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INFORMATION MEMORANDUM

ON

**SALE OF NINE SOLAR POWER PROJECTS IN JAPAN WITH
TOTAL INSTALLED CAPACITY OF 64.21 MW**

SCHEDULE 2 (“IM2”)

The Board of Directors’ meeting of Chow Steel Industries Public Company Limited (the “**Company**”) No. 6/2020 held on 17 December 2020 resolved to propose to the shareholders’ meeting to approve Premier Solution Japan KK (“**PSJP**”) and RICI International Investment Pte. Ltd. (“**RICI**”) (collectively, the “**Sellers**”), indirect subsidiaries of the Company with 87.36 percent ownership interest held through Chow Energy Public Company Limited (“**CEPL**”), to dispose of 6 subsidiaries registered in Japan which hold 9 solar power projects in Japan with a total installed of 64.21MW (collectively the “**Transaction**”). Further information of the Transaction and the Company are as follow.

1. Information under Schedule 1

Please refer to the details in the Information Memorandum on Sale of Nine Solar Power Projects in Japan with Total Installed Capacity of 64.21MW Schedule 1 (“**IM1**”) and, together with IM2, the “**Information Memorandum**”), which is attached to the Invitation to the Extraordinary General Meeting No. 1/2021 (Enclosure 3).

2. Responsibility of the Board of Directors in Information Disclosure

The Board of Directors of the Company is responsible for information contained in the Information Memorandum and other supporting documents circulated to the shareholders. The Board of Directors has carefully reviewed and certified that the information contained in the Information Memorandum and other documents circulated to the shareholders is true and complete in all material aspects, that no material facts are omitted, and that there are no misleading statements.

3. Independent Opinion on the Transaction

Avantgarde Capital Company Limited has been appointed as the independent financial advisor to provide opinions on entering into the Transaction, whereby the independent financial advisor holds no shares in the Company and has no relationship with the Company. In this regard, the independent financial advisor has granted a consent to the Company to disclosure the report on its opinions.

Please refer to the Independent Financial Advisor’s Opinion Report on the Disposition of Assets, attached to the Invitation to the Extraordinary General Meeting No. 1/2021 (Enclosure 4).

4. Details of the Company’s Liabilities

Based on the reviewed consolidated financial statement of for the period ending 30 September 2020 and audited financial statements for the year ending 31 December 2019, the Company’s interests bearing liabilities can be summarized as follows

Unit: Thousand Baht	Consolidated F/S		Separate F/S	
	31 Dec 2019	30 Sep 2020	31 Dec 2019	30 Sep 2020
Bank overdrafts and short-term loans from financial institutions	190,584	187,513	-	-
Short-term loans from a related party	-	-	39,000	100,000
Short-term loans from unrelated parties	219,495	245,736	98,190	98,248
Long-term loans from financial institutions	7,024,850	7,469,677	-	-
Debenture	1,229,398	1,236,484	1,229,398	1,236,484
Lease liabilities	-	159,993	-	4,295
Total interests bearing liabilities	8,664,327	9,299,403	1,366,588	1,439,027

Long-term Loans

On 27 April 2020, a subsidiary entered into a long-term loan agreement with an overseas commercial bank for a credit facility of JPY 280 million (approximately Baht 82 million). The loan carries interest at a fixed rate specified in the agreement and principal is to be repaid in 33 semi-annual installments, from April 2021.

The loans are secured by the mortgage of power plants and related equipment and the rights in power purchase agreements, the provision of consent to the banks to control the bank account used to receive the electricity income, and the pledge of two subsidiaries' shares held by another subsidiary, guarantees provided by the Company, and land and structures thereon of the Company, and bank deposits and personal assets of the Company's director.

Under the conditions of the loan agreements, a subsidiary agrees not to mortgage or otherwise encumber its assets with any other parties throughout the loan period, and the loan agreements contain several covenants, which, among other things, require the subsidiaries to maintain their debt-to-equity ratio and debt service coverage ratio at the rate prescribed.

As at 31 August 2020, a subsidiary has been granted a moratorium on repayment of loan principal and accrued interest from the local commercial bank until November 2020 in accordance with debt relief measures. Some conditions on the credit facility have been revised. At the present, a subsidiary in process of complying with terms and conditions specified by with the local commercial bank.

As at 30 September 2020, a subsidiary with local borrowings was unable to maintain its debt-to equity ratio at the rates prescribed. As a result, the local commercial bank lender has the right to call the loan, together with accrued interest.

Debentures

Under the provisions relating to the rights and obligations of the debenture issuer and holders, the Company is not to take any action affecting its ability to service its debt to the debenture holders, and the Company is required to comply with several covenants, such as to maintain a prescribed debt-to-equity ratio.

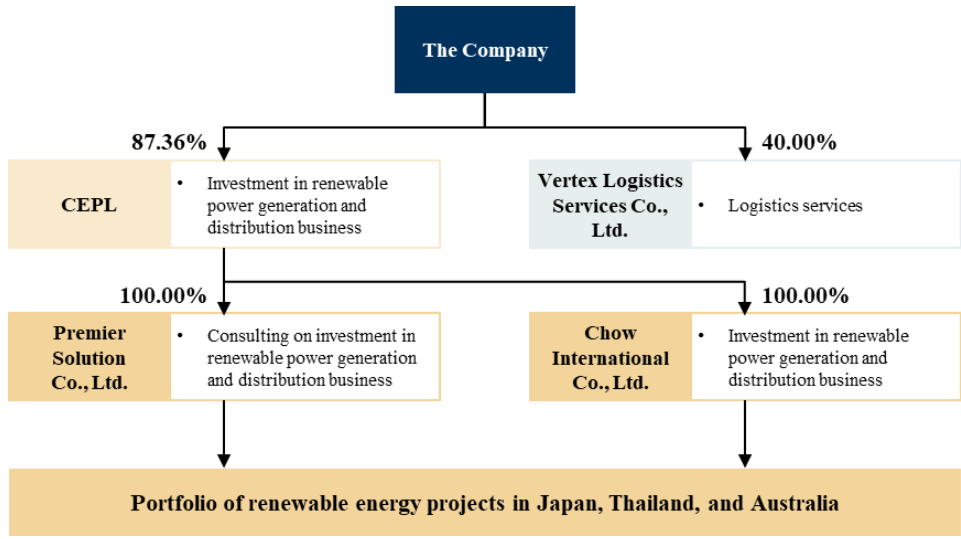
5. Information of the Company

5.1. Business Overview

The Company operates business of producing and selling steel billet to the domestic and foreign rolling mills for further rolling into Long Products by using steel melting technology of Electric Induction Furnace (EIF) with total production capacity of 730,000 tons per year. To support the core steel production business, the Company has also invested in 40 percent of Vertex Logistics Co., Ltd (“**Vertex**”) to improve logistic service potential, thus enabling the Company to use Vertex as a distribution channel to deliver products to customers as scheduled.

