u>	60 249 <u>309</u>	BPP entered into a long-term lease agreement with Mr. Teerawut Songmetta in the amount of 14-0-57 Rai, to be the location of the SPP Hybrid Klong Klung Project (BPP3), with a lease term of 23 years. Rental fee at the rate of THB 216,361 per rai / rai totaling the total rental fee under the contract of THB 3,059,885. The rental fee will be paid in full at one time on the date of registration of the leasehold rights. The leasehold registration fee is paid by BPP.	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as necessary in the course of business operations. The rental rate is close to the rental rate in the nearby area, and the rental conditions are general commercial conditions. Therefore, the said transaction is reasonable and beneficial to ACE Group.
Rental fee payable • Mr. Teerawut Songmetta	214	-		
Prepaid rent for land • Mr. Teerawut Songmetta • SS	- - <u>-</u>	2,974 8,570 <u>11,544</u>	BPP entered into a long-term lease agreement with SS in the amount of 40-3-4.1 rai, with a lease period of 23 years, with the rental fee of THB 216,361 per rai / total of THB 8,818,874 per rai. The rental fee will be paid in full at one time on the date of registration of the leasehold rights. The leasehold registration fee is paid by BPP.	
			The determination of the land rental rate is based on the method of estimating the annual rental rate based on the market price of the land.	

### (6) The subsidiary purchases other products and services.

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Management fee for biomass fuel and housekeeping services • GIE	15,392	65,511	A subsidiary operating a biomass Power Plant has hired GIE to manage biomass fuels and provide housekeeping services under the contract dated 1 October 2018 for a period of 1 year. There is a renewal condition for a period of 1 year each time, if no one party notices not to renew the contract, with the scope of employment as follows 1. Preparation, classification, mixing, and feeding of biomass fuel into the electricity generation process 2. Transporting the ashes from the production process to the landfill pond within the project 3. Office housekeeping services	<b>The Audit Committee</b> is of the opinion that the transaction is a normal business transaction of ACE Group, to reduce the cost of personnel management of ACE Group, with pricing (Total expenses), comparable to the operations of its own subsidiaries. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.
Other payables - Management fees for biomass fuels and housekeeping services • GIE	3,225	2,215		

## The subsidiary purchases other products and services (Cont.)

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Energy Crops Cost			The subsidiary purchased Energy crops from AAS, for self-cultivation and to distribute to farmers in nearby communities, as a trial planting, as an alternative fuel in the future, to plant within the Power Plant area, as a buffer zone of Power Plants, and for community relations activities, because AAS is a company doing agricultural research, and has a comparable trading price with external parties.	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as needed in the course of business, specified energy crops prices that AAS sells to other parties. (Company under common control of the major shareholder). Therefore, the said transaction is considered reasonable and beneficial to ACE Group.
• AAS	3,345	3,032		
Energy Crops Payable				
• AAS	1	4		
Staff Training Fees			The company and its subsidiaries, namely ACP ALCP, AAPP, AAP ABA, and AAA, have hired APT to train staff, because APT runs training and training services for employees in the Songmetta Group. The training rates will be comparable to the training rates for companies within the Songmetta Group, and lower than the rates comparable to third parties.	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and will occur as necessary in the course of business operations. The training fee is cheaper than the training fee provided by outsiders and APT determines the training fee at the same level as the price offered to others. (Company under the control of the major shareholder). Therefore, the said transaction is considered reasonable and beneficial to ACE Group.
• APT	176	-		
Expenses for other products and services			The subsidiary purchased goods and other services, such as gift box fees, riceberry, accommodation fees, and concrete fees. Since related companies have products and services as part of their core business, they are able to sell products or services to ACE Group at market prices, or at a cost price plus a margin.	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and occurs as necessary in the course of business operations. Costs will be set at the same level that the companies involved sell to others, and some items are cheaper than the prices sold to others. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.
• RFH	613	475		
• SNR	158	388		
• 24M	159	-		
• AED	64	-		
	<u>994</u>	<u>863</u>		
Other payables for goods and services				
• RFH	7	-		
• 24M	1	-		
	<u>8</u>	<u>-</u>		



### (7) Subsidiaries for Electricity Distribution

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Revenue from electricity distribution <ul style="list-style-type: none"> <li>• TAB</li> <li>• AAF</li> <li>• GWC</li> <li>• AUT</li> <li>• AAS</li> </ul>	4,992 854 7,359 287 <u>265</u> <u>13,757</u>	8,936 2,965 10,790 390 <u>440</u> <u>23,521</u>	<p>The subsidiary company will distribute electricity produced to related parties for use in various factories. For example, wood chopping plants, hardboard board factories, and plywood factories, as well as distributing electricity for temporary operations, such as offices, and weighing rooms, as the Power Plant will have the remaining production capacity from obtaining Distribute electricity to PEA and EGAT from using in the factory. Therefore, the subsidiary has sold excess electricity to the related companies. In this regard, the electricity bill will be calculated according to the actual electricity sales each month, according to the rate announced by the Provincial Electricity Authority.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction is a normal business transaction of ACE Group. The electricity tariff that ACE Group will charge from the related company is the electricity price that is referenced from the PEA's announcement, so this transaction is reasonable and beneficial to ACE Group.</p>
Accrued electricity income <ul style="list-style-type: none"> <li>• TAB</li> <li>• AAF</li> <li>• AUT</li> <li>• GWC</li> <li>• AAS</li> </ul>	- 67 18 586 <u>31</u> <u>702</u>	702 286 27 1,023 <u>28</u> <u>2,066</u>		
Receivable from electricity distribution <ul style="list-style-type: none"> <li>• TAB</li> <li>• GWC</li> <li>• AAF</li> <li>• AUT</li> </ul>	- 584 - <u>-</u> <u>584</u>	1,917 142 234 <u>33</u> <u>2,326</u>		

**(8) The subsidiary distributes the steam.**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Revenue from steam sales • AAF • TAB	407 <u>9,124</u> <u>9,531</u>	29 <u>20,512</u> <u>20,541</u>	<p>AAPP and AAA subsidiaries sell steam to AAF and TAB, which are located near AAPP2 and AAA1 power plants, respectively, because ACE Group has steam generated from electricity generation processes. Therefore, AAPP and AAA sell the said steam for use in the business of the related companies, with the following details:</p> <p>1) AAPP distributes medium-pressure steam to AAF for use in the hardwood board plant next to the power plant, as a long-term contract. The contract period is 10 years from 1 May 2013. The price is THB 550 / ton steam. However, in 2018 AAF bought a boiler to produce steam for its own use, therefore AAPP reduced steam sales, which will be sold only during the AAF Boiler maintenance period. The steam distribution of AAPP2 will use the remaining production capacity from the electricity sales to PEA, and the use of electricity within the power plant. In this regard, AAPP has canceled the said steam sale and purchase agreement on 3 February 2019.</p> <p>2) AAA1 sells low-pressure steam to TAB for use in the Veneer Plywood project, which is located next to the power plant, with a short-term contract of 1 year, from the first day of steam trading, the price is set at THB 700/ton of steam in the first year, and the price will increase every year at the rate of 1% per year. The revenue from the said steam distribution will be additional revenue from the excess capacity from the power plant, with a gross margin of approximately 40%.</p>	<p><b>The Audit Committee</b> is of the opinion that the said transaction is a normal business transaction of ACE Group, which is considered the most efficient use of machinery that ACE Group has in place. Although the 2017 steam pricing of AAF will cause ACE Group to have an opportunity cost in case of reducing electricity generating capacity to sell steam, because the selling price is specified in the steam purchase agreement, while The Power Plant sells electricity under the Adder system, which receives electricity bills lower than the current FIT system. In the past, the production of steam for distribution is mainly the use of excess production capacity from the sale to PEA. Therefore, the said sale of electricity creates additional return for ACE Group. In addition, TAB's steam cost is calculated from the estimated cost of steam cost plus 40% of the cost. Therefore, the said transaction is considered reasonable and beneficial to ACE Group.</p>
Income from steam receivable • TAB	2,252	2,065		
Receivable from steam sales • TAB	-	5,238		

**(9) The subsidiary distributes other products and services.**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Income from land rental • AAS	165	307	Subsidiaries, including ACP, AAP, and PSPR, will allow AAS to lease land to use as seedling plantations, office locations, and for other uses in the AAS business, that will enter into a 1 year land lease agreement, and with the terms renewed for 1 year each time, if there is no one party notifying either party to renew the contract with the details as follows: • ACP2 power plant, total rental area of 57.23 rai • AAP1 Power Plant, total rental area 31.57 Rai • PSPR1 power plant, total rental area 115.69 rai  The contract will have a rental fee of THB 1,500 per rai per year, which is comparable to the rental rates of nearby areas.	<b>The Audit Committee</b> is of the opinion that this transaction is a normal business support transaction of ACE Group, and will occur as a business transaction is necessary, with the rental price fixed at a rate not higher than general market prices, when compared to similar areas, and in the vicinity. Therefore, it can be considered that the said transaction is reasonable and beneficial to ACE Group.
Accrued income from land rental • AAS	76	55		
Land rental receivables • AAS	36	-		
Unearned revenue from land rental • AAS	57	57		

**(10) The company and subsidiaries to borrow / and to provide short-term loans**

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Short-term loans • Ms. Vanicha Noimanop Beginning Decrease Balance	6,126 (6,126) =	- - =	PSPR will grant a loan to Ms. Vanicha Noimanop, Director. The loan bears interest at the rate of 1.90 percent per annum, and is due for repayment upon request.  The said transaction occurred before ACE Group invested in the above business, in which the subsidiary has made full repayment of the principal and interest in the year 2018. In this regard, there will be no more inter-transaction loans.	<b>The Audit Committee</b> is of the opinion that this transaction is a transaction occurring before investing in PSPR. After the Company has acquired shares in PSPR, PSPR has received the full loan repayment in 2018.
Interest income - Ms. Vanicha Noimanop • Ms. Vanicha Noimanop	22	-		
Share compensation payment as collateral payable – Mr. Pornmett Songmetta • Mr. Pornmett Songmetta	-	826	ALCP, the subsidiary, uses the Company's shares, which are the ownership of the related persons, to be pledged as collateral for letter of credit (L/G B/B) credit from financial institutions, requiring financial institutions to issue a letter of guarantee for ALCP to take Used in the amount of THB 657,000,000, to be used in bidding for 2 projects, at the rate of 0.50% per year, of the value of Letter of Credit (L/G - B/B), equivalent to 0.25% per year, of value of ACE shares, which will be pledged as collateral for a period of 6 months.	<b>The Audit Committee</b> is of the opinion that this transaction will benefit ACE Group more than using cash as collateral for credit facilities, especially for the reasons of the Company's liquidity, working capital, the compensation for using the shares as collateral is reasonable, and does not cause ACE Group to lose benefits.

