

Part 1

Company's Business

1.Overall of Business and Corporate Policy

“Sahacogen & Affiliates” consist of Sahacogen (Chonburi) Public Company Limited and three subsidiaries;

- Sahacogen Green Company Limited
- Sahagreen Forest Company Limited
- Sahagreen Energy Company Limited

1.1 Vision, Mission, Objectives, Goals and Strategies

Vision

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

Mission

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

Core Value

1. Positive Thinking
2. Entrepreneurship
3. Teamwork
4. Proactive
5. Initiative

Objectives, goals and strategy

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

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

Business Development Plan

- **Short-Term Plan**

1. Promote investment in combined-cycle power plant fueled with natural gas, with a net capacity of 21 MW, in order to meet its customers' business growth and persons who are interested in business investment within Saha Group Industrial Park, Sriracha
2. Study the feasibility of renewable energy expansion along with select experienced and professional joint venture partner to strengthen the business competency of the Company and its affiliates

- **Long-Term Plan**

1. Study the feasibility of investment in the combined-cycle power plant in accordance with the Power Development Plan (PDP)
2. Study the feasibility of investment in Asia's energy business in order to meet the business growth in parallel with the ASEAN Economic Community

1.2 Events and Development Highlights

1996	Sahacogen (Chonburi) Company Limited was found to produce electricity and steam power business with the registered capital of Baht 12 million on November 20, 1996.
1997	<p>The capital was firstly increased to the amount of 680 million Baht in June 1997 and was secondly added 30 million Baht in October 1997. As the result of capital increase, its registered capital was totally 730 million Baht.</p> <p>Sahacogen signed the sale of electricity and steam agreement with Saha Pattana Inter-Holding PCL for 15 years, the sale of electricity contract with the Electricity Generating Authority of Thailand for 25 years, and the operation and service agreement with Operational Energy Group Limited.</p>
1998	<p>Sahacogen signed the raw water purchase agreement with Eastern Water Resources Development and Management PCL for 25 years.</p> <p>Sahacogen has been promoted from the Board of Investment (BOI), the item of 7.1 on infrastructure and basic services with electricity production capacity of 122 MW and 41 tons of steam per hour.</p> <p>Sahacogen signed the purchase of natural gas with the PTT Public Company Limited for 21 years.</p> <p>Sahacogen increased its capital, on the third, on the amount of 90 million Baht; the total registered capital was 820 million Baht.</p>
1999	Sahacogen commercially operated to distribute electricity to the Electricity Generating Authority of Thailand and other factories in the Saha Group Industrial Park-Sriracha in April 1999, and steam in May 1999.
2000	Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the good environmental governance to reduce the environmental impact of the power plant projects for the year 2000 by the Office of Environmental Policy and Planning, Ministry of Science, Technology and Environment on September 20, 2000.
2001	Sahacogen has been promoted from the Board of Investment (BOI) on its expansion project for an additional electricity production capacity of 9.8 MW and 20 tons of steam per hour in March 2001.
2002	<p>Sahacogen was certified the environment management system (ISO14001:1996) from Thailand Environment Institute on February 2, 2002.</p> <p>Sahacogen received the quality management system certification (ISO 9001:2000) for the production of electricity and steam from RWTUV (Thailand) in September 2002.</p> <p>Sahacogen has registered as a public limited company on October 4, 2002 and changed its name to Sahacogen (Chonburi) Public Company Limited.</p>
2003	<p>Sahacogen increases its registered capital from 820 million Baht to 955 million Baht, and changed its common stock price from 10 Baht to 1 Baht, including selling the recapitalized common shares, totally 135 million shares, to public in order to invest as the equity funding for the 44 megawatts expansion project.</p> <p>Sahacogen obtained authorization from Securities and Exchange Commission to sell its recapitalized shares to public on November 26, 2003 and conduct an Initial Public Offering (IPO) shares at 3.20 Baht/share during December 17-19, 2003.</p>

2004	Sahacogen traded its share on the Stock Exchange of Thailand, with the symbol of “SCG”, on January 7, 2004.
2005	Sahacogen completed its expansion project on production electricity capacity of 44 megawatts, as the result, its production capacity is now 174 megawatts of electricity and 81 tons per hour of steam.
	Sahacogen was certified the quality management system certification (ISO 9001:2000) from Management System Certification Institute (Thailand) or MASCI on September 9, 2005 to September 8, 2008 and recertified on the period of September 9, 2008 to September 8, 2011.
	Sahacogen was certified the environment management system (ISO14001:2004) from Management System Certification Institute (Thailand) or MASCI on November 25, 2005 to November 24, 2008 and recertified every three year. The latest period is November 25, 2014 to November 24, 2017.
2006	Sahacogen received the certification of participation in energy conservation program for well successfully achievement from Department of Alternative Energy Development and Efficiency, Ministry of Energy on February 22, 2006.
	Sahacogen established its subsidiary named Sahacogen Green Company Limited with the registered capital of 250 million Baht on November 2, 2006, with holding major shares to operate biomass power plant with the electricity generating capacity of 9.6 megawatts and 25 tons of steam per hour, located in the Saha Group Industrial Park-Lumphun, Lumphun province. Sahacogen Green Co., Ltd. has presently registered capital of 1,520 million Baht.
2007	Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2007 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment on December 21, 2007.
2008	Sahacogen was re-awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2008 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment.
	Sahacogen was certified the occupational health and safety management system (TIS 18001-1999 and BS OHSAS 18001:2007) from Management System Certification Institute (Thailand) or MASCI effectively on December 12, 2008 to December 11, 2011 and recertified every three year.
	Sahacogen established its subsidiary named Sahagreen Forest Company Limited with the registered capital of 5 million Baht on December 18, 2008, which is the joint venture at holding 75:25 with Siam Forestry Company Limited to operate biomass power plant with the electricity generating capacity of 7.5 megawatts located at Prankratai district, Kamphaengphet province. Sahagreen Forest Co., Ltd. has presently registered capital of 190 million Baht.