The Company also owns 87.36 percent in CEPL, which operate business as a holding company with a policy to make investment in renewable energy business. Renewable energy business bears low risk and has high growth potential in line with the rising awareness of the importance of renewable energy to ensure the country's energy security. CEPL and its subsidiaries have engaged in renewable energy business focusing on investing in and provision of services in relation to solar power plants both at home and overseas.

The Company's group shareholding is as follows



5.2. Product and Services

Steel Billet Business

The Company is a producer and distributor of steel billet of several grades up to the customers' demand by adjusting composition of such chemicals as carbon, silicon, and manganese, etc. during the melting process. The Company produces the products of several dimensions and lengths by using different sizes of casting crucible and has the billet cut into different lengths by automatic cutting machine to serve the needs of both small and large rolling mills. Product specifications and production details are marked on the products for easy tracking.

The Company's billet will be distributed to rolling mills for further production of long products, which are divided according to properties and application purposes into two types, as below:

1. Billet for Production of Round Bar

Billet for production of round bar, i.e. SR 24, has the sizes of 100 x 100 mm., 120 x 120 mm. and 150 x 150 mm., and the lengths of 6 - 12 m. This type of billet has high strength and elasticity. Normally, round bar is used in construction industry for medium and small buildings like houses, commercial buildings, and general constructions, etc.

2. Billet for Production of Deformed Bar

Billet for production of deformed bar, i.e. SD 30 and SD 40, has the sizes of 100 x 100 mm., 120 x 120 mm. and 150 x 150 mm., and the lengths of 6 - 12 m. This type of billet has high strength due to high carbon content, but has less elasticity. Deformed bar has ridges along the surface, which makes it adhere better. Normally deformed bar is used in large constructions and reinforced concrete works such as bridge, dam, expressway, and construction works that can tolerate high compression, or high-rise building, etc. At present, steel with high carbon is widely used owing to its high strength against applied load and thus helps cut costs with less use of steel.

Renewable Energy Business

Generation and distribution of solar power is the major business of CEPL group as it can create cash flow stably and sustainably throughout the power plant project period. CEPL group has a policy to invest and develop solar power plant projects in the country and overseas. Currently, CEPL plants are in Japan, Thailand, and Australia.

1. Solar Projects in Japan

Prior to the Transaction, CEPL has 9 solar power plant projects in Japan, which have a combined installed capacity of 64.21 MW. All the generated electricity is sold to private electric power companies in Japan under non-firm power purchase agreements at the tariff rate of 32-40 yen per kWh (or around 10-13 baht per kWh) throughout the 20-year contractual term starting from the COD. After the Transaction, CEPL intends to continuously invest and develop renewable energy projects in Japan.

CEPL has invested in solar power plant projects in Japan since 2014 envisaging good returns from power distribution at high tariff rates and lower cost but longer term of borrowing in Japan compared with that in Thailand. It conducted detailed study of investment in power plants in Japan in such aspects as economy, industry, and laws as well as notifications relevant thereto until it has in-depth knowledge and thorough understanding of investment in this business including investment model and structure. Professional teams with dependable knowledge, competence and experience in this field have also been employed to get the group prepared for the investment.

To invest in solar power plant projects in Japan, CEPL has purchased power business licenses and other relevant permits for further development of the projects so that commercial operation can be achieved. It has also purchased power plants duly in commercial operation if they are considered generating good returns and being in line with the group’s business expansion policy.

2. Solar Projects in Thailand

CEPL have secured 965 power purchase agreements for solar rooftop projects in Thailand with a combined installed capacity of 6.62 MW, or 3-10 kW per agreement. Electricity so generated will be distributed to Provincial Electricity Generating Authority (“PEA”) and Metropolitan Electricity Generating Authority (“MEA”) under non-firm power purchase agreements and at the fixed tariff rate of 6.85 baht per kWh throughout a 25-year contractual term from the COD. This is compliant with Thailand’s rules and regulations on solar rooftop program for residential units, under which power distribution is scheduled by 31 December 2015. The solar rooftop projects in Thailand have all been invested through Chow International Co., Ltd. (“CI”), the wholly owned subsidiary.

On 17 December 2020, CEPL also announced its intention to establish Chow and CKE Renewable Co., Ltd., a joint venture between CEPL and Charoen Krung Engineering Co., Ltd, in order to engage in the business of operating renewable energy systems.

On 22 December 2020, CEPL, through its indirect subsidiaries, has established Chow and Haco Solar Co., Ltd., a joint venture with Haco Electric (Thailand) Co., Ltd., in order to engage in the business of construction services for renewable energy projects in Thailand.

3. Solar Projects in Australia

On 14 November 2019, CEPL disclosed its intention to invest in three solar power plant projects with total installed capacity of 172.80 MW, namely Project AU1 with an installed capacity of 30 MW located in South Australia, Project AU2 with an installed capacity of 71.40 MW and Project AU3 with an installed capacity of 71.40 MW located in Victoria, Australia. The electricity generated will be dispatched into the Commonwealth of Australia’s National Electricity Market. Details of the projects are as follows

Name	Location	Installed Capacity (MWdc)	Contracted Capacity (MWac)	Estimated COD
AU1	South Australia, Australia	30.00	24.00	December 2020
AU2	Victoria, Australia	71.40	50.00	March 2021
AU3	Victoria, Australia	71.40	50.00	March 2021

5.3. Industry Overview and Outlook

Steel Industry in the Global Market

In 2019, Asian crude steel production stood at 1,341.6 million tons, representing a 5.57 percent increase from the previous year. China's crude steel production, the world's largest steel producer, was at 996.3 million tons, increasing by 8.3 percent. The share of China's crude steel production increased from 50.9 percent to 53.3 percent of the total world steel production. While the world's second largest crude steel producer in 2019 remains to India, where production of crude steel expanded 111.2 million tons, representing a 1.8 percent increase compared with the previous year. This is considered a good expansion in line with the government policy that aims to become the world's main steel producer. Japan's crude steel production in 2019 fell at 48 percent to 99.3 million tons.

The EU's crude steel production (28 countries) in 2019 stood at 159.4 million tons, slightly decreasing by 4.9%. German crude steel production was at 39.7 million tons, declining 6.5% from the previous year. Italy produced crude steel at 23.2 million tons, declining 5.2 percent. Lastly, France produced 14.5 million tons, declining 6.1 percent. While North American's crude steel production was 120 million tons, slightly decreasing 0.8 percent from the previous year. Crude steel production of the United States, the major producer of the region, expanded 1.5 percent at 87.9 million tons.

In accordance with steel prices in the world market, the price level in 2019 has declined compared with the price in 2018 due to the economic slowdown in many countries which caused the demand for steel products to slow down as well, especially the economy of China who is both the world's top producer and steel user. In addition, the impact of the trade war led to highly intensive competition in the steel industry. Therefore, the price levels are fluctuated and have a downward trend. From early 2019 until the end of the year, the price trend in Southeast Asia has a downward trend as well.