### (11) The subsidiary company will sell and purchase the land

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Purchase of land (ALCP1 Pond Project) • ABL	76,600	-	<p>In 2018, a subsidiary, ALCP, purchased land which is a pond area Biomass Power Plant Project Si Chiang Mai District, Nong Khai Province (ALCP1) from ABL, total area 70-0-0 rai, at the price of THB 76.60 million, by paying the whole amount of land on the date of ownership transfer in September 2018. The purchase of the said land to support the use of water in the electricity generation process. And to be clear on ALCP's future water rights and security.</p> <p>According to the appraisal by an independent appraiser approved by the SEC, the market value of land as of February 20, 2018 is equal to THB 76.60 million.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction arises as it is necessary to conduct business, since water is an important production factor for power plants, with land prices comparable to those appraised by independent appraisers. Therefore the price is reasonable and does not cause ACE Group to lose benefits.</p>
Purchase of land (ALCP2 Pond Project) • GWC	15,200	-	<p>In 2018, a subsidiary, ALCP, purchased land which is a pond area The Biomass Power Plant Project, Sirindhorn District, Ubon Ratchathani Province (ALCP2) from GWC, total area of 19-0-0 rai, at the price of THB 15.20 million. The land is paid on the date of ownership transfer in September 2018 in the whole amount. The purchase of the said land to support the use of water in the electricity generation process, and to be clear on ALCP's future water rights and security.</p> <p>From the appraisal by an independent appraiser approved by the SEC, the market value of land as of 11 January 2018 is equal to THB 15.20 million.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction arises as it is necessary to conduct business, since water is an important production factor for power plants, with land prices comparable to those appraised by independent appraisers. Therefore the price is reasonable and does not cause ACE Group to lose benefits.</p>
Purchase of land (ABA1 Project) • GWC	2,493	-	<p>In 2018, a subsidiary of ABA purchased land which is the location of the office building, scale room and dormitory. The Biomass Power Plant Project, Thoen District, Lampang Province (ABA1) from GWC, total area of 1-2-57.2 rai, at the price of THB 2.49 million or THB 1.52 million / rai, by paying the land price on the date of ownership transfer in August 2018. This is because the office buildings, scale rooms and dormitories of the Power Plant were built over the land that is owned by GWC. Therefore, ABA wishes to buy only that part of the land.</p> <p>According to the appraisal by an independent appraiser approved by the SEC, the market value of land as of 9 January 2018 is THB 1.52 million / rai or a total value of THB 2.49 million (the original appraisal area Equal to 0-3-95 rai. Later, ABA wishes to buy additional area around the building for ease of use. Therefore agreed to purchase land in the area of 1-2-57.2 rai using the estimated price of THB 1.52 million / rai).</p>	<p><b>The Audit Committee</b> is of the opinion that the said transaction is a necessary transaction in the business, where the land price is equivalent to the price appraised by an independent appraiser, and therefore will not cause ACE Group to lose benefits.</p>

### The subsidiary company will sell and purchase the land (Cont.)

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
List of land sales (AAA1 Project) • TAB	10,730	-	<p>In 2018, AAA subsidiary company sold the land that is not used in the operation of the Natural Gas Power Plant Project, Koh Khanun District, Chachoengsao Province (AAA1) to TAB, for use in the business operations, total area 3 - 1-33 rai at the price of THB 10.73 million, with the payment of land on the date of ownership transfer in September 2018. The said land has a cost price of THB 5.33 million, resulting in a 9-month payment in 2018. AAA has a gain from the sale of land of THB 5.40 million.</p> <p>The appraisal is done by an independent appraiser approved by the Office of the Securities and Exchange Commission, the market value of land as of 5 June 2018 is THB 10.73 million.</p>	<p>The Audit Committee is of the opinion that these transactions were necessary and necessary.</p> <p>AAA does not make use of the said land, in the business operation, and the land price is equivalent to the price appraised by an independent appraiser. Therefore not causing ACE Group to lose benefits.</p>

### (12) The subsidiaries sell and purchase ordinary shares.

Items	Transaction Size (Thousand THB)		Necessity & Transaction Rationale	Opinion of the Audit Committee
	2018	2019		
Ordinary shares • Mr. Suthep Songmetta	46,782	-	<p>On 19 October 2018, ASCE purchased 100% of the ordinary shares of Prasartporn Rungrueng Company Limited ("PSPR") from Mr. Suthep Songmetta, in order to have the structure of ACE Group of the Company to be appropriate, and to prevent future conflicts of interest, by using the price which is lower than the book value (THB 46.78 million), and the price according to the book value which improves the land price, to be in accordance with the price assessed by an independent appraiser (THB 47.92 million), with conditions to be paid in installments.</p>	<p><b>The Audit Committee</b> is of the opinion that this transaction is reasonable and beneficial to ACE Group, as it is to adjust the structure of ACE Group to be appropriate, eliminate possible conflicts of interest in the future, with a comparable price to the book value that has adjusted the land price, to be in accordance with the price assessed by an independent appraiser. Therefore, the said transaction is reasonable and beneficial to ACE Group.</p>
Payable for ordinary shares • Mr. Suthep Songmetta	15,000	-		

## 1. Measures & Procedures for Approving of Connected Transactions

The Board of Directors Meeting No. 1/2018 (after the transformation), on July 19, 2018, issued a resolution approving from the Audit Committee Meeting No. 11/2018, on July 11, 2018, considered Approval of policies and procedures for connected transactions, which will be effective from July 19, 2018 onwards, in order for the connected transactions between the Company and its subsidiaries and individuals, or juristic persons to There may be conflicts of the Company, will be transparent, and to safeguard the interests of the Company and its subsidiary companies, which can be summarized as follows;

The transaction between the Company or the related company and/or subsidiary company will be in accordance with the rules and regulations of the Securities and Exchange Act B.E. 1992 (including the amendment), and the announcement of the Capital Market Supervisory Board, At Tor Chor No. 21/2008, regarding the rules for connected transactions, together with the announcement of the Stock Exchange of Thailand, regarding the disclosure of information and the operation of Related companies, including the rules and regulations of the Securities and Exchange Commission, and relevant stock exchanges, as well as compliance with the requirements regarding disclosure of connected transactions, in the notes to the financial statements that have been Audited by the auditor of the Company, and the annual registration statement (Form 56-1) as well.

In the event that the law requires the Company to receive approval from the board of directors, and/or the shareholders' meeting prior to engaging in any connected transactions, the Company will arrange for the Audit Committee to comment on the said transaction. Opinions of the Audit Committee will be presented to the meeting of the Board of Directors, or shareholders, as the case may be, to ensure that, entering into the proposed transaction is going to be in the best interest of the Company. In this matter, to approve the related transaction or the connected transaction, the directors, executives, and shareholders, with whom have interests in that matter, will not attend the meeting, will not participate in the approval process, and will not have the right to vote on items in which they have vested interests.

If there is a connected transaction, or a related transaction of the Company or subsidiary, with a person who may have a conflict of interest, has a vested interest, or may have a conflict of interest in the future, the Audit Committee will provide an opinion on the necessity of the transaction, and the price suitability of that transaction. In this regard, will be considered from various conditions, in accordance with normal business operations in the industry, and will be compared with the prices of third parties or market prices. If the audit committee does not have expertise in considering the related transactions, or the connected transactions that may occur, the Company will appoint an independent expert, or the Company's auditor to give an opinion on the connected transactions, or In the said connected transaction, in order to be used in the decision of the Board of Directors, the Audit Committee, or the shareholders, as the case may be. Directors who are stakeholders will not have the rights to vote on the said transaction, and will disclose the related transaction, in the notes to the financial statements audited, or reviewed by the Company's auditor.

In this regard, the Board of Directors Meeting No. 1/2018 (after the transformation) on 19 July 2018, the Board of Directors Meeting No. 8/2019 on August 19, 2019, and the Board of Directors meeting No. 11/2019 on 25 December 2019, respectively, have approved the principle of the connected transaction (The applicable version, and the revised version). In the event that there are general trading conditions, or there will be a trade agreement in the same manner that a reasonable person should do with a general contractor in the same manner, with the power to negotiate a trade in the same manner that a reasonable person should do with general counterparts in the same situation, with the bargaining power without influence in their status as Directors, executives, and related parties (depending on the case), consisting of 14 items as follows:

- 1) Distribution of electricity and / or steam
- 2) Purchase of raw materials for biomass fuels from bark of eucalyptus
- 3) The purchase of raw materials for biomass fuel, wood chips
- 4) The purchase of raw materials for biomass fuels such as wood chips, wood dust, and pieces of work
- 5) Purchase of water for use in the production process
- 6) Procurement of services for weighing biomass fuel as raw material
- 7) Hire of transportation
- 8) Rental and hire, truck, trailer, and heavy equipment
- 9) Rental or rental of real estate, with a lease term not exceeding 3 years
- 10) Training service outsourcing
- 11) Hiring a biomass fuel management, and / or housekeeper service
- 12) Contracting for repair and maintenance of machinery
- 13) Purchase of assets, and / or hiring to create items, for maintenance
- 14) Purchasing of eucalyptus seedlings

However, the Company and its subsidiaries do not have a policy to provide financial assistance, to receive financial assistance, and to provide guarantees to connected persons.

If there is a transaction that is a general trade agreement that is not a general trade condition, it must be considered and commented by the Audit Committee, before being presented to the Board of Directors, and/or at the shareholders' meeting, for further consideration and approval. In this regard, it shall comply with the laws governing securities and exchange, and regulations, announcements, orders, and regulations of the Capital Market Supervisory Board, the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission, including the compliance, in disclosing information of connected transactions. If the Audit Committee is not skilled in considering the connected transaction, the Company will appoint an independent expert, or the Company's auditor will provide an opinion on the connected transaction, in order to support the decision of the Audit Committee, and/or the Board of Directors, and/or Shareholders, as the case may be, to ensure that the transaction is necessary and reasonable with due regard to the Company's benefits.



## 2. Future Trends of Connected Transactions

The Company and/or subsidiaries, will have ongoing transactions, with persons who may have conflicts in the future, at least according to the resolution of the Board of Directors Meeting No. 1/2018 (after transformation), on 19 July 2018, which had approved in principle for the connected transaction. If there are general trading conditions as specified in Item 1, ACE Group has a policy to enter into transactions with normal business nature, or transactions to support normal business, to have general trade conditions, will be able to compare and can be referenced to the same nature and business conditions as doing business with other parties, including setting prices and transaction terms to be clear, to be fair, and to not cause the transfer of benefits.

In addition, ACE Group has additional policies regarding future connected transactions, such as land procurement policy, and engineering design service provider policy, procurement of machinery and equipment, and EPC Contractor. Both policies have been approved by the Audit Committee Meeting No. 2/2018 (after transformation), on 5 September 2018, and approved by the Board of Directors Meeting No. 4/2018. (After transformation), on 17 September 2018, with details as follows;

2.1 The land procurement policy sets guidelines for the purchase of land from connected persons, using the land price calculation formula, which consists of direct costs of land acquisition and general commission rates in the market. The said price of land must not be higher than the value of land assessed by an independent appraiser approved by the SEC. ACE Group may appoint or assign connected persons as brokers to gather land, or lease land from connected persons. However, the commission rate, or the rental rate must not be higher than the commission rate in the market, or the rental rate that ACE Group must pay to outsiders, if the land has characteristics, amount, conditions, and the conditions of time that are similar.

In the future, ACE Group will use the contract to buy land directly with land owners, or will hire a land broker to act on behalf, which is expected to be a third party only.

2.2 The EPC Contractor Procurement Policy establishes an open, EPC Contractor-based approach to procurement, taking into account ACE Group benefits. ACE Group will try to avoid hiring a connected person as an EPC Contractor in all cases, except where it is necessary and unavoidable; the ACE Group may allow the connected person to be one of the bidders. This must be in accordance with the rules of the bidding process, or the selection of the EPC Contractor used by ACE Group with third parties. Such transactions must be in accordance with the Company's connected transaction policy and relevant laws, and those who are interested in the said transaction will not be able to approve or vote on the said matter.

However, if the machinery installation contract (EPC) has not yet started, which ACE Group has made with connected persons in the past, ACE Group will negotiate to reach a mutual agreement on termination of the contract. If it has been partially completed but not yet completed, ACE Group will allow the connected persons to complete the process under the condition that, the project owner must be refunded to the PPA, or with written certainty that will be returned PPA, so the rest of the work can be performed under the EPC contract.

ACE Group realizes the importance of making related transactions, especially those without general trading conditions, such as the construction of a subsidiary's power plant, land purchase. ACE Group has therefore determined a method for selecting Power Plant contractors appropriately and fairly with other contractors, by comparing the prices, technology used, trade conditions, experience, and business size of the contractor, for the best interest of ACE Group of companies. If the Company will enter into any connected transactions, or future related transactions, ACE Group will operate in accordance with the laws, rules, and notifications of the Capital Market Supervisory Board, and announcements specified by the Securities and Exchange Commission.

However, when considering the past connected transactions, the amount and total value of the transactions tend to decrease continuously, due to the decrease in the proportion of the amount of biomass fuel purchased from ACE Group, which is expected to be left with necessary transactions only.

### **3. Affidavit of Major Shareholder Group**

In addition, in order to prevent potential conflicts of interest, the Songmetta Group, a director, and or a major shareholder of the Company, has issued a letter confirming the Company, dated 29 November 2018, with the essence of the following certifications.

1. Songmetta Group will not operate on its own, or proceeding through the connected persons, or any other persons, will act in the following manner.