2009	Energy Regulatory Commission approved and issued the license to produce electricity in accordance with the Act Operating Power B.E. 2550 under a license 15 years effective from July 16, 2009 to July 15, 2024 (the previous concession on operation of power plants issued by the Ministry of the Interior during the period of May 26, 1998 to May 25, 2013 was cancelled).
	Sahacogen developed the quality management system certification (ISO 9001:2008), which was certified on October 22, 2009 and recertified every three years. The latest was on the period of September 9, 2014 to September 8, 2017.
2010	Sahacogen received the certification of good corporate practicing in accordance with the criteria of well environmental governance on workplace project for 2010 held by Ministry of Industry Thailand on September 28, 2010.
2012	Sahacogen was certified, the certification no. 3-879/2555, for the Green Industry, level 3, on contribution of environmental system management, monitoring and assessment, and continually review for development from Department of Industrial Works, Ministry of Industry Thailand on October 15, 2012 which is effectively valid on October 14, 2015.
	Sahacogen established its subsidiary named Sahagreen Energy Company Limited with the registered capital of 40 million Baht on March 16, 2012 to operate and distribute biomass pellets.
	Sahacogen was certified the occupational health and safety management system (TIS 18001-2011) from Management System Certification Institute (Thailand) or MASCI effectively on September 14, 2012 to December 11, 2014, and recertified in accordance with BS OHSAS 18001:2007 on December 12, 2014 to December 11, 2017.
	Sahacogen was awarded and certified as standard responsibility of workplace to social on its fundamental in accordance with the assessment criteria from the committee of Department of Industrial Works under CSR-DIW for Beginner Award project on December 19, 2012.
2013	Sahacogen (Chonburi) Public Company Limited was awarded the CSRI Recognition 2013, general category, held by the Institute of Social Business (CSRI), the Stock Exchange of Thailand.
	Sahacogen Green Co., Ltd., (its subsidiary) was awarded the outstanding biomass fired cogeneration plant for Renewable Energy, which was organized by the Department of Alternative Energy Development (DEDE), Ministry of Energy. Moreover, it won the ASEAN Energy Awards 2013 for energy conservation and renewable energy development in ASEAN.
	Sahacogen Green Co., Ltd., its subsidiary, received the promotion certificate from The Board of Investment of Thailand (BOI), certification no. 1858(3)/2013 in category no: 1.3 economic forest plantations, with the size of the land 1,493 rai on June 19, 2013.

2014	Sahacogen (Chonburi) Public Company Limited was awarded Investor Choice Award 2014 organized by Thai Investors Association (TIA), the Stock Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) for having achieved a complete score of 100 on running a quality AGM, which it has now done so for the previous five consecutive years from 2010-2014.
	Sahacogen was awarded “CSR Recognition Award 2014” from the Stock Exchange of Thailand (SET), which honored and encouraged listed companies running business under sustainable growth. Moreover, it also received the prize in SET Award 2014 for Outstanding Corporate Social Responsibility Awards 2014, (awarded in section “SET Market Capitalization of THB 2,000 – THB 10,000 million”).
2015	The Board of Directors’ Meeting No. 5/2015 has approved the Expansion III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The capacity of electricity is 21 MW and 21 tons per hour of steam, which has been promoted by the Board of Investment, the certification no. 1308(2)/2015, on March 16, 2015. The scheduled commercial operation date for the project is expected to be in 2017.
	Sahacogen (Chonburi) Public Company Limited has passed the sustainability assessment criteria for “Thailand Sustainability Investment 2015” in section 4: Market Capitalization between 3,000-10,000 Million Baht. Moreover, the Company was awarded “ESG 100 Certificate” for outstanding business operation towards environment, social and governance (100 out of 567 listed companies).
	Sahacogen Green Co., Ltd. (its subsidiary) was awarded “Honorary Awards” in Thailand Green Design Awards 2015 for energy saving product (excluding edible products) from Kasetsart Agricultural and Agro-Industrial Product Improvement Institute (KAPI), Kasetsart University.
	Sahacogen Green Co., Ltd. (its subsidiary) received the certification in forest management operations that meet the standards of the Forest Stewardship Council (FSC) by Bureau Veritas, with the exhibition on fast growing tree plantation for producing energy in association with the Forest Industry Organization, Ministry of Natural Resources and Environment on June 5, 2015, which will be invalid on June 4, 2020.
	Sahagreen Forest Co., Ltd. (its subsidiary) was awarded Thailand Energy Awards 2015 for renewable energy projects associated with the transmission system (On-Grid) by Department of Alternative Energy Development and Efficiency (DEDE). Moreover, the company also received the prize in “CSR-DIW Awards 2015 for Corporate Social Responsibility projects, and was certified, the certification no. 3-4448/2558, for the Green Industry, level 3, on contribution of environmental system management from the Ministry of Industry on September 30, 2015.
2016	Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. (its subsidiaries) have been approved on the transition from Adder to Feed-in Tariff (FiT) for generating electricity from renewable energy, which was effective on March 11, 2016 by the National Energy Policy Council (NEPC).
	The Company received the certification from Thailand’s Private Sector Collective Action Coalition against Corruption (CAC), No. 181, on October 14, 2016.

Shareholding Structure for Companies under Sahacogen & Affiliates

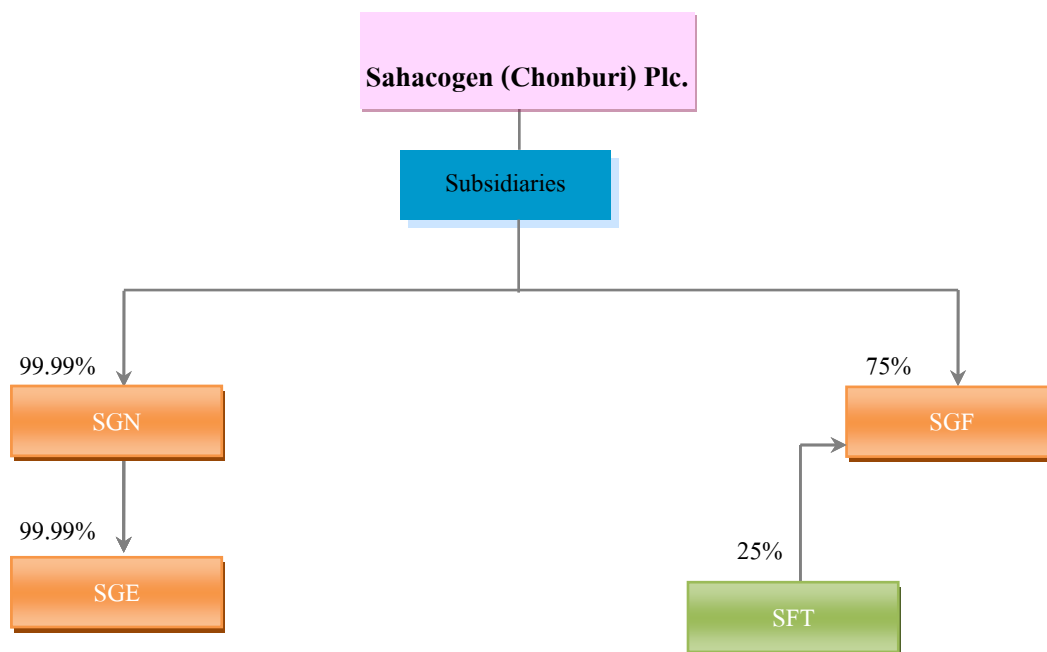
1.2.1 Shareholding and Business Group Structure