The prices of steel products in the world market in 2019 began to slow down significantly in May, and have continued to decline. The steel products price in China and imported steel prices in Southeast Asia have dropped since May and dropped to their lowest end in October. After that, the prices have raised at the end of 2019, partly from the upcoming Chinese New Year in 2020, which is a long holiday in China. Hence, given a significant drop in prices earlier steel products were purchased for storage inventory and prepared to deliver. For the overall price of hot rolled coil and rebar in 2019, it fell in line with the downward trend of steel prices in China, the world's largest steel producer. Prices of hot rolled coil (HRC) fell about 14 percent, at an average price of about 496 USD per ton. The price of rebar dropped 13 percent, at an average price of about 472 USD per ton.

The fluctuation of global steel price was caused by the impact of trade wars affecting raw material prices to be volatile as well. Particularly, the decline in scrap prices had a downward trend since mid-2019, which has dropped about 14 percent, at an average price of about 315 USD per ton. And the lowest price level was at approximately USD 242 per ton. Coking coal prices have also decreased since May 2019 with the highest price around 212 USD per ton. And the lowest price in November was around USD 132 per ton. Additionally, the price of iron ore is likely to increase since early 2019 and hit the highest price level in August at approximately USD 139 per ton. And the price trended to decline to the lowest price at the end of the year in November, which was at approximately USD 102 per ton.

Accordingly the World Steel Association (Worldsteel), global finished steel demand in 2020 is projected to grow 1.7 percent to 1,805.7 million tons as well as the finished steel demand of each region around the world is expected to increase compared with the previous year. The European Union's (28 countries) forecast demand for finished steel in 2020 is expected to expand at 1.1 percent with the volume of 168.6 million tons. Common Independent States' (CIS) forecast demand for finished steel is also expected to grow by 2 percent. In ASEAN countries, Worldsteel expects the demand for finished steel to expand 5.6 percent, which increases compared to other regions at approximately 83.9 million tons as a result of investments in infrastructure construction and expansion of investments in ASEAN countries. While Worldsteel predicts demand for finished steel in China, the world's largest steel producer and consumer, which the demand for finished steel in 2020 will grow by 1 percent at approximately 909.1 million tons.

Steel Industry in Thailand

Thailand's finished steel consumption in 2019 shrank 4.5 percent from the previous year to 18.47 million tons, while real steel consumption shrank 4.7 percent. Domestic steel production was at 7.63 million tons, representing a decrease 15.5 percent compared with the previous year. Imports of finished steel products increased by 1.4 percent from the previous year at 12.21 million tons, while exports contracted 21.1 percent from the previous year at the volume of 1.38 million tons.

For the downstream industries of the Thai steel industry, there is a slowdown in some industries in 2019 leading to a decrease in consumption of domestic steel products. Regarding construction industry, the cement production expanded by 2.1 percent, mainly from public infrastructure construction and private residential construction. In accordance with automotive industry, the total car production in 2019 decreased by 7.1 percent from the previous year. Due to the contraction in both domestic and foreign markets, under the electrical appliance industry, the refrigerator production grew 7.2 percent from the previous year, while compressor production contracted 4.9 percent. With regard to packaging industry, canned seafood production grew by 1.9 percent, while canned fruit production contracted 34.1 percent compared with the previous year.

Forecast of demand for steel products in 2020 will be a slight increase with the growth of about 0.7 percent in 2019. The demand is expected to be approximately 18.6-19.0 million tons. This is a result of the predicted economic conditions that have a chance to recover from eases tensions of a trade war. This is also an opportunity for expansion in the downstream industry, a user of steel products, especially the construction industry, which is expected to grow from accelerating investment in a number of large public infrastructures and private investment where is expected to grow along with the increase in confidence of the market. The electrical appliance industry has improved demand from both domestic and international markets. Although some industries are forecasted a slight slowdown in growth, but overall Thai steel demand is expected to grow continually in 2020.

5.4. Financial Statements

Unit: Thousand THB	Consolidated Financial Statements				
	2017	2018	2019	9M2019	9M2020
<u>Income Statement</u>					
Revenues					
Revenues from sales and services	3,676,012	4,063,981	1,333,990	1,181,224	1,044,421
Gain on sales of power plant projects	172,553	214,509	97,710	98,475	--
Interest income	10,798	8,255	7,047	4,017	1,616
Gain on exchange	129,843	--	90,283	75,393	--
Other income	233,266	22,998	25,160	25,344	2,329
Total revenues	4,222,472	4,309,744	1,554,189	1,384,453	1,048,366
Expenses					
Cost of sales and services	3,047,481	3,704,456	1,093,364	932,423	781,590
Selling and distribution expenses	63,212	62,845	7,118	6,928	5,498
Administrative expenses	385,170	196,574	219,922	170,717	136,023
Loss on exchange	--	20,281	--	--	94,893
Share of loss from investment in joint venture	10,095	--	--	--	--
Total expenses	3,505,958	3,984,156	1,320,404	1,110,068	1,018,004
Profit (loss) before finance cost and income tax	716,514	325,587	233,785	274,385	30,362
Finance cost	(349,635)	(414,401)	(420,046)	(318,230)	(303,500)
Profit (loss) before income tax	366,878	(88,814)	(186,261)	(43,845)	(273,138)
Income tax	(59,600)	(19,025)	(10,126)	(13,118)	(2,175)
Profit (loss) for the period	307,278	(107,839)	(196,387)	(56,963)	(275,313)
<u>Balance Sheet</u>					
Assets					
Current assets					
Cash and cash equivalents	975,874	1,140,762	107,245	232,752	163,360
Restricted bank deposits	200,748	288,066	272,194	650,745	413,741