- 1.1) To operate a competing business, and / or to compete in the core business of ACE Group.
- 1.2) To act in a manner that is considered to be a participant in the management of any other juristic person, which operates a business of the same or similar nature, or similar, or is a competition, or runs a business competition with the main business of ACE Group of Companies, but will not cut the rights of minor shareholders, or holders of securities of any kind less than, or equal to 2%. In this regard, the parts of related persons shall be included as well.
- 1.3) To persuade, or attempt to persuade Directors, Executives, consultants, employees, employees of ACE Group, to resign, or to terminate work, services, employment for ACE Group core business.
- 1.4) To persuade, or attempt to persuade customers under ACE Group core business, to cease being a customer under ACE Group core business, or to reduce purchases or use of services under ACE Group core business.

2. Songmetta Group has agreed to report the ownership interests within 3 business days, from the date the information is changed, to the Company Secretary, and Company Secretary to provide the Stakeholder Report to the Company's Audit Committee, and/or the Board of Directors as deemed appropriate.

3. If the Songmetta Group engages in a competing business, and/or operates in competition with ACE Group core business, before signing a certification letter, the Songmetta Group agrees to carry out the sale, sale, And the transfer of ownership (de jure) of the aforementioned business to a company or subsidiary specified by the Company, within a period of 180 days, from the date ACE Group made a written notice to the Songmetta Group, except for holding shares in Advance Power Plant Co., Ltd. ("APP"), must be sold within 180 days, from the date of knowing the result of requesting to return the power purchase agreement. The purchase price must be a reasonable price according to the criteria for entering into the connected transaction, including the need to proceed in accordance with relevant laws and regulations.

If ACE Group denies exercising the above rights, the Songmetta Group will proceed to dispose of the ownership of the competing business to anyone other than the Songmetta Group, or persons connected to the Songmetta Group within 360 days, from the date ACE Group declined, according to the announcement of the connected transaction. The price and conditions agreed to sell to other parties must not be lower price, and/or have better conditions than the purchase price and trading conditions agreed with the Company.

4. If the Songmetta Group receives an opportunity or any business proposal that may conflict with ACE Group's core business, the Songmetta Group will first offer the business opportunity or proposal to the Company for consideration. If the resolution of the Board of Directors' meeting, or the resolution of the shareholders' meeting of the Company, as the case may be, according to the connected transaction criteria, which are independently convened by the Songmetta Group, and the persons related to the Songmetta Group are not Participated in consideration, and had not voted on the said agenda, will have a resolution explicitly refusing to invest in that project, and will allow the Songmetta Group to invest in the said project. Songmetta Group will consider self-investing, must abide by the relevant laws and regulations, and Article 86 of the Public Limited Company Act.

If later on, Songmetta Group intends to dispose of the above investment to other investors. Songmetta Group will agree to give ACE Group the right to consider, and/or the right of first purchase (Right of First Refusal) according to the purchase price and the conditions of sale as further agreed, must proceed in accordance with the relevant rules and criteria for entering into the transaction, or the disposal of assets, and the criteria for entering into connected transactions strictly.

5. Songmetta Group (any one) has agreed to terminate the obligations under the letter of guarantee in all respects. From the following;

5.1 Termination from being a Director and Executive of ACE Group Company.

5.2 The holding of ordinary shares in the Company will be less than, or equal to 5% of the paid-up capital of the Company.

However, if any person in the Songmetta Group has acted in violation of the above endorsement, the person who violated the certification will be liable, and will have a duty to comply with the conditions specified in the certification. The remaining of Songmetta Group, whom have not acted or did not participate in any violation of the guarantee, will not be held liable in any way.

The above measures have been established to eliminate conflicts of interest, and to protect the best interests of shareholders, after being listed on the stock exchange, to comply with the regulations on connected transactions of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.









# The Risk Factors

The information contained in this document, describes the significant risks, which ACE Group has Assessed according to current circumstances, and current data, including risks that are not currently occurring, but may be significant risks in the future, which will adversely affect conducting the business, Operations, financial status, operating performance, ability to pay dividends, and the value of common stock of ACE Group, which may prevent investors from receiving returns, or rights, which may result in the loss of some or all of the investment.

ACE Group's risk factors discussed in this section, can be divided into 3 categories, namely (1) Business Risk, (2) Financial Risk, (3) Risk that may impact Investment rights of securities holders, in which each category has the following details;

## 1. Business Risk

### Market and Competition Risk

#### 1.1 Risk of the uncertainty on obtaining the rights to develop power plant projects in the future

The growth potential of the electricity generation and distribution business is derived from the acquisition of rights to develop power plant projects in the future, which may be affected by uncertainty in the bidding for power plant projects in the future, and may unable to determine the duration of the said auction, as it must be in accordance with the government policy and administration, the Energy Regulatory Commission (ERC), the Electricity Generating Authority of Thailand (EGAT), and/or other relevant government agencies.

For each bidding for the rights to develop power plant projects, the Energy Regulatory Commission (ERC), will consider areas with potential for power generation, along with the potential for transmission systems, and the potential of power distribution systems in that area. Therefore, the bidding of the government power plant projects in each period may be limited, and depends on the availability of each area.

Although ACE Group of Companies may be at risk due to uncertainty in the bidding for the right to develop the future power plants, however, from the power development plan of Thailand as discussed above, ACE Group believes that the demand for electricity in Thailand tends to increase due to economic growth and population growth, as a country with numerous production bases of heavy industries, as well as the growth of the Tourism Industry. Therefore, there must be more power plant projects to support the said growth. From plans to promote electricity production from alternative energy using fossil fuels, ACE Group believes that it has sufficient potential to participate in bidding for the rights to develop power plant projects in the future, due to the expertise, the experience, and the readiness in operating a VSPP power plant from alternative energy and a variety of alternative fuels.



### **1.2 Risk from the high competition to obtain the right to develop power plant projects in the future**

Although ACE Group is confident that the bidding for new power plant projects will continue in the future, in accordance with the country's development direction, which must increase the security of electricity supply to keep up with the growth of electricity demand, and to be in line with the need to increase electricity production from alternative energy in accordance with government policies. ACE Group still faces the risk of increased competition in the power generation business, both in the increasing number of companies, and in the pricing competition, as the ERC changed the method of selecting electricity producers from renewable energy from the past, to mainly considering the readiness of qualifications. The Government has set the reference pricing for electricity to be considered as a Competitive Bidding Method, by considering the price, the technical and engineering qualifications, the bidder's financial status, land readiness, access to sources of funding, operating history, various qualifications and other conditions for biomass power plant projects, industrial waste, community waste, and natural gas. The increased consideration criteria and higher competition, with the prices being an important condition, making ACE Group not able to guarantee the future power plant development rights, which may impact earnings growth of ACE Group in the long run.

However, ACE Group has the experience and the expertise in operating alternative energy power plant projects. For example, the biomass power plants, community solid waste power plants, solar power generation projects, etc. In particular, the biomass power plant, which ACE Group has the experience for over 8 years, since its first power plant construction, including improvements and development of machinery and equipment used to generate electricity with higher efficiency continuously, resulting in fuel material advantages from being able to use a variety of biomass fuels. The technical specifications and experience in power generation of ACE Group of Companies will give ACE Group the advantage over competitors without the qualifications, or experience as required by the Government. Therefore, ACE Group is confident that it is ready to participate in the bidding, and be entitled to develop the power plant project in the future. In addition, ACE Group of Companies had studied the implementation of power plant projects from other alternative energy sources, apart from biomass fuel, waste, and natural gas that ACE Group has Currently operating in addition, to increase the ability to compete with competitors in the long term. Moreover, ACE Group had conducted the feasibility study of the project, in order to assess the return and investment risk prior to bidding on every new project, to ensure that the investment in that project will generate a high return on ACE Group's financial costs, and for the best interest of the shareholders, in accordance with the investment policy as approved by the Board of Directors.

### **1.3 Risk of relying solely on a few number of main customers**

The current power plant structure in Thailand classifies private power producers into 3 groups, namely, the large private power producers (IPP), the small private electricity producer (SPP), and the very small private power producers (VSPP), with the Electricity Generating Authority of Thailand (EGAT), the Metropolitan Electricity Authority (MEA), and the Provincial Electricity Authority (PEA), as contractual parties in the power purchase agreement, the major wholesale buyers of electricity, and the controller of all electrical wholesale systems in Thailand.

As of December 31, 2019, ACE Group operates 4 types of power plant projects, consisting of 9 biomass power plant projects, totaling 72.0 megawatts of electricity sales to PEA under power purchase agreements. One solid community waste power plant project, which sells electricity to PEA under the power purchase agreement of 4.5 MW. One natural gas power plant project has electricity sales volume to EGAT in the amount of 90.0 MW. Three rooftop solar power plants, with a volume of electricity sold to a private buyer under the power purchase agreement of 2 projects, each project with 1.00 MW, total 2.00 MW respectively. The operation started on 20 November 2018, 28 September 2019, and 1 project was sold to another private buyer of 0.73 megawatts, which commenced on 22 February 2019, respectively.

In the 2018 financial statement, ACE Group sold electricity to PEA and EGAT, accounting for 58.58%, and 40.16% of sales and service income in the consolidated financial statements of ACE Group of companies respectively. In 2019, ACE Group sold electricity to PEA and EGAT, accounting for 57.08% and 41.18% of sales and service revenue according to ACE Group's consolidated financial statements, respectively. In short, the main revenue of ACE Group rely on only a small number of large customers, because both electricity utilities are considered government agencies with high reliability. In the past, the payments by two power utilities have never been overdue, or late payment of electricity from the time specified in the power purchase agreement, resulting in a low risk of relying on large group customers. In addition, the long-term power purchase agreements with both power utilities allow ACE Group to be able to predict stable revenue over the long-term, since there would be a clear determination of the amount of power to be purchased and the terms of the agreements.

For the sale of electricity to other customers other than the two power companies, ACE Group has established procedures for assessing customer creditworthiness and registering customers before transactions, including evaluating customer history, financial statements In the past (a juristic person), and estimated sales between ACE Group and future customers, in order to set an appropriate credit limit, to control the quality of the customer, and to reduce potential risk in the future. In addition to the two power utilities, ACE Group currently has a related company that has a factory located in the vicinity of the power plant project area of ACE Group. In the fiscal year ended 31 December 2019, ACE Group earned revenue from sales of electricity and steam to 5 industrial customers (all related companies) in the amount of THB 44.06 million, or 0.89% of the revenue from sales and services, according to ACE Group's consolidated financial statements.

## **Raw Material Risk**

### **1.4 Risk from Fuel Material shortage for electricity generation**

Fuel is an important raw material for electricity generation for all types of power plants. ACE Group's biomass power plants utilize agricultural waste as primary fuel, such as eucalyptus bark, chopped wood, rice husk, corncobs, corn husk, sugarcane leaves, and palm bunches etc. Each project may use different fuel materials depending on the location, climate, vegetation, nearby economy, availability of fuel in each area, and other factors. For the fiscal year ended 31 December 2018 and 2019, ACE Group had the cost of biomass fuel accounting for 52.48% and 49.45%, of the total cost of sales of the biomass power plant project, respectively.

ACE Group is aware of the importance of biomass fuels, starting from the site selection process, by conducting a field study for the type and amount of fuel materials in the area and nearby communities, to ensure that the project site has sufficient fuel materials suitable for power plants, in order to save fuel transportation costs. ACE Group will use the same principles for site selection in the future.

In addition, ACE Group's biomass power plant projects have entered into long-term contracts to purchase bark from related companies to support the availability of biomass fuel materials. In the fiscal year ended on 31 December 2018 and 2019, ACE Group of companies purchased fuel from related companies, accounting for 28.77% and 32.07% of the total purchase price of biomass fuels materials, respectively.

In addition to surveying and selecting areas where the factory is located, ACE Group has chosen to use machinery that can use a variety of biomass fuels to generate electricity, which are able to burn fuels with a high moisture content of about 60 - 65% more efficiently. ACE Group has also continuously improved the machinery for higher efficiency in order to increase efficiency for power plants, by using the amount of fuel used in electricity generation to have a lower heat value (Plant Heat Rate), to reduce fuel consumption per unit of electricity generated, enabling ACE Group to manage fuels to reduce the risk of the availability of biomass fuels, since they can use small number of fuel materials to generate electricity, and will be able to specify, and improve fuel mixing formulas as appropriate. Fuel procurement agencies and project managers in each project will consider the fuel type of each area, the amount of fuel in each season, the heating value of each type of fuel material, and the cost of each type of fuel, to control the efficiency of electricity generation, in order to control the cost per electricity generating unit of the project according to the plan, and to ensure the power plant performance is in line with ACE Group's goals.