The investment and shareholding in subsidiaries of which their operations are significant and the company has held more than 10% of share, as of December 31, 2016

Name	Sahacogen Green Co., Ltd. (SGN)	Sahacgreen Forest Co., Ltd. (SGF)	Sahagreen Energy Co., Ltd. (SGE)
Sector	Energy & Utilities	Energy & Utilities	AGRI
Industry	Resources	Resources	AGRO
Business	Electricity and steam	Electricity	Biomass wood pellets
Location	88 Moo 5, Pasak, Muang, Lamphun 51000	88 Moo 6, Khui-Ban-Ong, Phran Kratai, Kamphaengphet 62110	113 Moo 15, Wangdan, Kabinburi, Prachinburi 25110
Registration No.	0255549000766	0625551000189	0255555000241
Telephone No.	66-5353-7444	66-5585-8033	66-3720-5745
Fax No.	66-5353-7120	66-5585-8031	66-3720-5746
Website	www.sahacogen.com	www.sahacogen.com	www.sahacogen.com
Registered Date	November 2, 2006	December 18, 2008	March 16, 2012
Registered Capital	1,520 Million Baht	190 Million Baht	40 Million Baht
Registered Capital	Common Shares	Common Shares	Common Shares
No. of Total Paid-up Shares	152,000,000	19,000,000	4,000,000
No. of Shares held (shares)	151,999,993	14,249,997	3,999,996
No. of Votes	151,999,993	14,249,997	3,999,996
No. of Shares held (Amount Baht)	1,519,999,930	142,499,970	39,999,960
Proportion (%) of Shares holding	99.99	75	~*

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

1.2.2 Shareholding Structure



Remark: Voting rights in the subsidiaries depends on shareholding proportion

SGN	=	Sahacogen Green Co., Ltd.
SGF	=	Sahagreen Forest Co., Ltd.
SGE	=	Sahagreen Energy Co., Ltd.
SFT	=	Siam Forestry Co. Ltd.

Cross-shareholding

While the company allows the structure for cross-shareholding, nevertheless, such cross-shareholding is not of the nature conflicting with nor contradicting to the announcement by The Capital Market Supervisory Board no. Thor Chor 28/2008 regarding “the permission request and the permission to offer newly-issued shares” no. 14

Cross-shareholding details as of December 31, 2016

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

Remark : * Only items showing cross-shareholding by the companies are displayed.

1.3 Business Relationship with the Company's Major Shareholding Parties

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

2. Business Characteristics**Revenue Structure**

In 2016, the Revenue Structure of Sahacogen & Affiliates was summarized below;

- Revenues of electricity and steam sales were 3,986.51 Million Baht or 99.48%
- Revenue of biomass fuel sales was 9.16 Million Baht or 0.23%
- Other revenues were 11.66 Million Baht or 0.29%

Unit: Million Baht

Company	Revenue	Shareholding (%)	2016		2015		2014	
			Amount	%	Amount	%	Amount	%
Sahacogen (Chonburi) PLC.	Electricity & Steam		3,403.26	99.85	3,437.39	95.26	4,179.16	99.86
	Others		4.96	0.15	171.06	4.74	5.93	0.14
Total			3,408.22	100.00	3,608.45	100.00	4,185.09	100.00
Sahacogen Green Co., Ltd.	Electricity & Steam	99.99	359.41	98.49	327.37	98.72	347.08	99.14
	Others		5.51	1.51	4.24	1.28	3.02	0.86
Total			364.91	100.00	331.62	100.00	350.10	100.00
Sahagreen Forest Co., Ltd.	Electricity & Steam	75	223.68	99.93	188.90	99.63	195.52	99.41
	Others		0.15	0.07	0.69	0.37	1.17	0.59
Total			223.84	100.00	189.59	100.00	196.69	100.00
Sahagreen Energy Co., Ltd.*	Biofuel		9.16	89.80	13.41	95.99	23.74	99.99
	Others		1.04	10.20	0.56	4.01	0.003	0.01
Total			10.20	100.00	13.97	100.00	23.74	100.00
Revenue Structure**	Electricity & Steam		3,986.51	99.48	3,953.66	95.42	4,721.76	99.29
	Biofuel		9.16	0.23	13.41	0.32	23.74	0.50
	Others		11.66	0.29	176.55	4.26	10.123	0.21
Total			4,007.33	100.00	4,143.62	100	4,755.62	100

Remark: *Sahagreen Energy Co., Ltd. shut down its business operation.

** More information is disclosed in the notes of the financial statements as at December 31, 2016, no. 27 "Segment Information".

2.1 Products and Services

Sahacogen (Chonburi) Public Company Limited is a Small Power Producer (SPP) profiting from a combinative generation of both electricity and steam. The first power plant is a combined-cycle power plant using the natural gas as the main fuel. It was established in Sahaphat Group Industrial Park, Sriracha, Chonburi and started commercial operation since 1999. The plant has installed capacity of 90 MW distributing the electricity under the power purchase agreement by Electricity Generating Authority of Thailand (EGAT). It also supplies electricity and steam to Saha Pattana Inter-Holding Public Company Limited, the sole distributor of electricity and steam to factories in Sahaphat Group Industrial Park. The electricity and steam generating business helps factories in production cost reduction, promoting the stability of the electricity generating system in the industrial park and also reducing Greenhouse gas emission from the production activities within the park. Sahacogen's business has an indirect effect to stimulate the business growth and investment expansion within the industrial park, which consequentially leading to higher demand for electricity. Sahacogen has been continually expanding its capacity to promptly respond with rising demand in the future.