Unit: Thousand THB	Consolidated Financial Statements				
	2017	2018	2019	9M2019	9M2020
Current portion of bank deposits pledged as collateral	--	627,922	570,322	99,205	442,911
Trade and other receivables	726,795	518,246	501,249	517,571	566,404
Inventories	698,971	765,981	409,789	513,008	107,206
Account receivable - Revenue Department	306,530	294,492	191,085	204,012	151,593
Non-current assets held for sale	--	46,774	--	--	--
Other current assets	18,760	49,126	66,998	83,446	64,609
Total current assets	2,927,677	3,731,369	2,118,882	2,300,739	1,909,824
Non-current assets					
Bank deposits pledged as collateral - net of current portion	911,663	715,967	286,100	647,444	338,581
Investment property	--	22,893	22,147	22,473	23,541
Property, plant and equipment	7,380,976	7,029,463	6,271,305	6,459,203	6,556,798
Right-of-use assets	--	--	--	--	196,144
Intangible assets	1,255,608	1,591,335	1,483,748	1,443,371	1,537,544
Deferred tax assets	8,317	7,247	8,594	7,556	15,422
Other non-current assets	81,206	106,193	90,229	93,022	77,363
Total non-current assets	9,637,771	9,473,098	8,162,123	8,673,069	8,745,393
Total assets	12,565,448	13,204,467	10,281,005	10,973,808	10,655,217
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	729,992	917,672	190,584	337,630	187,513
Trade and other payables	671,850	250,470	327,315	196,470	258,712
Current portion of long-term liabilities	3,227,799	3,336,415	2,166,530	423,660	3,452,471
Long-term loan - classified as current liabilities	17,431	--	--	--	--
Short-term loans from unrelated parties	--	1,478,908	219,495	404,060	245,736
Income tax payable	40,705	10,479	5,378	5,555	2,849
Account payable - Revenue Department	95,635	67,108	58,309	55,798	28,429
Other current liabilities	15,376	36,913	5,683	17,390	17,286
Total current liabilities	4,798,788	6,097,965	2,973,294	1,440,563	4,192,996
Non-current liabilities					
Long-term liabilities - net of current portion	6,196,911	5,604,739	6,087,718	8,156,696	5,413,683
Deferred tax liabilities	29,430	32,192	30,897	30,652	32,027
Provision for long-term employee benefits	9,510	11,654	14,098	13,164	16,881
Provision for decommissioning costs of leased assets	5,056	5,295	7,158	7,313	7,901
Other non-current liabilities	--	4,039	19,743	19,849	20,013
Total non-current liabilities	6,240,908	5,657,919	6,159,614	8,227,674	5,490,505
Total liabilities	11,039,696	11,755,884	9,132,908	9,668,237	9,683,501
Shareholders' equity					
Issued and fully paid-up capital	800,000	800,000	800,000	800,000	800,000
Share premium	380,845	380,845	380,845	380,845	380,845
Differences from changes in the ownership interests in subsidiaries	(5,517)	(5,517)	(5,517)	(5,517)	(5,517)
Retained earnings					
Appropriated - statutory reserve	15,400	15,400	15,400	15,400	15,400
Unappropriated	287,633	165,482	(31,592)	96,984	(303,518)
Other components of shareholders' equity	(58,814)	(31,367)	(123,351)	(107,583)	(24,500)
Equity attributable to owners of the Company	1,419,546	1,324,842	1,035,785	1,180,129	862,710
Non-controlling interests of the subsidiaries	106,205	123,741	112,312	125,442	109,006
Total shareholders' equity	1,525,752	1,448,583	1,148,097	1,305,571	971,716
Total liabilities and shareholders' equity	12,565,448	13,204,467	10,281,005	10,973,808	10,655,217

Unit: Thousand THB	Consolidated Financial Statements				
	2017	2018	2019	9M2019	9M2020
Cash Flows Statement					
Cash flows from operating activities					
Profit (loss) before tax	366,878	(88,814)	(186,261)	(43,845)	(273,138)
Adjustments					
Depreciation	244,269	281,137	305,361	226,834	272,882
Amortisation	66,993	86,127	87,991	66,575	67,683
Reversal of doubtful accounts and bad debts	30,260	(1,027)	--	--	--
Reversal of reduction of inventory to net realisable value	(11,491)	56,264	(24,903)	(24,903)	--
Gain on sales of power plant projects	(172,553)	(214,509)	(97,710)	(98,475)	--
Loss (gain) on disposals of other fixed assets	3,635	98	2,411	3,311	238
Allowance for diminution in value of assets and disposal of other non-current assets (reversal)	43,040	(5,579)	--		
Provision for long-term employee benefits	2,832	2,294	23,329	22,395	2,846
Share of loss from investment in joint ventures	10,095	--	--	--	--
Net loss on fair value adjustment from investment in subsidiaries	10,637	--	--	--	--
Unrealised loss (gain) on exchange	(80,917)	22,824	(136,385)	(74,871)	64,889
Loss from land devaluation	21,092	--	--	--	--
Interest income	(10,798)	(8,255)	(7,047)	(4,017)	(1,616)
Interest expenses	349,635	414,401	420,046	325,517	303,500
Operating profit (loss) before changes in operating assets and liabilities	873,609	544,960	386,833	398,521	437,284
Operating assets (increase) decrease					
Trade and other receivables	911,204	180,322	(14,029)	(1,188)	(79,376)
Inventories	98,079	(152,156)	301,379	277,876	191,605
Project costs under development	1,258,158	--	--	--	--
Account receivable - Revenue Department	55,603	8,068	103,408	94,982	39,491
Other current assets	12,529	842	(20,813)	(37,057)	3,482
Other non-current assets	(34,003)	(25,262)	12,541	2,287	(10,156)
Operating liabilities increase (decrease)					
Trade and other payables	(8,228)	(167,648)	68,007	(98,413)	(112,785)
Account payable - Revenue Department	81,055	(28,527)	(8,799)	(11,310)	(29,880)
Other current liabilities	(3,186)	(1,978)	(8,991)	2,884	11,598
Other non-current liabilities	--	4,040	15,596	15,691	302
Cash flows from (used in) operating activities	3,244,818	362,662	835,131	644,273	451,565
Cash received from interest income	10,798	8,255	17,959	4,016	1,616
Cash paid for interest expenses	(464,816)	(465,057)	(449,975)	(287,968)	(233,144)
Cash received from corporate income tax	--	--	--	--	5,275
Cash paid for corporate income tax	(35,242)	(47,814)	(23,134)	(20,635)	(16,801)
Cash paid for long-term employee benefits	--	(150)	(19,652)	(19,652)	(62)
Net cash flows from (used in) operating activities	2,755,559	(142,104)	360,329	320,034	208,449
Cash flows from investing activities					
Cash paid for purchase investment in subsidiaries	(334,448)	--	--	--	--
Increase in restricted bank deposits	(103,752)	(87,319)	15,872	(362,679)	(141,547)
Decrease in bank deposits pledged as collateral	1,994,538	(432,226)	487,466	597,240	74,931
Acquisition of property, plant and equipment	(797,431)	(991,611)	(225,628)	(188,273)	(8,990)
Acquisition of intangible assets	(3,364)	(7)	(960)	(3)	--
Cash paid to settle payables from purchases of equipment	--	--	(11,762)	(9,089)	(13,355)
Proceeds from sales of power plant projects	595,084	715,041	529,873	534,312	--
Proceeds from sales of other property and equipment	3	1,124	17,082	10,945	4
Net cash flows from (used in) investing activities	1,350,630	(794,998)	811,942	582,453	(88,957)