In addition, ACE Group has prepared a location for storing biomass fuels to be sufficient for operation of electricity generators for a maximum period of 45 - 120 days. Each type of fuel collection depends on the season. For example, each power plant will reserve as much fuel as possible before the rainy season begins. During the rainy season, bark and chopped wood products are low and expensive, resulting in higher moisture content of fuels. Fuel management is therefore an important issue in order to control production costs. If the fuel has high humidity, the fuel will be dried in order to get the right moisture value before importing into the production process.

ACE Group also has guidelines for the purchase of agricultural waste and biomass fuels from farmers' groups, and have collaborated with various organizations, both public and private, to solve the problem of burning of crop residues, forest fires and air pollution. This will allow the Company to have more sources of biomass fuel, and create higher stability for biomass fuels for power generation use of ACE Group.

As for community solid waste power plant project, ACE Group has entered into a long-term waste disposal contract with Khon Kaen Municipality ("Municipality"). The community waste power plant project must completely dispose of the old waste within the specified date, and must dispose of the new waste that the

municipality will deliver to on a daily basis, for a period of 20 years from the date of the contract. In addition, ALCP will continue to procure new waste from other sources on an ongoing basis, by entering into contracts with government and private agencies for contract waste disposal. The new waste added, will be used to replace the amount of old waste for electricity generation, will be a supplement to ALCP to have more income from waste disposal, and will also reduce the risk and create fuel stability so that the electricity can be operated throughout the project life.

### **1.5 Risk of relying solely on one natural gas supplier**

The natural gas power plant project of ACE Group is under the operation of AAA, a subsidiary company (The Company indirectly holds 100% of the shares). AAA entered into a gas purchase agreement with PTT Public Company Limited ("PTT"), a state enterprise, and is the only operator that can deliver natural gas to the natural gas power plant project in Thailand. The 25-year contract covers the period of the power purchase agreement between AAA and the Electricity Generating Authority of Thailand ("EGAT").

Damages that may occur if PTT is unable to deliver natural gas as agreed in the contract, causing natural gas power plant projects to be unable to produce electricity for sale to EGAT under the power purchase agreement, may have a significant impact on ACE Group's revenue and results of operations. For the fiscal year ended 31 December 2018 and 2019, ACE Group had revenue from the natural gas power plant project in the amount of THB 1,954.91 million, and THB 2,067.85 million, respectively, accounting for 40.45% and 41.77% of sales and service revenue, according to the consolidated financial statements of ACE Group, respectively. This natural gas power plant began commercial operation on 10 February 2017.

In this regard, the natural gas purchase agreement states that if PTT is unable to deliver natural gas to the quantity specified in the contract, PTT will have to compensate for the gas supply damage that cannot be delivered at the price according to the calculation formula specified in the contract, but may not be able to fully compensate for the damages from not being able to produce electricity for sale to EGAT. Compensation for such damages will be able to reduce the impact that may occur from the risk of partial dependency. In addition, the Energy Regulatory Commission has a plan to promote competition in the natural gas industry, by establishing a regulation on the preparation of requirements regarding enabling usage} connection of natural gas transmission systems, and LNG stations to third parties (TPA Code). Currently, PTT is in the process of establishing regulations regarding the opening or use of natural gas transmission systems at sea. Once the said promotion plan is fully implemented, the risk from relying on only one supplier of natural gas of ACE Group will decrease, as ACE Group is able to procure natural gas from other sellers, if PTT is unable to deliver natural gas as stipulated in the contract.

### **1.6 Risk of fluctuation of biomass fuel prices**

Since biomass fuel is a surplus product from agriculture, the amount of such agricultural products may be uncertain in both quantity and price. Therefore, in addition to the risk of the quantity and availability of biomass fuels, the fluctuation of biomass fuel prices is another factor that may be a risk to the operation

of ACE Group's biomass power plant projects. The price of each type of fuel depends on various factors, such as the demand and supply of fuels in the market at different times, the quality and humidity of each type of fuel, the distance of the fuel transportation to the power plant, etc. Therefore, fuel management, it is important that ACE Group recognizes and pays attention, aiming to reduce the damage that may occur from the fluctuation of fuel prices, and to control the cost of fuel, which is the cost of Main production of the project to be at an appropriate level.

ACE Group has managed the risk of fluctuations in the price of biomass fuels, in order to control the cost of fuel at a specified level, by following up with the fuel price regularly. If any period of time the biomass fuel is large or low, then the purchase of that type of biomass fuel will be increased. At certain times, other biomass fuels may be considered cheaper than expensive biomass fuels, due to the fact that the Company has installed the machinery that can utilize biomass fuel to produce various types of electricity in a variety of different moisture. In addition, ACE Group also conducts studies, researches, and experiments using various types of biomass raw materials, blended together to increase efficiency, including the procurement of alternative biomass fuels, with the objective of stabilizing In the management of fuels to be diverse, and will spread the risk of shortages, or fluctuations in both quantity, and the price of different types of biomass fuels.

### **1.7 Risk from the shortages of raw water used in the production process**

Raw water is considered one of the main raw materials used in the electricity generation process of the power plant project. Therefore, ACE Group places great importance on the management of the availability of raw water, and the amount of reserves that should be available in case of drought. Currently, each biomass power plant project uses an average of 1,000 - 1,200 cubic meters of raw water per day. The natural gas power plant project uses approximately 2,160 cubic meters of raw water per day. The municipality solid waste power plant project uses an average of 1,000 cubic meters of raw water per day.

In the process of development and construction of each power plant project, ACE Group considers purchasing land near natural water sources, or near private water sources, to be used as a reserve water source for production. In addition, ACE Group also has guidelines for additional land purchases in the area of the power plant, in order to develop a reservoir to store raw water for use in the production process. The size of the pond will depend on the suitability of each area. The biomass power plant project will have a pond area of approximately 12 - 130 rai with a capacity of about 270,000 - 2,000,000 cubic meters. The natural gas power plant project will have an average pond area of approximately 91 rai with a capacity of approximately 1,300,000 cubic meters, resulting in the power plant having sufficient raw water for electricity generation throughout the year.

As for Community Waste Power Plant Project without a pond in the project area, ALCP has entered into a 10-year raw water purchase agreement for 10 years at a price of 10 baht per cubic meter. Sellers can adjust the water bill once a year by calculating the cost of water change, but not more than 3% of the

raw water price per cubic meter with related companies, which has a raw water pond, size about 5 rai, with a capacity of about 43,000 cubic meters. In addition, the said raw water purchase agreement has the condition that, if any parties wish to terminate the agreement, they can notify the other party in writing, and must receive the written consent of the other party as well. Upon the expiration of the contract (10 years from the COD date), if neither party wishes to terminate the contract, the contract party will continue to enforce the contract for 1 year each time. Even though the community waste power plant project has a long-term water purchase agreement, the community waste power plant project may still be at risk of raw water shortages for usage in the production process, if the contract parties are unable to deliver the raw water as agreed. In this regard, since the commencement of commercial electricity sales, waste power plant has never experienced a shortage of raw water before. In addition, companies that supply raw water also have a license to use water from water sources that have water throughout the year to produce raw water.

## **Production Risk**

### **1.8 Risk from the Unplanned Shutdown of Machinery Disruption**

ACE Group's operating results will mainly depend on the number of operating hours. In the past, ACE Group had an unplanned shutdown caused by machine failures, which directly affects the results of operations.

ACE Group is aware of the aforementioned risks, and has therefore developed more efficient machinery, has maintained to be able to operate machinery continuously for a longer period, and thus given the machine longer service life, causing the rate of downtime of the machine other than the specified plan, with a reduced rate, with the goal of not letting pauses outside the plan set forth in the future. At present, ACE Group has set a goal for continuous electricity generation throughout the year, without an emergency stop or maintenance stop during the year. Some of ACE Group's power plants have already achieved this goal.

In addition, ACE Group has established a process for selecting machinery suppliers, in which the selected vendor must be proficient, must have direct experience in this field, must have credible past work, and with a guarantee of work competency in a reasonable time. ACE Group has set out a plan for planned shutdown, consisting of Annual Shutdowns to check the condition of the machines twice a year, a total of 12 days off. A goal of annual repair stops once a year, no more than 10 days at a time. Major Shutdown plans every 4 years, a total of 15 days off each time, which will determine the plan to inspect each machine, to ensure that all machines are in good condition, and will be able to operate the electricity as normal.

However, if an act of force majeure causes a disruption, ACE Group has prepared a plan to deal with the said problem. The team of technicians or engineers in various power plants will perform the initial inspection and correction. If the situation cannot be resolved, ACE Group will contact a team of experts, in order to investigate to resolve the issue as soon as possible.



In addition, other damages may be caused by uncontrollable events. For example, fires, storms, floods, protests, the danger of fire, flames, and natural explosions, etc., which may result in power plants in ACE Group of companies unable to operate the electricity generation, and disrupting business operations, causing a negative impact on the operations. Therefore, ACE Group has prepared property power risk insurance in Property All Risks, in order to reduce the damage caused by such uncontrollable events, by covering the losses, and damages to the insured property. This includes buildings, machinery, and equipment involved in all types of production. In addition, fuel stocks will be made, which is the main raw material for electricity generation, and coverage for business disruption, which covers loss or damage to the insured property, caused by an additional disaster specified under the insurance policy. In this regard, business interruption insurance is a compensation for the loss of income, caused by the property being damaged by the property risk, and must comply with the conditions specified in the insurance policy, such as the duration of the machinery damage, and affecting the operating day of the power plant etc.

### **1.9 The risk from ACE Group's natural gas power plant project unable to operate as planned**

The natural gas power plant project of ACE Group company was the first natural gas power plant project that ACE Group has implemented. In order to operate without any problems, to be able to fix machine failures in time, to prevent the impact on electricity sales to the Electricity Generating Authority of Thailand (EGAT) according to the power purchase agreement, ACE Group therefore hires external experts to operate and to maintain, by preparing 2 long-term agreements, including Operation and Maintenance Service Agreement (O&M Agreement), to control the operation of the power plant to be normal and solve the problem in a timely manner and Long-term Service Agreement (LTSA), which covers machinery, power generation units, gas turbines, various control systems, procurement of spare parts and parts, equipment maintenance, training for personnel, and other additional tasks.

In the event that the external party is unable to perform the duties as agreed in the contract, ACE Group may be at risk from operations, which may cause machine failures, or unable to fix or repair the machinery in a timely manner. This may cause the natural gas power plant project to not be able to supply power to the system under the power purchase agreement. If the system cannot be used continuously for more than 15 days, by not being caused by force majeure or being the fault of EGAT. ACE Group may be at risk of termination of the power purchase agreement, and may affect ACE Group's revenue and overall performance. In the fiscal year ended 31 December 2018 and 2019, ACE Group had revenue from the natural gas power plant project in the amount of THB 1,954.91 million, and THB 2,067.85 million baht, respectively, accounting for 40.45%, and 41.77% of sales revenue and all of the services, according to the consolidated financial statements of ACE Group respectively.

In order to reduce the above risks, ACE Group has recruited skilled personnel, a former Senior Executive of the country's largest electricity supplier to be an executive, as well as to hire the engineering team who operates the natural gas power plant projects of ACE Group of companies, and staffs of external service providers, in order to study and develop the personnel of ACE Group of Companies to have sufficient knowledge and ability to operate in-house in the future. In August 2019, ACE Group has sent a letter to



terminate the operating contract and maintenance thereof, to external experts with the contract expiring on 10 November 2019, to have the engineering team of ACE Group company to operate the machine, and to provide maintenance by oneself. ACE Group is confident that, ACE Group has sufficient experience to carry out natural gas power plant projects by itself. Due to in the past, ACE Group has entered into an agreement with service providers to operate and maintain natural gas power plants, to train the employees of the Company, to transfer the technology, including the employees of the Company to participate in the machine operation and maintenance of power plants, so that the employees of the Company can proceed by themselves.