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

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

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

Sahagreen Energy Company Limited located in Kabinburi District, Prachinburi, operating as the compressed biomass pellets producer. The pellet is made of the parts of fast growing plants and the agricultural residual products. However, its business operation was shut down due to high cost of biomass and the economic slowdown.

2.1.2 Rights and Privileges

● Tax Privileges

Company	Date of Promotion Granted	Promotion Certificate	Privileges	Business
Sahacogen (Chonburi) PLC.	October 3, 2014	1308(2)/2015 Dated March 16, 2015	Not using the privilege yet	Electricity & Steam ¹
Sahacogen Green Co., Ltd.	December 2, 2008	1563(1)/2009 Dated July 31, 2009	March 22, 2011 – March 21, 2019	Electricity & Steam ²
	April 18, 2013	1858(3)/2013 Dated June 19, 2013	July 2, 2015 – July 1, 2023	Plantation ³
	December 15, 2016	59-1632-0-00-1-2 Dated December 15, 2016	September 15, 2016 – September 8, 2023	Biomass Pellets ⁴
Sahagreen Forest Co., Ltd.	October 19, 2010	1856(1)/2011 Dated July 27, 2011	December 25, 2012 – March 24, 2020	Electricity & Steam ⁵
Sahagreen Energy Co., Ltd.	May 28, 2012	1861(2)/2012 Dated July 6, 2012	August 22, 2013 – August 21, 2021	Biomass Pellets ⁶
	May 28, 2013	1861(2)/2013 June 19, 2013	September 1, 2015 – September 8, 2023 ⁸	Biomass Pellets ⁷

Remark

¹Exemption of corporate income tax for net profit from promoted business for 8 years but not exceeding 100% of the investment and import duty exemption on machinery.

²Exemption of corporate income tax for net profit from promoted business for 8 years, and reduction on corporate income tax by 50% of the normal rate for 5 years including import duty exemption on machinery.

³Exemption of corporate income tax for net profit from promoted business for 8 years and import duty exemption on machinery.

⁵Exemption of corporate income tax for net profit from promoted business for 8 years, and reduction on corporate income tax by 50% of the normal rate for 5 years including import duty exemption on machinery.

^{4,6,7}Exemption of corporate income tax for net profit from promoted business for 8 years but not exceeding 100% of the investment and import duty exemption on machinery.

⁸The privilege is transferred to Sahacogen Green Company Limited on December 15, 2016.

2.2 Market and Competition

The energy is one of the vital factors for the basic living needs. It is also a key production factor for businesses and industries. Thus, the government has to ensure the energy sufficiency for consumption and business production through reliable and affordable energy and services. The government, therefore, encourages the private sector in producing electricity in order to avoid requesting the huge investment by Electricity Generating Authority of Thailand (EGAT). In general, small private electricity producers produce the electricity to use in their own factories or sell for the

factories in nearby areas. The government promotion lets the qualified producer sell the electric power to EGAT. The quantity of electricity sold to EGAT is ranging between 10-90 MW. The electricity is produced by cogeneration combined cycle process that mostly uses natural gas or renewable energy e.g. agricultural residues as the fuel. Besides, other natural energy sources like sun light, wind and water can be used as the source of power generation as well. The use of alternative energy could create the stability and country's efficient energy system in compliance with Thailand's Power Development Plan (PDP).

Threats of New Coming Competitors

There is high possibility of getting new competitors into the industry. However, the new comers would have to face with the limitation of getting into the business due to these factors.

1. Capital Investment Limitation: Setting up a power plant requires large amount of money.
2. Human Resource Limitation: Power plant business industry still requires more specialists. The recruitment is not very easy for the new comers or costs a lot to hire the professionals.
3. License Limitation: such as License and Permission for Electricity Operation and Electricity Purchase Agreement with Electricity Generating Authority of Thailand (EGAT).
4. Government Stability

2.3 Process

The Company places importance on environment and safety. There are three power plants. The first one is located in Sriracha Saha Group Industrial Park, Nongkharm, Sriracha, Chonburi, with 29 rais of land. The second one is located in Lamphun Saha Group Industrial Park, Pasak, Lumphun, with approximately 4,393 rais of land. The last one is located at Khui Ban Ong, Phran Kratai, Kamphaengphet, with approximately 102 rais of land. The capacity, net generation, and capacity factor in 2016 are shown below;

2.3.1 Products

Electricity	Unit	2016	2015
Power plant -Sriracha			
Installed Capacity	megawatt	186	186
Maximum Capacity	megawatt-hour/year	1,633,824	1,629,360
Actual Production	megawatt-hour/year	1,023,113	912,124
Utilization Factor	percentage	62.62	55.98
Power plant -Lamphun			
Installed Capacity	megawatt	9.6	9.6
Maximum Capacity	megawatt-hour/year	84,326	84,096
Actual Production	megawatt-hour/year	67,926	69,056
Utilization Factor	percentage	80.55	82.12

Electricity	Unit	2016	2015
Power plant -Kamphaengphet			
Installed Capacity	megawatt	7.5	7.5
Maximum Capacity	megawatt-hour/year	65,880	65,700
Actual Production	megawatt-hour/year	52,998	57,774
Utilization Factor	percentage	80.44	87.94

Steam	Unit	2016	2015
Power plant -Sriracha			
Installed Capacity	ton/hour	81	81
Maximum Capacity	ton/year	711,504	709,560
Actual Production	ton/year	305,416	278,192
Utilization Factor	percentage	42.93	39.21
Power plant -Lamphun			
Installed Capacity	ton/hour	25	25
Maximum Capacity	ton/year	219,600	219,000
Actual Production	ton/year	54,711	54,053
Utilization Factor	percentage	24.91	24.68

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

(Unit: Million Baht)

Item	Sahacogen (Chonburi) PLC.	Sahacogen Green Co., Ltd.	Sahagreen Forest Co., Ltd.	Sahagreen Energy Co., Ltd.
Income	3,408.22	364.91	223.84	10.20
Net profit	201.33	(200.82)	27.08	(104.51)

Summary of Business Development in 2016

- The Expansion III Project of Sahacogen (Chonburi) Public Company Limited**

The Board of Directors' Meeting No. 5/2015 has approved the Expansion III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The capacity of electricity is 21 MW and 21 tons of steam per hour, which has been promoted by the Board of Investment, the certification no. 1308(2)/2015, on March 16, 2015. The scheduled commercial operation date for the project is expected to be in 2017.