Unit: Thousand THB	Consolidated Financial Statements				
	2017	2018	2019	9M2019	9M2020
Cash flows from financing activities					
Increase (decrease) in bank overdrafts and short-term loans from a financial institution	(4,863,795)	187,680	(727,412)	(575,717)	(3,071)
Cash received from loans	3,299,382	2,716,363	1,406,789	1,388,584	96,330
Payment of front-end fees	--	--	--	(25,457)	(1,654)
Repayment of loans	(2,348,764)	(1,807,139)	(2,898,856)	(2,562,829)	(242,935)
Repayment of liabilities under lease agreements	(3,584)	(3,822)	(2,466)	(2,452)	(10,056)
Net cash flows from (used in) financing activities	(3,916,761)	1,093,081	(2,221,944)	(1,777,871)	(161,386)
Increase (decrease) in translation adjustments	35,194	8,909	16,155	(32,626)	98,009
Net increase (decrease) in cash and cash equivalents	224,622	164,888	(1,033,517)	(908,010)	56,115
Cash and cash equivalents at beginning of period	711,205	975,874	1,140,762	1,140,762	107,245
Add Cash and cash equivalents of subsidiaries at the acquisition date	40,047	--	--	--	--
Cash and cash equivalents at end of period	975,874	1,140,762	107,245	232,752	163,360

Analysis of Operation Result for the Nine-month Period Ended 30 September 2020

Analysis of Income Statement

Unit: THBm	Nine-month period ended 30 September		Changes	
	2020	2019	THBm	%
Sale and service income				
<i>Steel business</i>	366.31	557.05	(190.74)	(34.24%)
<i>Logistics business</i>	16.91	7.71	9.20	119.33%
<i>Renewable energy business</i>	661.20	616.46	44.74	7.26%
Gain on sales of power plant projects	--	98.47	(98.47)	(100.00%)
Interest income	1.62	4.02	(2.40)	(59.70%)
Other income	2.33	25.35	(23.02)	(90.81%)
Total revenues	1,048.37	1,309.06	(260.69)	(19.91%)
Costs of sale and services				
<i>Steel business</i>	363.63	551.00	(187.37)	(34.01%)
<i>Logistics business</i>	16.12	14.36	1.76	12.26%
<i>Renewable energy business</i>	401.84	367.06	34.78	9.48%
Total cost of sale	781.59	932.42	(150.83)	(16.18%)
Gross profit	226.78	376.64	(109.86)	(29.17%)
Selling and administrative expenses				
<i>Steel business</i>	62.39	92.63	(30.24)	(32.65%)
<i>Logistics business</i>	2.35	3.56	(1.21)	(33.99%)
<i>Renewable energy business</i>	76.79	81.44	(4.65)	(5.71%)
Loss on exchange				
<i>Steel business</i>	0.35	--	0.35	100.00%
<i>Renewable energy business</i>	94.54	(75.39)	169.93	(225.40%)
Finance cost				
<i>Steel business</i>	75.85	100.70	(24.85)	(24.68%)
<i>Logistics business</i>	0.42	0.54	(0.12)	(22.22%)
<i>Renewable energy business</i>	227.23	217.00	10.23	4.71%
Total expenses	539.92	420.48	119.44	28.41%
Profit (loss) from operating activities	(273.14)	(43.84)	(229.30)	523.04%

Unit: THBm	Nine-month period ended 30 September		Changes	
	2020	2019	THBm	%
Income tax	(2.17)	(13.12)	10.95	(83.46%)
Net profit (loss)				
Steel business	(133.71)	(184.63)	50.92	(27.58%)
Logistics business	(1.94)	(12.09)	10.15	(83.95%)
Renewable energy business	(139.66)	139.76	(279.42)	(199.93%)
Total net profit (loss)	(275.31)	(56.96)	(218.35)	383.34%

Revenue and Cost

Steel Business:

Revenue for the nine-month period ended 30 September 2020 presented at Baht 366.31 million, compared to the same period of the previous year at 557.05 million baht, has decreased by 190.74 million Baht, which can be analyzed as follow:

Steel Business	Nine-month period ended 30 September		Changes	
Unit: THBm	2020	2019	THBm	%
Sale	221.76	476.09	(254.33)	(53.42%)
Cost of Sale	219.06	474.35	(255.29)	(53.82%)
Gross Profit	2.70	1.74	0.96	55.17%
Revenue from Service	144.55	80.96	63.59	78.54%
Cost of Service	144.57	76.65	67.92	88.61%
Gross Profit	(0.02)	4.31	(4.33)	(100.46%)

In current period, sales of billets presented at 221.76 million baht, decreasing from prior year by 254.33 million baht or 53.42%. The decreasing of sale is mainly affected from outbreak of Covid-19 and reduce in demand of steel billets in the construction industry. The average selling price in current period was decline compared to the same period last year, resulting from domestic and global market steel price decline from excess of supply. Cost of sale also decreasing in-line with reduction of sale volume.

Revenue from services significantly increased from prior year by Baht 63.59 million due to completion of commissioning test of machineries in April 2020 and a customer place more order in Q3 2020. As a result, cost of service also increasing in line with revenue from service. Negative gross profit margin was presented due to the production order from a customer lower than break event point, therefore revenue from OEM service could not cover production cost. According to OEM agreement, the Customer binding agreed to place order to the Company not less than certain quantities. The management plan to charge the OEM service according to quantities agreed in agreement in Q4 2020.

Solar Power Business:

Revenue from sale of electricity for the nine-month period ended 30 September 2020 showed at Baht 661.20 million, compared to the same period of previous year at 616.46 million baht, has increased by Baht 44.74 million, or 7.26%. The expanding of electricity generation capacity for 2 new power plants projects in Japan, Aomori and Nihonmatsu reached the COD on Sept 2019 and Jan 2020 respectively. Therefore, the Company fully recognized revenue from sale in current quarter. The total capacity generation was 68.6 MWdc. compared to prior year had generating capacity at 67.1 MWdc.

Cost of sale increased from prior year by Baht 34.78 million or 9.47% which mainly increased from new solar power plant, Aomori and Nihonmatsu 3.

Gain on Sale of Power Plant Projects

The company reported the gain from strategic exit of 5 solar power plants in prior year the same period. As a result, the Company recognized gain on sale of power plant at 98.47 million baht. There was no sale of power plant during the nine-month period ended 30 September 20.

Selling and Administrative Expenses

Steel Business:

Selling and administrative expenses for the nine-month period ended 30 September 2020 presented at 62.39 million baht, decreased from prior year the same period by Baht 30.24 million, or 32.65% compared to the same period of the previous year, which are summarized as follows:

- Manpower restructuring expenses in comparison period for 20.45 million baht (no balance in current period)
- Depreciation for factories, which were temporary stopped operation for commissioning test period. The depreciation in prior year were presented under administrative expenses meanwhile depreciation for Phase II transfer to present as cost of service started from May 2020 onward.

Solar Power Business:

Administrative expenses for the nine-month period ended 30 September 2020 presented at 76.79 million baht, compare with prior year the same period presented at 81.44 million baht, has decrease by 4.65 million baht. A decrease mainly due to salary and benefits and more efficiency control expenditure in current period.