## **Licensing Risks and Related Laws**

### **1.10 Risk from failure to perform duties, and/or conditions specified in the power purchase agreement**

The power plants of the Company have the main business in the generation and distribution of electricity and steam. ACE Group has entered into power purchase agreements in the form of power purchase agreements from Very Small Power Producers (VSPP) and Power Purchase Agreement with Small Private Power Producers (SPP) with PEA and EGAT, respectively. The revenue from electricity distribution to PEA and EGAT accounted for 58.58% and 40.16% of sales and service income, according to ACE Group's consolidated financial statements in 2018. The revenue from electricity distribution to PEA and EGAT accounted for 57.08% and 41.18% of sales and service revenue, according to ACE Group's consolidated financial statements in 2019.

The power purchase agreements entered into by ACE Group with PEA and EGAT are standardized contracts. Therefore, certain provisions in the contract may pose a risk to the operation. If ACE Group is not able to fully comply, ACE Group may be at risk from the termination of the Power Purchase Agreement, if unable to correct the default in the specified period, or if unable to provide reasonable reasons and evidence. However, ACE Group has a team of experienced, knowledgeable and capable in operating power plant businesses. There are processes, procedures, and inspections to prevent such problems. In the past, the operation of the power plants of ACE Group has never been a problem or practice, or practice that is at risk of termination of the contract. Therefore, ACE Group believes that it will be able to correctly and completely perform according to the conditions or duties specified in the power purchase agreement.

### **1.11 Risk from failure to comply with waste disposal agreements with Khon Kaen Municipality in timely manner**

ACE Group has a contract for waste disposal with Khon Kaen Municipality for project duration of 20 years from the date of contract signing. There is a condition that the waste must be completely disposed of within 7 years from the date of signing the contract. As of 23 August 2019, the term of the original 20-year project contract will expire on 17 August 2031. ACE Group is allowed to extend the period until the due date is 30 September 2034, while the period of disposal of old waste is considered to be extended by the end of September 2023.

At present, ACE Group has used waste disposal as a fuel material for power generation continuously. However, even though the ALCP3 project requires a large amount of waste to be used in the production process, and the production capacity is able to support the total amount of old and new waste, ACE Group still has the risk that it may not be able to complete the disposal of old waste as specified in the contract. The contract states that, if ACE Group is unable to complete the work within the time specified in the contract, and the Khon Kaen Municipality has not terminated the contract, ACE Group will have to pay a fine to Khon Kaen Municipality for the amount specified. As specified in the contract, amounting to THB 363,857 per day, or approximately THB 132.8 million per year, starting from the contract completion date, or the date that Khon Kaen Municipality extends to the date of completion actual work completes. In this regard, the amount of the penalty per year as compared to the net profit of the Company according to the 2019 consolidated financial statements, which is equal to THB 815.31 million, representing 16.29%.

At present, ACE Group has used waste disposal as a fuel material for electricity generation continuously. Although the ALCP3 project requires large amount of waste to be used in the production process and the production capacity supports all the amount of old and new waste. ACE Group still has a risk that it may not be able to complete the disposal of the old waste as stipulated in the contract. In which the contract states that in the event that ACE Group of companies Unable to complete the work as specified in the contract and Khon Kaen Municipality has not terminated the contract. ACE Group must pay a fine to Khon Kaen Municipality for the amount specified in the agreement, or THB 363,857 per day, or approximately THB 132.8 million per year, from the date specified in accordance with the contract, or the date that Khon Kaen Municipality expands until the date of completion. In this regard, the amount of the penalty per year as compared to the net profit of the Company according to the 2019 consolidated financial statements, which is equal to THB 815.31 million, representing 16.29%. However, with the capability and efficiency of the power plant and ACE Group's work experience, ACE Group believes that it will be able to complete the disposal of old waste according to the time specified in the contract.

### 1.12 Legal Dispute Risk

As of 31 December 2019, 2 indirect subsidiaries of ACE Group have unresolved laws that may have a material adverse impact or have a significant effect on ACE Group's operations. The case of ABA being sued, requesting the court to revoke the license to operate the power plant business. (Factory No. 4) of the ABA1 project and the AAA case was filed with the court to revoke the license to operate the power plant business. (Factory No. 4) and building construction notification, 39 bis, of Project AAA1. As of 31 December 2019, the two cases are being considered by the Supreme Administrative Court and the Rayong Administrative Court, respectively.

The legal department of ACE Group is of the opinion that the power plant project is considered as a basic public utility that has benefits to the public. When considering the facts, the law, and the evidence in both cases, together with the judgment of the Chiang Mai Administrative Court in the case of the project ABA1 that decided ABA to win the case, and the order of the Rayong Administrative Court in the case of

AAA1 order to temporarily lift the request for protection before the verdict shows that the issuance of a factory construction permit (Factory number 4) of the ABA1 and AAA1 projects and building construction notification, 39 bis, of the AAA1 project, which has already followed the procedures and are legal. ACE Group therefore has the opportunity to win the case in the Supreme Administrative Court's consideration of the ABA1 project and the Rayong Administrative Court in the AAA1 case.

However, the damage that may occur from losing the case mentioned above, the indirect subsidiary that owns the project may be revoked a significant license to conduct business, therefore may result in the project ABA1, and/or the AAA1 project cannot continue to produce electricity, which will affect ACE Group's overall operations. For the fiscal year ended 31 December 2019, ACE Group has total assets of THB 14,145.18 million, with sales and service revenue of THB 5,055.27 million, and gross profit of THB 1,625.94 million, with ABA and AAA having total assets of THB 792.78 million, and THB 4,346.54 million, accounting for 5.60% and 30.73%, respectively. ACE Group has electricity sales from ABA and AAA in the amount of THB 281.13 million and THB 2,067.85 million, accounting for 5.56% and 40.90%, with a gross profit of THB 93.68 million and THB 576.81 million, representing 5.76% and 35.48% respectively.

### **1.13 Risk from not being able to enter into the power purchase agreements, for the SPP Hybrid Firm's renewable energy project as scheduled**

On 14 December 2017, ACE Group has been selected to be the operator of the electricity generation project from renewable energy in SPP Hybrid Firm type, as announced by the Energy Regulatory Commission (ERC), in a total of 4 projects, including the SPP Nabon 1 power plant project, SPP Nabon 2 Power Plant Project, SPP Ranong Power Plant Project, and the SPP Khlong Khlung Power Plant Project, which has a total installed capacity of 93 megawatts, and has a maximum electricity supply volume of 76.31 megawatts. ACE Group must sign the Power Purchase Agreement with the Electricity Generating Authority of Thailand (EGAT) by 13 December 2019, and will begin the commercial electricity distribution by 31 December 2021.

The Energy Regulatory Commission has stipulated conditions that the selected persons must complete the process before signing the power purchase agreement with EGAT in accordance with the specified period, which must be held to listen to the opinions of the public and the people who have Interests, under the law on promotion and conservation of national environmental quality, or in accordance with the ERC's regulation on hearing, as the case may be. It must have land and technology readiness, and must bring approval results together with the IEE report, EIA report, or the approval results with the CoP report showing to EGAT no less than 5 working days, prior to signing the power purchase agreement. The collateral must be placed before the start date of electricity purchase to EGAT in the amount of THB 8 million per megawatt for the selected offering.

As of December 2019, ACE Group notified the Stock Exchange of Thailand that the SPP Hybrid power plant projects of all 4 Group companies are ready in all aspects. It consists of land readiness for the project location, technology readiness, contract security, and payment of electricity system improvement expenses.

However, the EIA report is still under the approval process of the relevant department, which has not yet been completed, resulting in the 4 SPP Hybrid power plants that have not yet signed a power purchase agreement with EGAT. The delay was due to external factors beyond the control of ACE Group. In this regard, ACE Group submitted a letter requesting to extend the period for signing the Power Purchase Agreement, and extend the deadline SCOD, together with explaining the reasons for necessity to the ERC and EGAT in advance, before the end of the 13 December 2019 time frame, currently under consideration by the ERC and related agencies.

Although the signing of the Power Purchase Agreement and the scheduled SCOD date for all 4 projects will be extended, ACE Group expects to be able to accelerate the construction, to be able to supply electricity into commercial systems (COD) as close to the original plan.

#### **1.14 Risk of Future Project Delay**

ACE Group may be at risk from project development delays, which may be caused by many reasons. For example, the delay of the government's licensing process, the delay from the preparation of the EIA report, the delay in construction of building, and the delay in installation of machinery and equipment, etc. In the past ACE Group had delayed projects due to the issuance of factory licenses. (Factory No. 4), and delays in the process of preparing an environmental report, as it took more time to understand the community members. Both events resulted in ACE Group not being able to start the construction and distribution of commercially available electricity in time for the Power Purchase Agreement (SCOD).

ACE Group has established guidelines for prevention and reduction of risks that may affect future project delays, by assigning the Community Relations Department (CSR/GRM) to request important licenses related to the project development, along with site planning to provide knowledge and understanding, and to create relationships with neighboring communities, to complete the EIA report preparation according to the specified timeframe. Although there has never been a delay in the construction and installation of machinery in the past, ACE Group has a policy to select competent contractors, in order to reduce the possibility of delays from construction, and/or to install machinery and equipment. ACE Group considers reliability, expertise, and past work experiences, to ensure that contractors can construct and install machinery and equipment for the power plant projects, in accordance with the agreed standards completed within the specified time.

#### **1.15 Risk from not reactivating the Power Purchase Agreement for projects that have been terminated, and in the process of requesting a refund of electricity purchase.**

Prior to 31 December 2019, ACE Group had a biomass power plant project that was canceled by the Provincial Electricity Authority, and is in the process of requesting 10 refund of the said contract. ACE Group had filed a dispute with the Provincial Electricity Authority (PEA), the Administrative Court, and the arbitrators in order to consider canceling the termination of the Power Purchase Agreement, and

returning the Power Purchase Agreement to ACE Group, consisting of the Klong Klung Biomass Power Plant Project (Project ACP4). ACE Group submitted a dispute to the Provincial Electricity Authority (PEA), to consider the Sri Saket Biomass Power Plant Project. ACE Group submitted a dispute to the Central Administrative Court for consideration, and 8 VSPP biomass power plant projects. ACE Group has submitted the dispute to the Arbitral Tribunal for consideration.

As of December 31, 2019, there is the progress of consideration to cancel the termination of the Power Purchase Agreement and return the Power Purchase Agreements to ACE Group as follows;

A) Klong Klung Biomass Power Plant Project (ACP4 Project): As of 31 August 2018, PEA has considered canceling the termination of this power purchase agreement, and has agreed to return this power purchase agreement to ACE Group. PEA issued a letter dated 7 August 2019 confirming the draft of the power purchase agreement that will be returned to ACE Group. That is a FiT power purchase agreement in accordance with the FiT announcement of 2015, currently under the process of returning the contract.

B) Sri Saket Biomass Power Plant Project is under consideration by the Central Administrative Court. Therefore, there is a risk that ACE Group may not receive the electricity back from this project. This will result in ACE Group's operations not meeting the target, and may affect ACE Group's operations in the future. However, on April 3, 2019, the indirect subsidiary, who is the project owner, had sent a letter to PEA to negotiate the dispute settlement under the power purchase agreement. PEA had sent a letter of reply to inform the terms and conditions of negotiation. In this regard, the said indirect subsidiary has complied with the said terms and conditions and is in the process of negotiation.

C) Eight VSPP biomass power plant projects: The Arbitral Tribunal has a verdict The PEA returned the power purchase agreement to ACE Group, including the extension of the SCOD start date, and the PEA changed or modified the power purchase agreement, from Adder to FiT, as announced on 21 June 2019 of 4 projects, and on 19 July 2019 of 4 projects, totaling 8 projects.

Subsequently, after the Arbitral Tribunal issued a verdict to PEA to return the electricity purchase agreement to ACE Group of the total of 8 projects, ACE Group considered that the 8 arbitrators had misrepresent the name of the FiT announcement. The name of the correct announcement is 2015 FiT Announcement, which is consistent with the rationale and evidence of the case. In addition, ACE Group has already submitted a request to change the contract in accordance with the 2015 FiT Announcement, but PEA has wrongfully terminated the power purchase agreement. ACE Group was not able to change the contract in accordance with the 2015 FiT Announcement at that time. For this reason, ACE Group considers that PEA has to return the FiT power purchase agreement in accordance with the 2015 FiT Announcement to the project owner. As of 31 December 2019, ACE Group is in the process of considering to filing a petition with the Arbitral Tribunal regarding the original dispute in order to request the amendment of all 8 former arbitrations, by specifying to return the power purchase agreement according to the announcement of FiT in 2015.