2.3.2 Raw Material

Major raw materials for power generation are natural gas which is the primary fuel and diesel oil which is the secondary fuel. In addition, there are water and chemicals such as water treatment agent, fuel additive and biofuels such as chopped wood, husk and corncobs. Major raw materials for power generating are described as follows;

1) Natural Gas

Sriracha combined-cycle power plant uses natural gas as the key fuel in electricity and steam generating process. The company signed a long term contract to purchase natural gas from PTT Public Company Limited on October 1, 1998 for 21 years from April 14, 1999. Such contract can be extendable for 4 years with the agreement of the two parties by 1 year prior to the expiration date

From then until now, the Company has never encountered bad quality of natural gas and insufficient natural gas storage.

2) Biofuels

- Lamphun power plant uses biomass as the fuel in electricity and steam generating process. The company has managed by planting fast growing plants throughout the region and also has the research center to study about fast growing plants in Kabinburi, Prachinburi to ensure the sustainable operating business. Moreover, the company has many biomass procurement centers to purchase biomass from farmers and also manage the reserve level of fuel to ensure business continuity.
- Kamphaengphet power plant uses biomass as the main fuel in electricity and steam generating process. The company signed a contract to purchase biomass from Siam Forest Tree Company Limited, a jointed investment company which is the twenty-five percent shareholder. The company also manages the reserve level of fuel to ensure business continuity.

3) Diesel Oil

Diesel oil is reserved to cope with primary natural gas shortage. The company has to make available diesel oil reserve for full generation of steam distributed to customers on regular basis. Diesel oil is shipped to the plant by truck.

Since the electricity and steam generation and distribution, the company has never encountered the halt of shipping the natural gas. However, the natural gas is only used for test-run of the reserved boiler.

4) Water

Sahacogen & Affiliates have policies to manage the raw water resources to ensure the sufficiency as well as supervise the water consumption beneficially.

- Sriracha power plant has a 25-year contract to secure the raw water supply with the Eastern Water Resources Development and Management Public Co., Ltd. Furthermore, the company also has another source of raw water which is the water reservoir located in the area of Saha Group Industrial Park, Sriracha, Chonburi, and 2,000 cubic meters retention pond within the power plant.
- Lamphun power plant has a long contract for raw water supply with Saha Pathana Inter-Holding PLC.

- Kamphaengphet power plant has been granted to use water from Kamphaengphet Irrigation Project. Moreover, the company also has a water reservoir on 40 rai of land with 370,000 cubic meters per year, which is sufficient for power generation.

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

5) Chemicals

Key chemicals used in combined-cycle power plant are for improving water quality, which runs for demineralized water. All chemicals are supplied by domestic vendors and suppliers.

In this regard, the company has no relationship with all raw material vendors and suppliers. However, there is only business relationship relating the purchase of raw water from the reservoir at the industrial park with Saha Pathana Inter-Holding PLC.

2.4 Undelivered Works

-None-

Risk Factors and Risk Management

The Board of Directors of Sahacongen (Chonburi) Public Co., Ltd. realizes the importance of various risk factors which affect the company's business operation. Consequently, the Board assigned The Risk Management Committee to be responsible for the supervisory tasks in terms of the organization's risk management practices in a systematic manner. The Risk Management Policy is described as below;

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

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

1. Business Risks

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

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

The company operates said risk management. Sahacogen and affiliates closely monitor on the newly law legislation that would affect the business and sets up the shared data base of rules, regulations and laws as well as communicating with internal sector to promote understanding and compliance. Moreover, the company cooperates with governmental institutes in attending conferences and seminars to provide information and check updates closely.

● Risks of Relying on Major or Minor Customers

Sahacogen and affiliates produce and distribute electricity and steam to three major customers; Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA) and Saha Pathana Inter-Holding Public Co., Ltd. which have been customers since it started business operation. In 2016, the Company had income from selling such power THB 3,912

million or 98.46% of Sahacogen and affiliates' consolidated income. Moreover, the company always has close relationship with such customers, and the Purchase Agreements' term is 10 – 25 years. However, in order to produce electricity and steam under the conditions of said agreements for a complete term, the company keeps monitoring and evaluating performance consistently. Based on the continued improvement in products and services and the ability to continually fulfill all obligations under the contract, the risk of early termination is deemed low.

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

- **Risks of Relying on Major or Minor Vendors**

The income of distributing electricity and steam to various factories in Saha Group Industrial Park, Sriracha was estimated 43.09% of Sahacogen and affiliates' consolidated income. Such selling was operated under the Purchase Agreement between Sahacogen (Chonburi) Public Co., Ltd. and Saha Pathana Inter-Holding Public Co., Ltd. which is its major shareholder. Regarding to service, the company provides staff to coordinate with Saha Pathana Inter-Holding Public Co., Ltd. as well as terminal users closely. Therefore, the company sees problems and obstacles which can be solved immediately. Risks of purchase and sale via major or minor vendors are deemed low.

- **Land Rental Risks**

Sahacogen (Chonburi) Public Co., Ltd. has rent some land of Sinparadorn Co., Ltd. which is joint shareholder. For Sahagreen Energy Co., Ltd., its subsidiary, has Land Rental Agreement with Sahacogen Green Co., Ltd. and Saha Pathana Inter-Holding Public Co., Ltd. as a shareholders. Therefore, the risk of land rental termination is low; especially, the company and its subsidiaries follow all of the conditions in the agreements.

- **Risks in Obsolete Products**

Main products of Sahacogen and affiliates are electricity and steam which are produced and distributed immediately, so there is no bad product in stock. For biomass pellets production of its subsidiary, biomass is kept in warehouse for raw materials. However, the company sets measures to manage raw materials in stock with production plan and distribution in an appropriate way and keep in track of such progress monthly.

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

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

● **Risks of Product Price Possibly be Reduced in Significant Matter**

Regarding to the situation of energy in Global Markets, volatility and decrease of fuel oil price occurs in a significant matter. This may impact the price on electricity and steam, the main income of Sahacogen and affiliates which is accounted 98.46% of the consolidated income, in a low earning. It is because some structure of electricity and steam price is subject to energy price. However, natural gas price, the main fuel, estimated 74.92% of all cost, tending to decrease in the same direction. Moreover, some risks also go to energy price according to the Agreement with Electricity Generating Authority of Thailand (EGAT) whose price structure is subordinate to actual cost of natural gas. For energy price distributed to Saha Pathana Inter-Holding Public Company Limited, it is subject to price rate of PEA and dependent on Float Time (FT). In case of FT rate not in line with fuel costs, this may impact the company's performance. However, the mentioned risks are the external factors which are beyond to be controlled, the company has approaches to improve the efficiency of production as well as to control production cost and activity expenses carefully and consistently in order to reduce the effect on business operation with said risks.