Loss (Gain) on Exchange Rate

Solar Power Business

The Company recognized unrealized loss on exchange rate for Baht 94.89 million in current period. Primarily increase in loss on exchange rate due to “loan from financial institution” which was nominated in JPY currency. It is required to convert into THB currency for presentation in financial statement according to accounting standard. As of 30 September 2020, the exchange rate of THB currency depreciate against JPY currency. As a result, the Company recognized unrealized loss on exchange rate against additional loan from financial institution. (Exchange rate @ 30 Sept 20 was 0.303698, Exchange rate @ 31 December 19 was 0.29696 THB/ JPY).

Finance Cost

Steel Business

Finance cost in current period was decreased from prior year the same period due to redemption of debenture for 220.1 million baht in Q4 2019.

Solar Power Business

Finance cost increased by 10.23 million baht, or 4.72% from the prior year the same period. An increasing due to additional loan from financial institutions for additional two new power plant projects in 2019 and 2020.

Analysis of Assets

As at 30 September 2020, the total assets were Baht 10,655.22 million, increasing by Baht 374.21 million or 3.51% from Baht 10,281.00 million as at 31 December 2019. The details were as follows:

Total current assets decreased by Baht 206.06 million from prior year. The decreasing mainly came from

- Cash and cash equivalents increased in amount of 56.12 million baht. The details are described in the Analysis of Cash Flows.

- Restricted bank deposits increased by 141.55 million Baht due to cash collection on sale of electricity during the period. The deposits are restricted for withdrawal unless get approval from the borrowers.
- Trade and other receivables increased from prior year for 65.15 million Baht, which mainly due to capacity of electricity generation was uplifted in seasonal variance from Q4 to Q3.
- Decrease in inventories amounting to 302.58 million baht, due to efficiency on inventory management in current period. The inventories balance are spare parts, supplies and chemical for production of billets.
- Account receivable – revenue department decreased from prior year mainly due to Consumption Tax return from Japan’s revenue department during the current period.

Total non-current assets increased by 580.27 million baht, or 6.64%. The summary of increasing can be summarized as follows:

- Property, plant and equipment and intangible assets increased by 355.09 million Baht which are
 - The Company recognized additional cost of commissioning test of machineries during current period as fixed assets for 110 million Baht and purchase fixed assets for 13.6 million Baht
 - Additional gain on translation of financial statements for 546.4 million Baht
 - Depreciation expenses during the period 320.98 million Baht
- The Company recognized “Right of Use” according to new Thai Financial Reporting Standard number 16 for 196.14 million Baht.
- Other non-current assets decreased by 28.6 million Baht which mainly due to classification of long term prepaid for land rental to present as “Right of Use” according to the requirement by Thai Financial Reporting Standard number 16.

Analysis of Liabilities

As at 30 September 2020, the total liabilities were Baht 9,683.50 million, increasing by Baht 550.6 million or 5.69% from Baht 9,132.91 million as at 31 December 2019. The details were as follows:

Current liabilities increased by 1,219.71 million Baht from prior year which mainly due to

- Classification long term debentures which due for redemption within 12 months and additional lending for project finance of Aomori and Nihonmatsu 3 in 2019 and 2020.
- Trade and other payables : decreased from prior year by 68.56 million Baht
 - Steel business: decreased at Baht 169 million due to the Company received money for pre-order of steel billets for 185 million Baht. Therefore, it was recognized as liabilities in prior year. The Company had no outstanding preorder as of 30 September 2020. And there was accrued electricity increase from prior year by 12 million Baht for billets production on Sept 2020.
 - Energy Business: increased by 97 million Baht which mainly comprise of accrued interest expenses, operating and maintenance expenses which normally due for payment twice a year on May and November e.g. CC Hamada, Iwaki, Nihonmatsu 3

Non-current liabilities decreased from prior year by 669.6142 million Baht which mainly due to

- Classification long term debentures which due for redemption within 12 months to present in current liabilities total of Baht 1,140 million
- Long-term loan increase by 82 million baht due to additional loan granted from financial institutions for new projects.
- Loan repayment during the period for 242.9 million Baht according to repayment schedule
- Lease liabilities increased by 144.15 million baht according to the requirement by TFRS 16

Analysis of Shareholders’ Equity

As at 31 September 2020 and 31 December 2019, total shareholders’ equity was 971.72 million Baht and 1,148.10 million Baht, respectively, has decreased by Baht 176.38 million. The decreasing can describe as follow:

- Non-controlling interest increased by 3.30 million Baht due to exchange rate difference on translation of financial statements in foreign currencies.
- Operating loss for current period and retrospective adjustment for first time adoption of TFRS 9 total amount of 271.94 million Baht and exchange difference on translation of financial statements in foreign currencies amount of 98.85 million Baht

Analysis of Cash Flow Statement

Cash and cash equivalents of the Company and its subsidiaries as at 30 September 2020 were Baht 163.36 million, an increase of Baht 56.12 million. The details were summarized as below:

- Net cash from operating activities increased cash in the amount of Baht 208.45 million. The reason was the operating result of the nine-month period ended 30 September 2020 improved cash position by 437.28 million Baht, adjusting by the change in operating assets and liabilities in the amount of Baht - 228.83 million.
- Net cash flow used in investing activities amounting to Baht 88.96 million. The main reasons were as follows:
 - Restricted bank deposits increased by 141.55 million Baht due to cash collection on sale of electricity during the period. The deposits are restricted for withdrawal unless get approval from the borrowers.
 - The Group withdrawal some part of money which was pledged as collateral from the bank and replace with other assets
 - The Group purchased of fixed assets and paid by cash at 13.3 million Baht
- Net cash flow used in financing activities amounting to Baht 161.39 million. The movement can described as follows:
 - The company repay long term borrowing during the period for 242.94 million Baht
 - The company got approval for new loan facilities from financial institutions for the purpose of new solar power project total of Baht 82.14 million Baht
 - The Group issued promissory notes to financial institution and non-related party during the period for 14.2 million Baht.