### **1.16 Risk of possible fines from the power plant machinery installation agreement (EPC), for projects that have terminated the power purchase agreement, and in the process of requesting a refund of electricity purchase.**

ACE Group has a biomass power plant project which has been canceled by the Provincial Electricity Authority and is in the process of requesting 10 refunds of the said contract. All 10 projects have entered into contracts for the construction of power plant buildings and machinery installation with related companies since 2012 (companies under the same controlling power as ACE Group companies), namely Advance Energy Development Company Limited ("AED"), responsible for procurement and installation of machinery for biomass power plants. However, since the Klong Klung Biomass Power Plant Project has been considered to cancel the termination of the power purchase agreement, and is in the process of negotiating the details of the contract to be returned, before proceeding with the construction. Therefore, there are 9 projects that are at risk, due to inability to comply with the conditions.

The contract of procurement and installation of machinery made with the related company, with the conditions that ACE Group has to pay to the contract parties in the amount of 10 percent of the contract value, equivalent to a project value of THB 63.30 million within Scheduled time. The said amount paid to the contract party will be a Down Payment, or Maximum Cancellation Fee, as the case may be, depending on whether ACE Group intends to have the contractual party perform the contractual construction. In the past, ACE Group made a written notice requesting an extension of the contract implementation period, until all relevant licenses were received, and the parties agreed that the contract extension would be extended according to ACE Group's request. The legal consultant of the Company had expressed opinions regarding the extension of the contract performance period on 22 March 2019. It can be concluded that at present ACE Group has not breached the sales contract and installation of equipment for the entire project. Since the parties have agreed to extend the period of the entire contract performance, until the event is in accordance with the conditions regarding the extension and the beginning of the contract for the 8 projects, the terms of the extension, including the beginning of the contract, for the Sri Saket Power Plant Project, will result in the amendment of the contract according to the law. At present, the conditions have not yet been fulfilled, the ACE Group therefore has no duty to pay damages, fines, or other expenses which the parties will notify to pay.

After ACE Group has received acknowledgment of the consideration of the Power Purchase Agreement, if ACE Group does not return the Power Purchase Agreement, or for any other reason causing the negotiation to terminate the said contract with the parties, ACE Group may be obliged to pay the fee, to terminate the contract up to THB 63.30 million per project, or to a maximum of THB 569.70 million, from a total of 9 projects, to the contractual parties under the specified conditions, which may have a significant impact on ACE Group's operating results. In 2019, ACE Group has a net profit in the consolidated financial statements, amounting to THB 815.31 million.



However, ACE Group has prepared and announced the EPC Contractor hiring policy, which requires the Company to negotiate with AED to achieve a mutual agreement to cancel the EPC contract, after ACE Group has received back the power purchase agreement.

### **Other risks associated with business operations**

#### **1.17 Risk from relying on major shareholders and executives (Songmetta Group)**

Songmetta Group has founded the Company and its subsidiaries, and are directors and the Company's primary management. As of 31 December 2019, Songmetta Group, holds 78.52% of the Company's total paid-up shares, with Ms. Jiratha Songmetta (formerly known as Mrs. Siriwan Damnernchanvanich Songmetta), as a director and chairman The Executive Committee, which sets policies, as well as being an important part of management, and have built a reputation for ACE Group to be recognized in the industry both domestically and internationally, resulting in ACE Group having good operating results and continuous growth. If the Company loses the majority shareholder and the executive, it may affect the management and operation of ACE Group. However, the Company has appointed a board of directors, consisting of a group of people with experience, knowledge, and a variety of capabilities, which are responsible for policy formulation and firm management for continued growth in future. In addition, ACE Group has restructured its management structure, decentralized the operations and approvals of the Company and its subsidiaries, including defining the scope of authority and responsibility of the management based on knowledge, capability, and experience, in order to reduce the risk of this dependency.

In addition, ACE Group has continued to conduct business transactions with companies that are under the control of the Songmetta Group. For example, the purchase of fuel raw materials, the sale of electricity and steam, the purchase of water for operation and management of power plants, and the purchase of goods and services, related to the construction of power plants. Although such a relationship helps to strengthen ACE group's business operations in terms of fuel, power generation and distribution, and maintenance, this will help the power plant business of ACE Group to be more stable and efficient, it may also rely on the business of the major shareholder as well. In the past, the Company has always been aware of the problem of relying on the major shareholder group, therefore, it has a policy to conduct transactions with related parties to have the price and conditions according to the market price, and there are guidelines for adjustment. Reduce connected transactions, to prevent problems and reduce the risk of relying on the major shareholder.

#### **1.18 Risk from groups of major shareholders that may have conflict of interest**

As of 31 December 2019, has Songmetta Group is the Company's major shareholder, holding 78.52% of the paid-up capital, and a controlling person in Advance Power Plant Company Limited ("APP"), which operates in the production and distribution of electricity from 1 biomass energy project, with a maximum electricity capacity of 8 MW, at Koh Chan District, Chonburi Province, which is the same business of ACE Group of Companies. There may be competition, and may cause conflicts of interest with ACE Group, as well as may have a significant impact on ACE Group's performance in the future.



However, the APP has not yet started such business, as in the year In 2014, the Provincial Electricity Authority, who was the electricity contracting party of the project, terminated the power purchase agreement, but later the APP received the award from the Arbitral Tribunal, according to the red number dispute No. 73/2562, dated 21 June 2019, with a verdict for the PEA to return the power purchase agreement (PPA) to APP. Currently, the APP is in the process of negotiating the details of the contract with PEA, and a group of shareholders of APP have sent a letter notifying the proposal to sell ordinary shares of APP according to the letter of notification, on 28 August 2019, giving ACE Group rights to consider buying shares of APP, according to the purchase price that will be agreed further.

In this regard, the Extraordinary General Meeting of Shareholders No. 1/2019, held on 28 October 2019, passed a resolution approving the purchase of shares of Advance Power Plant Company Limited, from Songmetta Group, which is a connected entity, in the amount of THB 394 million to THB 472 million. The payment and transfer of shares will be scheduled on the same day, within 120 days after the signing date of the share purchase agreement of Advance Power Plant Company Limited, which has a contract to purchase the shares within 6 months., Commenced from 28 August 2019 or within 15 days after the date of the Power Purchase Agreement, which has been refunded by PEA by FiT, signed by Advance Power Plant Company Limited and PEA, whichever comes later.

As of 29 November 2018, Songmetta Group, a major shareholder, and/or a director of the Company, has signed a statement of non-competing business with ACE, which is a protection against risk from conflicts of interest, between the Company and the major shareholder of the Company.

## **2. Financial Risk**

### **Funding Risk**

#### **2.1 Risk from the ability to find funds to expand ACE Group's business**

Since the growth of ACE Group depends on future projects that need to be auctioned to obtain the right to develop the project, entering into the power purchase agreement with the buyer, the construction process, and selling the electricity to the buyer according to power purchase agreements within the stipulated time, for which each project development requires a large amount of capital. Therefore, the ability to access various funding sources is extremely important.

In the development of power plant projects in the past, ACE Group used loans from financial institutions as their primary source of funds, which has financial and operational requirements that may restrict access to additional funding sources, and from additional sources, which may affect the opportunity to expand the business in the future, with conditions that must be observed or prohibited, except that it has been

approved by the lender. Upon being listed in the stock market, ACE Group expects more financing options due to having a strong capital base, which will be a key factor in negotiating the terms of existing credit agreements, to reduce limitations that may affect the opportunity for future business expansion. In addition, ACE Group can also consider additional funding sources, such as issuance of debt, and raising funds through the capital market.

## **Credit Risk and Credit Terms Compliance**

### **2.2 Risk from failure to comply with conditions or terms of credit agreements**

As at 31 December 2019, ACE Group has long-term interest-bearing liabilities of approximately THB 2,767.50 million, which is a long-term loan from a local commercial bank, which provides project loan to a subsidiary, namely ACP, ALCP, AAPP, AAP, and AAA.

The above-mentioned liabilities have several covenants and conditions for ACE Group, as loan applicants, including guarantors, mortgages, and stock pledge (if any), must comply with contracts, financial terms, and business operations.

If ACE Group, which are the applicants of the loan, including the guarantor and the lender, cannot comply with the terms and conditions specified in the credit agreement, it may cause the applicant to default or breach of contract, except if the loan applicant will receive a waiver from the lender. In addition, if any one of the credit agreements entered into by ACE Group with a commercial bank in that country, a default, or a default is made, may result in default of other credit agreements, under the local commercial banks as well.

However, ACE Group has determined that all power plant projects must strictly comply with the terms and conditions of the credit agreements, and require the business development department of the Company to monitor the performance of the contracts, and report to the executive committee regularly. If there is an event that is not able to comply with the conditions of the credit contract, must notify the lender immediately. If there is an event that will not receive a waiver from the lender, and the lenders have informed the borrowers of the possible breaches of the contract, as well as the time limit for fixing the documents, the said situation may result in ACE Group having to immediately repay all credit agreements with the said local commercial bank, which will affect the operating results and the financial status of ACE Group significantly.

## **Other Financial Risks**

### **2.3. Risk from exchange rate fluctuation**

ACE Group is exposed to foreign exchange risk from the operation of the Natural Gas Power Plant Project ("Project AAA1") of subsidiary AAA, with respect to sales revenue, due to one element of the tariff received,

will change according to the USD exchange rate, according to the price adjustment formula specified in the power purchase agreement that AAA has with EGAT, and in the cost of natural gas that is Significant projects AAA1 purchased from PTT. According to the natural gas purchase agreement, there will be changes according to the exchange rate change as well, thus resulting in ACE Group having a natural hedge. As for the biomass power plant project and community waste power plant project of ACE Group, the project is not affected by the fluctuation of exchange rate, due to sales revenue, service, cost of sales, and all expenses are in THB.

However, since ACE Group has considered that the power purchase agreement of the AAA1 Project is a financial lease. Therefore, the project property has been classified as financial lease receivables, net with financial income awaiting recognition. Revenue from sales of electricity under the power purchase agreement will be revenue from financial lease under the power purchase agreement. Revenue from services under the Power Purchase Agreement as a whole is in sales and service income. However, the calculation of sales revenue has some calculation components in foreign currencies, resulting in the adjustment of the conversion of some monetary assets, under financial lease receivables at the exchange rates at the end of the year, to be in accordance with the Accounting Standard No. 21 regarding the effects of changes in foreign exchange rates. Therefore, the Company is exposed to risk from accounting methods, regarding exchange rate fluctuations, and may cause unrealized exchange rate loss.

ACE Group has been affected by changes in foreign exchange rates, for the financial lease receivables of natural gas power plant projects, which are affected by the interpretation of the Thai Financial Reporting Standards No. 4, regarding the Lease Agreement Assessment, which will be recorded as unrealized exchange rate losses, in 2017, 2018, and 2019 in the amount of THB 114.93 million, THB 10.27 million, and THB 102.34 million, respectively.

In addition, ACE Group has a foreign currency risk from the purchase and import of spare parts from abroad for use in the repair and maintenance of machinery. In the year that the construction of the new power plant project, ACE Group is exposed to foreign exchange risk from the import of machinery for installation in additional power plant projects. In this situation, ACE Group manages the foreign exchange risk by entering the forward contract. For example, in 2017, ACE Group built the AAA1 project, therefore had made a Forward Contract to reduce the risk from the fluctuation of the said exchange rate.

#### **2.4 Risk from interest rate fluctuations**

As of 31 December 2019, ACE Group has interest-bearing liabilities in the amount of THB 2,995.46 million, most of which are long-term loans with floating interest of THB 2,767.50 million, representing 92.39% of all interest-bearing liabilities. Interest burdens are an important expense for ACE Group. In 2018, and 2019, ACE Group has interest expenses of THB 482.53 million, and THB 412.57 million, representing 9.98%, and 8.16% of sales and service income in the consolidated financial statements of ACE Group respectively. Therefore, if the interest rate increases, it will cause ACE Group's performance to decrease.

In this regard, ACE Group estimates that interest rate risk will not cause damage to ACE Group, including the fact that ACE Group may request to change the terms of loans or find new sources of loans, with a low interest burden to regularly replace the original loan source.