● **Risks of Purchasing Products via Major Shareholders**

Regarding to distributing electricity and steam to various factories in Saha Group Industrial Park, Sriracha, the income was estimated 43.09% of Sahacogen and affiliates' consolidated income. Such purchase is made between Sahacogen (Chonburi) Public Company Limited and Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder and consumer. Regarding to service, the company provides staff to coordinate with Saha Pathana Inter-Holding Public Company Limited as well as terminal users closely. Therefore, the company sees problems and obstacles which can be solved immediately. Risks of purchase and sale via shareholders are deemed low.

2. Risks of Production

● **Risks in the Process of Building Plant/ Delay of Future Projects**

The company has already operated the power plant. In 2016, the expansion III project of combined-cycle power plant in Saha Group Industrial Park, Sriracha has on the process of building to increase the capacity. The company has defined such responsibilities, control and monitoring on a regular basis. For the expansion project as at December 31, 2016, it is approaching more than 60% of construction progress as planned. The scheduled commercial operation date is expected to be within December 2017.

● **Risks of Labor**

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

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

● **Risk of the Scarcity of Fuel**

The scarcity of fuel in the production process, such as natural gas and biomass, could lead to the operation halt. The company might encounter with revenue loss and a fine or compensation for damage. These raw materials

deficient situation could take place after the rising in demand and the fluctuation in price. Sahacogen and affiliates have implemented the methods to prevent and reduce the scarcity risk.

- **Sriracha power plant** uses natural gas as the fuel in electricity and steam generating process. The company has signed a long term contract to purchase natural gas from the PTT Public Company Limited for 21 years with 4 years extendable. Presently, such term of contract is 8 years left.
- **Lamphun power plant** uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry. The company has managed by planting fast growing plants throughout the region and also has the research center to study about fast growing plants in Kabinburi, Prachinburi and Muang, Lamphun for energy purpose to ensure the company will be sustainable. Moreover, the company has many biomass procurement centers to purchase biomass from farmers and also manage the reserve level of fuel to ensure business continuity.
- **Kamphaengphet power plant** uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry also. The company has signed a 25-year contract to purchase biomass from Siam Forest Tree Company Limited, a jointed investment company which is the twenty-five percent shareholder and organizes monthly meeting with such joint venture partner for monitoring and business planning. The company also manages the reserve level of fuel to ensure business continuity.
- **Risk of the Scarcity of Raw Water as the Raw Material in Generating Electricity**
Raw water is key material for producing electricity and steam. The scarcity of raw water could lead to the operation halt. The risk of raw water scarcity is based on changes in seasonality. Sahacogen and its affiliates have policies managing the raw water resources to ensure the sufficient level by adjusting the reserve water level, which can be described as following;
 - **Sriracha power plant** has a 25-year contract to secure the raw water supply from the Eastern Water Resources Development and Management Public Co., Ltd. Presently, the contract term is 8 years left. Furthermore, the company also has another source of raw water which is the water reservoir located in the area of Saha Group Industrial Park, Sriracha, Chonburi and 2,000 cubic meters retention pond within the power plant.
 - **Lamphun power plant** has a long contract for the plant's useful life for raw water supply with Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder. Then, risks of termination of contract are deemed low.
 - **Kamphaengphet power plant** has big raw water reservoir and has granted to use water from Kamphaengphet Irrigation Project.

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

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

Sahacogen (Chonburi) Public Co., Ltd. runs business producing electricity and steam and main fuel is natural gas which is considered as cost approximately 74.92% of full cost. In 2016, some natural gas price and exchange rate are referenced to volatility of the World Market. However, energy payment in the Electricity Purchase

Agreement with Electricity Generating Authority of Thailand (EGAT) is calculated from energy payment which is variable to actual cost of natural gas. This makes the company receive compensation from the impact of natural gas price volatility for the said agreement with EGAT's case. Regarding to energy payment received from Saha Pathana Inter-Holding Public Company Limited, the payment rate is subject to the energy payment of Provincial Electricity Authority (PEA), which will be possibly changed every 4 months in line with fuel cost named Float Time (FT). If the increase rate of FT does not align with the volatility of natural gas price, the company's performance will be impacted a little in case of electricity sale in factories only.

- **Risks of Using High Technology or Changing Technology Frequently for Production**

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

- **Risk Regarding to the Efficiency of Production**

Electricity generating process efficiency could be evaluated by various indicators. One of the indicators is heat rate, which could lead to an increase in production cost. The power plant service life has the direct impact to this factor. Specifically, the newer and older plants yield the different heat rates. Sahacogen and affiliates have set the policy to ensure that each power plant will be constantly maintained in good conditions by professionals. Moreover, the management also has measures to make sure all the operational schemes will achieve the goal. The risk preventive measures are as listed below;

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

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

- **Risk of Dependence on Operation and Power Plants Maintenance**

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

● **Risk in Safety, Health, Environment and Society Issues**

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

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

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

● **Risk from Accident, Opposition and Sabotage**

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

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

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

3. Financial Risks

- **Risk regarding to changes in free trade rules and regulations**

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

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

Company and subsidiaries do not have loan in other currency.

- **Risk from loan default**

The company and subsidiaries have liabilities with 4 commercial banks. As of December 31, 2016, the company and subsidiaries' outstanding liability is THB 3,673.78 million in total.

No.	Outstanding amount (THB million)	Due in	Collateral	Conditions
1	318.00	December 2020	None	<ul style="list-style-type: none"> ● Do not use company and subsidiaries' assets as a pledge or causing any obligations over the assets ● Maintain debt service coverage ratio and pay dividends as specified in the agreements
2	713.55	December 2020	None	
3	365.20	December 2021	None	
4	198.35	June 2021	None	
5	500.00	December 2021	None	
6	700.00	December 2022	None	
7	555.00	December 2024	None	
8	323.68	June 2023	Land, Buildings and Power plant project in Kamphaeng Phet	
Total	3,673.78			

If the company fails to maintain the mentioned conditions, it would be the violation of the loan agreements which could cause the lender to be able to immediately call back the remaining loan. Such situation could affect company's financial liquidity which would reduce the ability to pay dividend. However, the company has been complying on the covenants pays dividend annually and continually since the start of business operation. We have set the procedure to check on the ratios every six months and can maintain the ratios under the levels states in the agreements. Then, it has low risk to default on the loans.