Analysis of Operation Result for the Year Ending 31 December 2019

Analysis of Income Statement

Unit: THBm	Year ended 31 December		Changes	
	2029	2018	THBm	%
Sale and service income				
<i>Steel business</i>	572.08	3,077.84	(2,505.76)	(81.41%)
<i>Logistics business</i>	8.62	4.30	4.32	100.47%
<i>Renewable energy business</i>	753.29	981.84	(228.55)	(23.28%)
Gain on sales of power plant projects	97.71	214.51	(116.80)	(54.45%)
Interest income	7.05	8.25	(1.20)	(14.55%)
Gain (loss) on exchange rate	90.28	--	90.28	100.00%
Other income	25.16	23.00	2.16	9.39%
Total revenues	1,554.19	4,309.74	(2,755.55)	(63.94%)
Costs of sale and services				
<i>Steel business</i>	581.53	3,093.45	(2,511.92)	(81.20%)
<i>Logistics business</i>	16.37	27.53	(11.16)	(40.54%)
<i>Renewable energy business</i>	495.47	583.48	(88.01)	(15.08%)
Total cost of sale	1,093.37	3,704.46	(2,611.09)	(70.49%)
Gross profit	460.82	605.28	(144.46)	(23.87%)
Selling and administrative expenses				
<i>Steel business</i>	114.18	109.37	4.81	4.40%
<i>Logistics business</i>	5.91	3.20	2.71	84.69%

Unit: THBm	Year ended 31 December		Changes	
	2019	2018	THBm	%
<i>Renewable energy business</i>	106.95	146.85	(39.90)	(27.17%)
Loss on exchange	--	20.28	(20.28)	(100.00%)
Finance cost				
<i>Steel business</i>	130.48	129.25	1.23	0.95%
<i>Logistics business</i>	0.74	1.03	(0.29)	(28.16%)
<i>Renewable energy business</i>	288.83	284.12	4.71	1.66%
Total expenses	647.09	694.10	(47.01)	(6.77%)
Profit (loss) from operating activities	(186.27)	(88.82)	(97.45)	109.72%
Income tax	-10.13	-19.02	8.89	(46.74%)
Net profit (loss)				
<i>Steel business</i>	(249.79)	(224.69)	(25.10)	11.17%
<i>Logistics business</i>	(14.78)	(27.88)	13.10	(46.99%)
<i>Renewable energy business</i>	68.18	144.73	(76.55)	(52.89%)
Total net profit (loss)	(196.39)	(107.84)	(88.55)	82.11%

Revenue from Sale and Services

Steel Business:

Revenue from sale and service for the year ended 31 December 2019 was 572.08 million Baht which was decreased from prior year amount of 2,505.76 million Baht or 81% equivalent. The decreasing can describe as follows:

Steel Business In THBm	Year ended 31 December		Changes	
	2019	2018	THBm	%
Sale	476.67	3077.84	(2,601.17)	(84.51%)
Service Income	94.41	-	95.41	100%
Total	572.08	3,077.84	(2,505.76)	(81.41%)

Revenue from the sale of steel billets amount of Baht 476.67 million; a decrease of Baht 2,601.17 million or 84.51% from previous year. The decreasing of sale volume due to temporary cease the manufacturing process for factory Phase 1 and Phase 2 in the year in order to reengineer production line and improve efficiency to support the service agreement (Original Equipment Manufacturer: OEM).

In the period, there was other OEM service incomes amount of 95.41 million Baht. Nonetheless, as aforementioned, The Company had stopped production line during July to November 2019 due to factory phase 2 revamping. The Company started commissioning test over the new manufacturing process together with new machines development on December 2019. The commissioning test is expected to be completed by February 2020 and the Company can start to provide full OEM service to a customer by end of Quarter 1' 2020.

Logistics Business

Revenue from logistics business increase 4.32 million Baht from prior year. The subsidiary company provided more service to third parties during the year.

Solar Power Business

The total revenue for the year was 753.29 million Baht; a decreased by Baht 228.55 million or 23% year on year, details as follows;

Solar Power Business In THBm	Year ended 31 December		Changes	
	2019	2018	THBm	%
Revenue from Sale	746.57	980.07	(233.50)	(23.82%)
- Electricity Sale	746.57	702.28	44.29	6.31%
- Equipment Sale	-	277.79	(277.79)	(100%)
Revenue from Service	6.72	1.77	4.95	279.66%
Total	753.29	981.84	(228.55)	(23.28%)

Revenue from Sales of Electricity amounted to 746.57 million Baht, an increasing from prior year at 44.29 million Baht. This was due to additional 1 solar power plant projects in the year and 4 solar power plants during prior year which are:

- Aomori (7.21 MWdc) - this project has reached commercial operation in September 2019. As a result, the Company recognized revenue from sale electricity for 3 months in the year (Oct to Dec 2019).
- Iwaki (26.68 MWdc) – this project has reached commercial operation in April 2018. As a result, the Company fully recognized revenue for 12 months in the year.
- Fukui 1,5,6 (4.84 MWdc) – these projects has reached commercial operation in October 2018. The Company sold these 3 solar power plants in Q1' 2019.

The company had no revenue from trading for construction materials for Solar power plants in the period.

In the period, the Company provide solar cells system installation service to customers. As a result, additional revenue from service amount of 4.78 million Baht in the year.

Gain on Sale of Power Plants Projects

The company reported the gain from strategic exit of 5 solar power plants in Japan, in line with the Company's business plan, amounted to 97.71 million Baht in the year. The total electricity generation capacity of five projects were 5.85 MWdc. Four of five projects were exited in 1st quarter 2019 and another project was sold in 2nd quarter 2019. Meanwhile, the Company sold 2 solar power plants, which had electricity generation capacity at 4.02 MWdc and 12 MWdc, in 2018 and reported gain from sale amounting to 214.51 million Baht.

Gain on Exchange Rate

The group reported gain on exchange rate for the year amount of 90.28 million Baht which, when compare to the prior year's loss on exchange rate of 20.28 million Baht, implies an increase of 110.56 million Baht. Gain on exchange rate mostly occurred from conversion of long-term loan agreement for Solar Power Business.

Cost of Sales and Services

Cost of sales and services for 2019 was 1,093.37 million Baht; decreased from prior year amounting to 2,611.09 million Baht or 70.49%. The decreasing were following reasons:

Steel Business:

Cost of sales and service for steel business in the year was 581.53 million Baht which significantly decreased from prior year by 2,511.92 million Baht or 81.2%. The lower cost is in line with the dropped in sales, which impacted by local price could not be adjusted and no significant production activities due to factory revamping. The Company started commissioning test over the new manufacturing process together with new machines development on December 2019. The commissioning test is expected to be completed by February 2020 and the Company can start to provide full OEM service to a customer by end of Quarter 1' 2020.

Solar Power Business:

Total cost of sale and service for Solar Power Business was decreased from prior year by 88.01 million Baht or 15.08% equivalent. The reason for decreasing are as follows:

Solar Power Business In THBm	Year ended 31 December		Changes	
	2019	2018	THBm	%
Cost	491.36	580.23	(88.87)	(15.32%)
- Cost of electricity sale	491.36	423.10	68.26	16.13%
- Cost of equipment sale	-	157.13	(157.13)	(100%)
Cost of services	4.11	3.25	0.86	26.46%
Total	495.47	583.48	(88.01)	(15.08%)

Cost of sale, electricity, slightly increased from prior year mainly from new project's operation cost and depreciation. Electricity generating capacity in the year was higher than prior year e.g.

- Aomori - reached commercial operation on 30 September 2019
- Iwaki - reached commercial operation in Quarter 2' 2018. As a result, the Company recognized full operating cost for current year.

There was no cost of sale equipment in the period due to no sale of equipment transactions.

Cost of service was related to new projects of "installation of solar cell" of a subsidiary during the period.