### **3. Risk that affects the rights or investments of securities holders**

#### **3.1 Risk from the group of the companies have a major shareholder with more than 50% shares**

As of 31 December 2019, Songmetta Group holds 7,989.71 million shares in the Company, representing 78.52%, therefore the Songmetta Group can control almost all shareholders' resolutions, whether it is the appointment of directors, or requesting resolutions on other matters that requires the majority of votes from the meeting. Other shareholders may be at risk of not being able to gather votes to check and balance the issues proposed by the major shareholder.

Even though, the Songmetta Group is able to control the majority vote used at the meeting, it is an important resolution required by law, it must be approved by a vote of not less than 3 in 4 of the shareholders who attend the meeting and have the right to vote. Shareholders with vested interests will not have the right to vote on related matters, such as the consideration of entering into connected transactions and the acquisition or disposal of assets, etc. Therefore, minority shareholders are able to check and balance the important matters and matters related to the Songmetta Group, which is the major shareholder group of ACE Group.

# The Legal Dispute

As of December 31, 2019, ACE Group of companies had 2 cases of litigation cases and legal disputes that might have a negative impact on ACE Group's assets. Details are as follows;

## **Case No. 1: Advance Bio Asia Company Limited ("ABA") – Thoen Biomass Power Plant Project (ABA1)**

On December 23, 2013, a group of people in Mae Thot sub-district, Thoen district, Lampang province, ("the Plaintiffs"), had filed a lawsuit against ABA as the defendant in the 6<sup>th</sup> case, to Chiang Mai Administrative Court, requesting that the court revoke the license to operate a power plant of ABA1 (Factory No.4), without filing a claim for financial damage. During the court trial, the Plaintiffs filed a temporary protection request for the court to order the ABA to suspend operations and construction, in accordance with the license to operate a power plant (Factory No.4) prior to the verdict. When the court had made an inquiry and had considered the ABA's clarification, it was of the opinion that, there was no sufficient reason to issue an order to suspend the operation and the construction. Therefore the court has dismissed the request.

Subsequently, on March 30, 2016, the Chiang Mai Administrative Court ruled that, issuing a license to operate a power plant (Factory No.4) to ABA was lawful and dismissed the case.

However, on April 29, 2016, the Plaintiffs filed an appeal against the decision of the Chiang Mai Administrative Court to the Supreme Administrative Court. On January 20, 2017, ABA had submitted an appeal, with the conclusion that the issuance of a license to operate a power plant (Factory No.4) to ABA has been in accordance with the law, therefore requesting the Supreme Administrative Court to confirm in accordance with the judgment of the Chiang Mai Administrative Court, and to cancel the appeal of the Plaintiffs.

As of 31 December 2019, the case is still being considered by the Supreme Administrative Court.

## **Case No. 2: Advance Agro Asia Company Limited ("AAA") - a Natural Gas Power Plant Project (AAA1)**

On December 14, 2015, a group of people in Koh Khanun sub-district, Phanom Sarakhram district, Chachoengsao ("the Plaintiffs"), had filed a lawsuit against AAA, as the 3<sup>rd</sup> defendant, to the Rayong Administrative Court, requesting the court to revoke the power plant operation license (Factory No.4), and requested to withdraw the building construction notification, building modification, building demolition, re-locating the building, and changing the usage of the building, according to Article 39 bis of the Building Control Act 1979 (Notification of Building Construction (39 bis), of AAA1, without making a claim for damages in money. In addition, the Plaintiffs filed a request to the court to suspend the enforcement of the power plant business license. (Factory No.4), building construction notification (39 bis), and to suspend construction and any other operations, according to the above-mentioned license of AAA1.

Subsequently, on March 31, 2016, the court made the inquiry and had considered the explanation of AAA. The court was of an opinion on the said case, as it had not yet appeared that the issuance of a license to operate a power plant (Factory No.4), and the receipt for building construction (39 bis) was unlawful. Therefore, the court dismissed the request to suspend the enforcement of the order and to provide the temporary relief.

As of December 31, 2019, the case was still under the consideration process by the Rayong Administrative Court.

As ACE Group believes that ABA and AAA have a higher chance of winning the cases, ACE Group has not made any provision regarding the said cases. However, Management of ACE Group places high importance on the outcome of the lawsuit, and any allegations that may occur in the future from the lawsuit. Litigation, and any actions that may adversely affect ACE Group, may have a material adverse impact on the Company's operations, financial condition and stock market prices. In addition to disclosing the contingent liabilities from litigation, as stated in the remark stated in ACE Group's financial statements.

#### **Litigation in which the Group of Companies are the Plaintiffs**

On June 5, 2017, the Company's Subsidiaries, consisting of AAP, AAPP, ACP, ALCP, and ABA (collectively referred to as "Plaintiffs"), filed a lawsuit against the National Energy Policy Council ("The Defendant No.1"), Energy Regulatory Commission ("The Defendant No.2"), and The Provincial Electricity Authority ("Defendant No.3"), to the Central Administrative Court, to request for payment of damages from not receiving electricity income at the FiT Premium rate, from the period of January 24, 2015 to March 10, 2016, totaling THB 622,150,282.54. In addition, it was requested for the amendment of the resolution, the announcement, and the addition of the power purchase agreement of the prosecution, to receive FiT benefits, according to the 2015 FiT announcement. If the defendants were unable to proceed, it was requested to have the defendants No.1 - 3 to join, or on behalf, to pay for damages to the Plaintiffs, totaling THB 3,901,248,000. As of December 31, 2019, all 8 cases are still in the process of the Central Administrative Court's consideration. As a result, there is a risk that the Central Administrative Court may not issue a ruling, or may order the defendants to pay for the compensation, or to proceed as requested by ACE Group, causing uncertainty over the payment of the said damages.

# Internal Control and Risk Management

## Company's Internal Control System

ACE Group recognizes and places high importance to the Management of good Internal Control Systems, to support the operations of ACE Group in an efficient manner, with adequate and comprehensive Internal Control Systems in all areas, to comply with relevant laws, rules, and regulations. The Board of Directors has provided an effective and sufficient Check & Balance Mechanism to protect, to supervise, and to maintain ACE Group assets, by establishing a hierarchy of authority, delegation of authorities, duties, And Responsibilities, to provide management at the executive level and staff levels with appropriate checks and balances. A written operational procedure will be established, and an independent Internal audit department will be in place to review the operations of the units in ACE Group according to the established regulations, and will report directly to the Audit Committee. In addition, the Company and the subsidiaries have appropriate and concise Internal Controls and Internal audit Systems, to prevent fraud that may occur to ACE Group, with a clear System that can be inspected, and is consistent with guidelines of the Stock Exchange of Thailand.

At the Board of Directors Meeting No. 2/2020, held on February 24, 2020, with all members of the Audit Committee participating, the Board of Directors had evaluated the Internal Control System by querying information from the Company's management, with referencing from Internal Control audit reports, and from follow-up reports of Internal Control audit, that were audited and prepared by P&L Internal Audit Company Limited, and P&L IT Audit Company Limited, (collectively referred to as "P&L"). The Board of Directors had considered and evaluated the Internal Control System of ACE Group in 5 areas, according to the Committee of Sponsoring Organizations of the Tread-way Commission (COSO), which had revised the framework in May 2013, with adjustments to be suitable for Thai listed companies. The main questions are still divided into 5 parts, which are the same as the previous COSO guidelines, namely 1) the Controlled environment, 2) the risk assessment, 3) the Control measures, 4) the information and communication Systems, and 5) the reporting and tracking System. In this regard, each part has been expanded into 17 sub-principles, consisting of the following items;

### 1) Control Environment

The Company encourages and promotes a good Internal Control environment, by defining the goals and directions of its business, specifying corporate governance, code of conduct, and operational manuals in writing, which have been communicated to all levels of employees to be informed and to strictly comply. Penalty will be imposed if there are any violations. There will be a clear organizational structure, and a check and balance mechanism. There is an independent Internal audit department that reports directly to the Audit Committee, overseeing and reviewing support operations, creating a good Internal Control environment, covering the following principles;



- 1.1 The organization demonstrates adherence to the values of integrity and ethics.
- 1.2 The Board of Directors are independent from Management in providing oversight and the development of Internal Control.
- 1.3 Management will provide a reporting structure, assigning appropriate authority, and accountability, for the organization to achieve its objectives, under the oversight of the board.
- 1.4 The organization demonstrates a commitment to motivation, development, and retention of knowledgeable personnel.
- 1.5 The organization requires the personnel to perform duties with the responsibilities in Internal Control, to achieve the objectives of the organization.

## 2) Risk Assessment

The Company has set up a risk management System, via the establishment of Risk Management Working Group, that will be responsible for setting the policy framework and risk management guidelines, in accordance with the COSO guidelines, with the responsibility to determining guidelines and measures to limit risks, in order to limit any damages that may occur, and with duties to promote the implementation of risk management policies throughout the organization to cover the following principles;

- 2.1 The organization shall specify objectives clearly and adequately, in order to identify and to assess risks related to the achieving the objectives of the organization.
- 2.2 The organization will identify and analyze all types of risks that may impact the achievement of the organizational objectives in a comprehensive way.
- 2.3 The organization will consider the likelihood of corruption in assessing the risk of achieving the organization's objectives.
- 2.4 The organization will be able to identify and to assess any changes that may impact the Internal Control System.

## 3) Control Activities

The Company has established regulations and framework for approval of transactions that are clear and in writing, with proper segregation of duties and mutual review. The Company has specified the conditions for related transactions as connected transactions, or as transactions that may have conflicts of interest, by having the Internal audit department conduct an investigation, and will monitor compliance with the law and Regulations, which cover the following principles;

- 3.1 The organization will have Control measures to reduce the risk of not achieving the objectives at an acceptable level.
- 3.2 The organization will choose and develop general Control with technology Systems, to support the achievement of objectives.
- 3.3 The organization will organize Control activities through policies, which define expectations and procedures, so that those policies can be implemented.

#### 4) Information and Communication

The Company has established an ongoing information System, and has provided effective means of communication, to ensure the sufficiency of important information to support decision-making of the Board of Directors and the Executives. In this regard, documents and data will be collected, and will determine the appropriate storage period of time, to comply with the legal requirements. The quarterly and annual financial statements are reviewed and audited by the Company's auditors. Sufficient and timely information is disclosed for the best interest of shareholders, investors, and users of financial statements. There will be Internal and external communication systems, so that the personnel will be informed of all the information used for operations, which covers the following principles;

- 4.1 The organization will have relevant and quality information, in order to support Internal Control in the course of its operations.
- 4.2 The organization will communicate information within the organization, including objectives and responsibilities for Internal Control, which are necessary to support the Internal Control to be carried out as planned.
- 4.3 The organization will communicate with external agencies, regarding issues that may affect Internal Control.

#### 5) Monitoring Activities

The Company will monitor the performance against the business goals (KPI), and will report the results as well as analyze the cause of the variances in order to fix the solutions within the appropriate time to the management and the board of directors. For the Internal Control System, the Company has specified that the Internal audit department is responsible for the audit, and will report to the audit committee regularly at an appropriate time, which will cover the following principles;

- 5.1 The organization will monitor and evaluate the Internal Control, to ensure that the Internal Control is complete and appropriate.
- 5.2 The organization will assess and communicate timely deficiencies in Internal Control to responsible parties, including senior management and the board as appropriate.

The Board of Directors is of the opinion that, ACE Group's Internal Control and Internal audit Systems are sufficient and appropriate. ACE Group has provided sufficient personnel, which can implement the System efficiently, with Internal Control Systems, in monitoring and overseeing the operations of ACE Group, to protect the assets of ACE Group from the Directors, or the Executives, which may be misused, or used without authorization, including transactions with persons whom may have conflicts, and connected persons adequately. In addition, the Board of Directors will approve the evaluation form for the adequacy of the Company's Internal Control System, which is prepared in accordance with the SEC's assessment.