- **Exchange Rate Risk**

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

Cost of sales related to foreign currencies is only the maintenance of main machine, which is considered as low in comparison with the total cost of sales. In addition, cost of construction expense for Company's power plant expansion project III includes design and oversea procurement. Such payment is to be submitted in U.S. dollars, approximately calculated 58% of the project value. However, the Company obtains forward contract covering buying and selling foreign currencies in the future with the lending bank in order to control cost and reduce such risk. Then, the effect of exchange rate towards costs is deemed low.

- **Interest Rate Risk**

The company has low interest rate risk of long-term borrowings due to the fact that the company has adjusted some loan structure to fixed rate in 2016, which was deemed low risk.

- **Risk Regarding to Credit**

As of December 31, 2016, the company has account receivable and other receivable THB 535.84 million which is account for 13.49 percent of total revenue. This amount of receivable has not yet due and has been complying with payment schedule. Based on these facts, the company has not yet marked them as doubtful debt. The company sees the potential of the debtors and low risk of debt default since they have been complying on payment schedule and having businesses run as normal in terms of production and products delivery.

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

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

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

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

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

- **Risk of debt covenant that has limitation on dividend payment**

The company has liabilities with a commercial bank for the normal operation. The loan agreement has covenant that requires company to maintain debt service coverage ratio (DSCR) and debt service coverage ratio with cash (DSCR with cash) not lower than 1.10 and 1.25 times respectively. In 2016, the company has DSCR and DSCR with cash equal to 1.59 and 1.99 times respectively. The company also has net profit and be able to pay dividend annually and continually since the start of business operation. Such risk is considered as low level.

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

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

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

The company has systematic risk management, risk assessment, and consistent oversight of both short-term and long-term plans. The company has book value as of December 31, 2016 equivalent to THB 2.56 per share which is higher than the previous year and par value at THB 1. This implies low risk of being suspended.

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

The amount of Minority Shareholders (Free float) as of March 16, 2016 was 27.16% held by 1,229 people. The Free float shares exceed the standard required by SET. However, the company has good profitability and continuous dividend payment. Based on this fact, investors might have low incentive to trade the securities leading to lower trading liquidity affected on the price and volume. The executives acknowledge of the rules and regulations related to the maintenance of listed company status. The executives would monitor the level of free float shares and continuously promote the company's information to indirectly stimulate the trading liquidity.

5. Corruption Risk

The company has well-formed internal control system, righteous code of conducts and business ethics, and the Audit Committee has assigned Dharmniti Internal Audit Company Limited to define such annual audit plan. Moreover, the company received the certification from Thailand's Private Sector Collective Action Coalition against Corruption (CAC) on October 14, 2016. In the previous year, the company had not received any complaint relevant to corruption issues. Then, such risk was deemed low.

4. The Operational Assets

4.1 Property, Plant and Equipment

The property, plant and equipment of Sahacogen & Affiliates as at December 2016 are summarized as follows;

- **Sahacogen (Chonburi) Public Company Limited**

(Unit : Million Baht)

Items	Location	Land (Rai)	Book Value (Net)	Property	Obligation & Loan Guarantee
Land	636, Moo 11, Nongkharm, Sriracha, Chonburi	17-3-30	142.50	Owner	None
	636, Moo 11, Nongkharm, Sriracha, Chonburi	8-0-57			
	636, Moo 11, Nongkharm, Sriracha, Chonburi	3-3-0.70			
Total		29-2-87.7	142.50		
Plant	636, Moo 11, Nongkharm, Sriracha, Chonburi	-	2,974.45	Owner	None
Total		-	2,974.45		
Building	636, Moo 11, Nongkharm, Sriracha, Chonburi	1,411 m ²	28.85	Owner	None
Total		1,411 m²	28.85		
Grand Total			3,145.80		

- **Sahacogen Green Company Limited**

(Unit : Million Baht)

Items	Location	Land (Rai)	Book Value (Net)	Property	Obligation & Loan Guarantee
Land	88, Moo 5, Pasak, Lamphun	24-3-49.8	462.81	Owner	None
	298, Moo 2, Pasak, Lamphun	106-2-91.30			
	Wiengtan, Hangchat, Lampang	31-1-80			
	Wokaew, Hangchat, Lampang	144-1-88			
	Nakaew, Koh Kha, Lampang	1,488-1-18			
	Huasue, Maeta, Lampang	133-3-79			
	Banoelum, Lampang	587-3-6.60			
	Tungfaii, Lampang	259-3-40			
	Naseang, Koh Kha, Lampang	48-0-68			

(Unit : Million Baht)

Items	Location	Land (Rai)	Book Value (Net)	Property	Obligation & Loan Guarantee
Land	Maepoo, Maeprik, Lampang	422-3-2			
	Pongyangkok, Hangchat, Lampang	16-3-6			
	Soppad, Maemoh, Lampang	208-3-40			
	Nonglom, Hangchat, Lampang	15-1-68			
	Namjoh, Maetah, Lampang	202-0-89			
	Lampangluang, Koh Kha, Lampang	23-0-25			
	Sala, Kho Kha, Lampang	14-2-96.8			
	Nongyuang, Pahzang, Lamphun	361-0-77			
	Nasai, Li, Lamphun	47-1-29			
	Maekueng, Wangchin, Phrae	181-3-53			
	Maepark, Wangchin, Phrae	54-1-17			
	Maeyangtan, Rongkwang, Phrae	20-2-4			
	Rongkhem, Rongkwang, Phrae	0-0-81.7			
Total		4,394-3-9.2	462.81		
Plant	88, Moo 5, Pasak, Lamphun	-	624.79	Owner	None
Total		-	624.79		
Plant Building/ Office Building/ Biomass Storage/ Land for drying biomass	88, Moo 5, Pasak, Lamphun 298, Moo 2, Pasak, Lamphun	533 m ² 157 m ²	106.37	Owner	None
Total		690 m²	106.37		
Grand Total			1,193.97		

● **Sahagreen Forest Company Limited**

(Unit : Million Baht)

Items	Location	Land (Rai)	Book Value (Net)	Property	Obligation & Loan Guarantee
Land	88, Moo 6, Khui Ban Ong, Phran Kartai, Kamphaengphet	79-0-43.5	5.69	Owner	Mortgaged
	88, Moo 6, Khui Ban Ong, Phran Kartai, Kamphaengphet	9-3-63	2.39	Owner	None
	88, Moo 6, Khui Ban Ong, Phran Kartai, Kamphaengphet	13-0-57			None
Total		102-0-43.5	8.08		
Plant	88, Moo 6, Khui Ban Ong, Phran Kartai, Kamphaengphet	-	468.71	Owner	Mortgaged
Total			468.71		
Building	88, Moo 6, Khui Ban Ong, Phran Kartai, Kamphaengphet	1,040 m ²	30.27	Owner	Mortgaged
Total			30.27		
Grand Total			507.06		

● **Sahagreen Energy Company Limited**

(Unit : Million Baht)

Items	Location	Land (Rai)	Book Value (Net)	Property	Obligation & Loan Guarantee
Land	Nonglom, Hangchat, Lampang	60-1-79	13.43	Owner	None
Total			13.43		

4.1.1 Business Operation of the Company and its subsidiaries relating to commitments

The Company disclosed such information in “Notes to Consolidated Financial Statements No. 30 on Commitments”

4.2 Investment Policy in Subsidiaries and/or Joint Ventures

The company has monitored the investment and management policy in subsidiaries and/or joint ventures based on “Sustainable Energy & Social Responsibility” as the company’s vision. Therefore, the policy of increase in investment depends on economic situation for the benefit of shareholders.

As at 31 December 2016, the company’s investment in subsidiaries and/ or joint ventures is specified in “Shareholding Structure for Companies under Sahacogen & Affiliates”, valued as 1,662 Million Baht or 24.74% of total asset.

4.3 Asset Valuation

The company does not adjust the operational business structure which impacts acquisition and disposition of assets or re-appraisal of asset during accounting period.

The subsidiary reduced the value of those assets, and reclassified the assets to non-current assets held for sales, which is disclosed in the notes to the financial statement no. 14.2.

5. Legal Disputes**5.1 Legal case that has negative impact on the company and its subsidiaries with the size larger than 5% of the shareholders' equity as at 31 December 2016**

-None-

5.2 Legal case that has significant impact on the company and its subsidiaries of which the value cannot be assessed in 2016.

-None-

5.3 Legal case which is not related to the company and its subsidiaries' normal business in 2016.

-None-

6. General Information and Other Important Information

6.1 General Information

6.1.1 Company's Information

Name	: Sahacogen (Chonburi) Public Company Limited
Stock Code	: SCG (Listed on the Stock Exchange of Thailand – SET)
Registered Number	: 0107545000306
Registered Date	: November 20, 1996
Registered Date to Public Company	: October 4, 2002
First Trading in the Stock Market	: January 7, 2004
Sector	: Energy & Utilities
Industry	: Resources
Foreign Limit	: 30.00%
Free Float	: 27.16% @ March 16, 2016
Head Office Location	: 636 Moo 11, Sukaphiban 8 Road, Nongkharm, Sriracha, Chonburi 20230
Telephone	: 66-3848-1555
Fax	: 66-3848-1551
Website	: www.sahacogen.com
Registered and Paid-up Capital	: 955 Million Baht (including 955,000,000 common shares, Baht 1 per share)

Contacts

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

6.1.2 Subsidiaries held by the Company over 10% of paid-up shares as at 31 December 2016 are described as follows;

Name	Sahacogen Green Co., Ltd. (SGN)	Sahagreen Forest Co., Ltd. (SGF)	Sahagreen Energy Co., Ltd. (SGE)
Sector	Energy & Utilities	Energy & Utilities	AGRI
Industry	Resources	Resources	AGRO
Business	Electricity and steam	Electricity	Biomass wood pellets
Location	88 Moo 5, Pasak, Muang, Lamphun 51000	88 Moo 6, Khui-Ban-Ong, Phran Kratai, Kamphaengphet 62110	113 Moo 15, Wangdan, Kabinburi, Prachinburi 25110
Telephone No.	66-5353-7444	66-5585-8033	66-3720-5745
Fax No.	66-5353-7120	66-5585-8031	66-3720-5746
Registered Capital	1,520 Million Baht	190 Million Baht	40 Million Baht
Type of Shares	Common Shares	Common Shares	Common Shares
Proportion (%) of shares holding	99.99	75	-*

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

6.1.3 Reference

Regulator	: The Securities and Exchange Commission, Thailand 333/3 Vibhavadi-Rangsit Road, Chompon, Chatuchak, Bangkok 10900 Tel. 0-2695-9999 Fax. 0-2695-9660
Regulator	: The Stock Exchange of Thailand The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991
Security Registrar	: Thailand Securities Depositary Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991
Legal Consultant	: Chandler & Thong-Ek 7 th Floor, Bubhagit Building 20 North Sathorn Road, Bangkok 10500 Tel : 0-2266-6485 Fax : 0-2266-6483
Internal Audit	: Dharmniti Internal Audit Co., Ltd. 178 Soi Perm Sup (Prachachuen 20), Prachachuen Road, Bangsue,

Bangkok 10800

Tel: 0-2596-0500 Fax: 0-2587-2018

Auditors : Miss. Sirirat Sricharoensup, Certified Public Accountant No. 5419

Miss Siraporn Ouuanunkun, Certified Public Accountant No. 3844

Miss Supanee Triyanantakul Certified Public Accountant No. 4498

EY Office Limited

193/136-137 Rajadapisek Road, Bangkok 10110

Tel: 0-2264-0777 Fax: 0-2264-0789-90

Financial Institution : Bangkok Bank Public Company Limited, Head Office

Tel: 0-2626-3688 Fax: 0-2231-4018

Siam Commercial Bank Public Company Limited, Head Office

Tel: 0-2544-1111 Fax: 0-2544-2658

Kasikorn Bank Public Company Limited, Head Office

Tel: 0-2222-0000 Fax: 0-2470-1144-5

Land And Houses Bank Public Company Limited, Head Office

Tel: 0-2359-0000 Fax: 0-2343-8825

Mizuho Bank Limited, Bangkok Branch

Tel: 0-2163-2999 Fax: 0-2200-2600

6.2 Other Important Information

-None-