## Inspection & Review of Internal Control System & Risk Management

The Company has hired P&L from 2017 till now, in order to inspect ACE Group's Internal Control Systems, by inspecting the Internal Control Systems, IT General Control, and general Controls for supervising the operations to ensure compliance with Law, which has been reported to the audit committee, at the meeting of the audit committee in 2018 and 2019. The Internal Control System audits are categorized into 5 main Systems as follows;

- 1) Revenue Cycle System
- 2) Expense Cycle System
- 3) Fixed Asset Management System
- 4) Human Resource Management System
- 5) Inventory Management System

As for the operations relating to the Internal Control Systems of ACE Group companies, the Internal auditors will examine, and assess the adequacy of the Internal Control Systems of ACE Group companies, circulating in 5 major work Systems (65 sub-Systems), Which can be summarized as follows;

Main Operation System	Operational Sub-System
1. Revenue Cycle System	1.1 Policies, regulations, and procedures regarding revenue cycle 1.2 Authority, authorization, and signature samples 1.3 Preparation of the Business Plan 1.4 Customer registration 1.5 Determining Service Rate/ Contract or Agreement 1.6 Recording of receivables, and collection 1.7 Bank balances control 1.8 Check-On-Hand Control 1.9 Analyzing Debt Collection Days and Setting up provision for bad debts 1.10 Output tax 1.11 Withholding tax 1.12 Defining the right to access information System information
2. Expense Cycle System	2.1 Policies, regulations, and operating procedures, regarding expense cycle Systems 2.2 Authority, authorization, and signature samples 2.3 Control of expenditure budgets 2.4 Selection process, new seller registration, and annual evaluation of same sellers 2.5 Purchase request process (PR) 2.6 Procurement process 2.7 Procurement contract process 2.8 Products receiving process 2.9 Record of accounts payable 2.10 Payment of debt

Main Operation System	Operational Sub-System
	2.11 Control of cheque 2.12 Paying aging analysis (AP Aging) 2.13 Controlling petty cash 2.14 Control of advance payment 2.15 Proof of bank deposit amount (Bank Reconciliation) 2.16 Input tax control 2.17 Withholding tax 2.18 Assigning the authorization to access the information System
3. Fixed Asset Management System	3.1 Establishing policies, regulations, and operational procedures regarding fixed asset management processes 3.2 Establishing the scope of authority and knowledge of the operation 3.3 Control of authority, approval authority, and signature samples 3.4 Control of the purchase process for fixed assets 3.5 Control of fixed asset registration 3.6 Controlling of depreciation calculation 3.7 Control of lease assets 3.8 Control of sales, discontinuance, donation of fixed assets, and removal from fixed asset Control accounts 3.9 Control of the procedure for counting fixed assets 3.10 Control of procedures for taking assets out of the Company 3.11 Control of asset transfer procedures between individuals or departments 3.12 Control of machine repair and maintenance procedures 3.13 Control of insurance procedures for fixed assets 3.14 Control the process of determining the right to access the information System
4. Human Resource Management System	4.1 Policies, regulations, and procedures regarding human resource management 4.2 Organization chart, organization structure, scope of authority, knowledge and understanding in operations, and personnel planning 4.3 Authorization, approval authority, and sample signatures 4.4 Recruitment and employment 4.5 Compensation Control 4.6 Benefits Control 4.7 Salary Control

Main Operation System	Operational Sub-System
5. Inventory Management System	5.1 Policies, regulations, and procedures regarding warehouse management 5.2 Authorization, approval authority, and samples of signatures 5.3 Procedure for receiving products 5.4 Product distribution process 5.5 Counting of inventories 5.6 Control and overseeing of warehouse safety 5.7 Compliance with relevant laws 5.8 Defining the right to access the information System

For operations regarding Internal Control Systems of IT General Control, P&L had audited and evaluated the adequacy of the Internal Control System, in 14 areas of general Control in information technology, which can be summarized as follows;

Main Operation System	Operational Sub-System
1. General Control in information technology	1.1 Information security policy 1.2 Information security structure 1.3 Human resource security 1.4 Property management 1.5 Access Control 1.6 Data encryption 1.7 Physical and environmental security 1.8 Security and security for operation 1.9 Security for data communication 1.10 Procurement, development, and System maintenance 1.11 Relations with external service providers 1.12 Management of information security incidents 1.13 Information management to create business continuity 1.14 Consistency

For operations regarding Internal Control Systems, general Control and oversight of operations in accordance with the law, P&L had conducted an audit, and evaluated the adequacy of the Internal Control System, regarding the 9 areas of general Control for regulatory compliance, which can be summarized as follows;

Main Operation System	Operational Sub-System
1. General Control in overseeing operations to ensure compliance with the law.	1.1 Policies, regulations, and procedures of the Legal Department 1.2 Guidelines for overseeing operations in accordance with regulations, procedures, and relevant laws 1.3 Organization structure of the Legal Department, and related departments 1.4 Scope and authority of the legal department, and related parties 1.5 Important laws relating to power plants 1.6 Compliance with the Public Limited Companies Act, B.E. 2535 (1992) 1.7 Compliance with the regulations of the Stock Exchange of Thailand 1.8 Preparation of a contract to Control contracts, and related important documents 1.9 The environment, safety, data storage, and important documents

In an overall review of the Internal Control System by P&L, it can be concluded that ACE Group has complied with the established Internal Control System. ACE Group has sufficient, significant Internal Control, which will enable ACE Group to achieve the following objectives:

- To increase the efficiency and effectiveness of ACE Group operations.
- To increase the confidence of senior management, that ACE Group has reliable information Systems, and there will be no significant errors.
- To ensure that ACE Group companies have sufficient Internal Control Systems, and that employees work in accordance with the specified Internal Control Systems.

### Observation from the Auditor

Price Water house Cooper ABAS Company Limited ("PwC"), Auditor, with permission obtained from ACE Group of companies, has no observations regarding Internal Control and accounting Systems, for the fiscal year ending 31 December 2019.

### Appointment of Chief of Internal Audit

ACE Company has hired P&L as an Internal auditor, by appointing Ms. Wannawimon Jongsuriyaphat, to be Chief of Internal Audit. The Audit Committee is of the opinion that, the Chief of Internal Audit has appropriate educational background, experiences, and trainings, with a great understanding of the Company's activities and the operations of ACE Group, and is of the opinion that the Chief of Internal Audit is suitable to perform these duties appropriately and adequately. In this regard, consideration, approval, appointment, removal, and transfer of the Chief of Internal Audit of the Company, must obtain approval from the Audit Committee.

# Definition

Unless otherwise specified in this document, the following words have the following definitions:

<b>The Company or ACE</b>	Absolute Clean Energy Public Company Limited
<b>ACE Group</b>	Absolute Clean Energy Public Company Limited and Subsidiaries
<b>ASCE</b>	Asia Clean Energy Co., Ltd.
<b>ACP</b>	Advance Clean Power Co., Ltd.
<b>ALCP</b>	Alliance Clean Power Co., Ltd.
<b>AAPP</b>	Advance Agro Power Plant Co., Ltd.
<b>AAP</b>	Advance Asia Power Plant Co., Ltd.
<b>ABA</b>	Advance Bio Asia Co., Ltd.
<b>AFT</b>	Advance Farm Tree Co., Ltd.
<b>BPP</b>	Bio Power Plant Co., Ltd.
<b>ACE SOLAR</b>	ACE Solar Co., Ltd.
<b>PSPR</b>	Prasartporn Rungrueng Co., Ltd.
<b>AAA</b>	Advance Agro Asia Co., Ltd.
<b>PSMS</b>	Power Supply & Maintenance Service Co., Ltd.
<b>ACP1</b>	Ban Bueng Power Plant Project, Ban Bueng district, Chonburi
<b>ACP2</b>	Phon Thong Power Plant Project, Phon Thong district, Roi Ed
<b>ACP3</b>	Bo Ploy Power Plant Project, Bo Ploy district, Kanchanaburi
<b>ALCP1</b>	Si Chiang Mai Power Plant Project, Si Chiang Mai district, Nong Khai
<b>ALCP2</b>	Sirindhorn Power Plant Project, Sirindhorn district, Ubon Ratchathani
<b>AAPP1</b>	Ta Nee Power Plant Project, Prasart district, Surin
<b>AAPP2</b>	Chok Chai Power Plant Project, Chok Chai district, Nakhon Ratchasima
<b>AAP1</b>	Nam Phong Power Plant Project, Nam Phong district, Khon Kaen
<b>ABA1</b>	Thoen Power Plant Project, Thoen district, Lampang
<b>AAA1</b>	Koh Khanun SPP Power Plant Project, Koh Khanun, Phanom Sarakhram district, Chachoengsao
<b>ALCP3</b>	MSW Khon Kaen Power Plant Project, Muang district, Khon Kaen
<b>BPP2</b>	Na Bon 2 SPP Power Plant Project, Nakhon Sri Thammarat
<b>BPP3</b>	Klong Klung SPP Power Plant Project, Klong Klung district, Kampongphet
<b>ACE SOLAR1</b>	Na Bon 1 SPP Power Plant Project, Nakhon Sri Thammarat
<b>ACE SOLAR2</b>	Ranong SPP Power Plant Project, Muang district, Ranong
<b>ACE SOLAR3</b>	Solar Rooftop 1 Power Plant Project, Sri Racha district, Chonburi
<b>ACE SOLAR4</b>	Solar Rooftop 2 Power Plant Project, Chok Chai district, Nakhon Ratchasima



<b>ACE SOLAR5</b>	Solar Rooftop 3 Power Plant Project, Muang district, Samut Sakorn
<b>ACE SOLAR6</b>	Solar Farm 1 Power Plant Project, Chok Chai district, Nakorn Ratchasima
<b>ACE SOLAR7</b>	Solar Farm 2 Power Plant Project, Chok Chai district, Nakorn Ratchasima
<b>ALCP6</b>	Krabi MSW Power Plant Project, Muang District, Krabi
<b>ACP4</b>	Klong Klung Power Plant Project, Klong Klung district, Kamphangphet
<b>ACP5</b>	Song Pheenong Power Plant Project, Song Pheenong district, Supanburi
<b>ACP6</b>	Bang Lane Power Plant Project, Bang Lane district, Nakhorn Pathom
<b>ACP7</b>	Khanu Woralaksaburi Power Plant Project, Khanu Woralaksaburi district, Kamphangphet
<b>ALCP5</b>	Ban Bueng 2 Power Plant Project, Ban Bueng district, Chonburi
<b>AAPP3</b>	Chok Chai 2 Power Plant Project, Chok Chai district, Nakorn Ratchasima
<b>AFT1</b>	Senangkhanikhom Power Plant Project, Senangkhanikhom district, Amnat Charoen
<b>BPP1</b>	Khok Kathiam Power Plant Project, Khok Kathiam district, Lopburi
<b>PSPR1</b>	Nadee Power Plant Project, Nadee district, Prachinburi
<b>ALCP4</b>	Sri Saket Power Plant Project, Muang district Sri Saket
<b>Holding Company</b>	Company with business of holding shares in other business
<b>Songmetta Group</b>	The Major shareholders in the Group are
	Ms. Jiratha Songmetta                      Mr. Wirachai Songmetta
	Mr. Teerawut Songmetta                      Mr. Pornmett Songmetta
	and Mr. Natt Songmetta
<b>SEC</b>	The Securities and Exchange Commission, Thailand
<b>SET</b>	The Stock Exchange of Thailand
<b>COSO</b>	The Committee of Sponsoring Organizations of the Tread-way Commission
<b>P&amp;L</b>	P&L Internal Audit Co., Ltd. and P&L IT Audit Co., Ltd.
<b>PwC</b>	Price Water house Cooper ABAS Co., Ltd.
<b>BOI</b>	Board of Investment
<b>PEA</b>	The Provincial Electricity Authority
<b>EGAT</b>	Electricity Generating Authority of Thailand
<b>MEA</b>	Metropolitan Electricity Authority
<b>ERC</b>	Energy Regulatory Commission
<b>Unit</b>	Kilowatt-Hour
<b>PPA</b>	Power Purchase Agreement
<b>EPC</b>	Engineering Procurement and Construction Contractor
<b>EIA</b>	Environmental Impact Assessment Report
<b>ESA</b>	Environmental & Safety Assessment Report
<b>COD</b>	Commercial Operation Date

<b>SCOD</b>	Scheduled Commercial Operation Date
<b>FiT</b>	Feed in Tariff
<b>Adder</b>	Additional Rate of Power Purchase
<b>MLR</b>	Minimum Loan Rate or Minimum Lending Rate
<b>DSCR</b>	Debt Service Coverage Ratio
<b>PDP</b>	Thailand's Power Development Plan
<b>IPP</b>	Independent Power Producer
<b>SPP</b>	Small Power Producer
<b>VSPP</b>	Very Small Power Producer

# ACE

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