Selling and Administrative Expenses

The Group's selling and administrative expenses for the year was 227.04 million Baht; decreasing from prior year by 32.38 million Baht. The decreasing were mainly came from:

Steel Business:

In current year, the selling and administrative for steel business was 114.18 million Baht the most of expenditures in current year are mostly related to employee restructure cost and cost related to ceasing operation for preparing OEM service. The increasing mainly from:

- Re-organization manpower expenses amount of 19.65 million Baht
- Recognized additional provision for employee benefits expenses according to new Labor's Law amount of 1.4 million Baht
- Temporary stopped the operation factory Phase 1 & 2 for machinery development and support OEM service. The depreciation of factory phase 1 & 2 and other cost amount of 36.97 million Baht was reclassified from cost of manufacturing to administrative expenses.

Solar Power Business:

Selling and administrative expense of Solar Power Business was decreased from prior year by 39.90 million Baht or 27.17%. Resulting from effective expenditures control in year e.g. professional legal fee, travelling expenses and staff cost.

Finance Cost

The consolidated finance cost of the Group was 420.05 million Baht, increased from prior year by 5.65 million Baht or 1.36 % equivalent. The increasing mainly came from additional loan drawdown from new project, Aomori, which was reached the commercial operating date on 30 September 2019.

Solar Power Business:

The group were supported by local and overseas financial institutions in form of long term project finance to construct solar power plant projects. In prior year, the Company successfully constructed on operates 4 solar power plant projects which were:

- Iwaki – the project was COD in early of April 2018, as a result, company started recognizing interest expenses in statement of income from April 2018 onward, compare to full 9-month of interest cost in

2019. (interest expenses before completion of construction was capitalized as cost of project). Fukui 1, 5, 6 –these projects were completely constructed on October 2018. As a result, there was no interest expenses were recognized into statement of income during first 9-month of 2018 (all interest expenses will be capitalized as cost of solar power plants). However, the Group sold these projects 3 projects to infrastructure fund in Japan during end of March 2019. As a result, there were interest expenses recognized into Q1' 2019.

Analysis of Assets

The consolidated total assets as at 31 December 2019 and 31 December 2018 was 10,281.00 million Baht and 13,204.47 million Baht respectively, a decrease of 2,923.46 million Baht or 28.14% were described as the below reasons:

Current Assets

As of 31 December 2019 total current assets decrease from prior year for 1,612 million Baht or 42.21% equivalent. The decreasing mainly came from:

Cash and Cash Equivalent; Restricted Bank Deposit and Current Portion of Bank Deposits Pledged as Collateral

The aggregate of 3 components totally decreased from prior year by 1,106.99 million Baht due to paid up outstanding borrowing from financial institutions and third parties during the year.

Inventories

Steel Business:

Decrease in inventories amount of 356.19 million Baht, due to sale of products during the year. And the company reversed allowance for net realizable value of inventories amount of 24.9 million Baht.

Account Receivable – Revenue Department

Revenue department receivable decreased from prior year by 107.91 million Baht mainly due to tax refund from the solar business in Japan amounting to 78 million Baht.

The rest of reduction from prior year came from input tax movement from time to times.

Other Current Assets

Other current assets as at 30 December 2019 increase by 22.37 million Baht when compare to balance as at 31 December 2018.

Solar Power Business:

- There were professional fee related to specific projects which on process of feasibility study for 10 million Baht
- There were prepaid tax which were increased from prior year for 5 million Baht
- The Group paid for insurance premium for power plant project amounting to 3 million Baht

Non-current Asset Held for Sale

The Group successfully sold 1 Solar Power Plant project to infrastructure fund in Japan in current year.

Non-current Assets

Non-current assets amounting to Baht 8,162.12 million as of 31 December 2019, decreasing from prior year by 1,310.97 million Baht or 13.84%. The decreasing can explain as follow:

Bank Deposits Pledge as Collateral

As at 31 December 2019, bank deposits pledge as collateral decrease by Baht 429.87 million. The Company sold of 5 solar power plants in Japan, in line with the Company's business plan in current year. The Company repay all outstanding borrowing from financial institutions related to these projects.

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets decreased from prior year for 865.75 million Baht. The decreasing are as follow:

- Additional developing Solar Power Plants in Japan and cost of factory revamp, of total 361.68 million Baht
- Decrease of 423.97 million Baht due to the strategic exit of 5 Solar Power Plant in Japan
- Decrease of depreciate & amortization over the assets for 393.48 million Baht and translation of exchange rate 409.98 million Baht

Analysis of Liabilities

The consolidated liabilities as at 31 December 2019 and 31 December 2018 was 9,132.91 million Baht and 11,755.88 million Baht respectively, a decrease by 2,622.98 million Baht because:

Current Liabilities

Bank Overdraft and Short term Loan from Banks

The aggregate of 2 components totally decreased from prior year by 727.09 million Baht due to Steel business and Solar business have made loan repayment to financial institutions amount of 280.53 million Baht and 446.56 million Baht, respectively.

Short-term Loan from Unrelated Parties

Steel Business:

The Company made payment for short-term debentures, promissory notes and bill of exchange for 1,483 million Baht during the current year. However, the Company also issue new set of long-term debentures, maturity date more than 12 months, for 1,140 million Baht. The long-term debentures classify as long-term loans.

Solar Power Business:

During the year, the Group of company issued short term promissory notes and bill of exchange from third parties total of Baht 219.49 million.

Trade and Other Payable

Trade and other payable increased by 76.84 million Baht due to:

Steel Business:

There was money received in advance from customer increased by 132.71 million Baht. The customer placed order for steel billet and fully paid up for products. Since the production activities at the factories were temporary stopped for revamping. As a result, other payable significant decreased from prior year by 45.3 million Baht e.g. payable for raw material, utilities expenses and other payable related to production.

Solar Power Business:

Trade payable decreased by 37 million Baht due to purchasing of equipment for solar power plant transaction in prior year.

There was no sale and purchase of equipment in current year.

In the year, there were increasing of other payable related to new solar power plant projects amount of Baht 15 million. There were accrued expenses related to fixed assets tax in Japan amount of Baht 10 million.

Other Current Liabilities

Solar Power Business:

Total current liabilities decrease from prior year for 31.23 million Baht. The decreasing mainly came from deposit received amounting to 21 million Baht (Yen 70 million) for purchasing a solar power plant in 2018. The Company completely sold a solar power plant in 2019.

There were undue output tax for sale of 4 solar power plant project (Gifu and Nihonmatsu 1, 2, 3 and 4).

Non-current Liabilities

Long-term Loans

Long-term loan decrease from prior year 686.9 million Baht which comprise of

Steel Business:

The Company issue long-term debenture, the majority date was set up on 2021 total of Baht 1,140 million. And the Company made a repayment for long-term debenture total amount of 909.5 million Baht.

Solar Power Business

The Company repayment loan from financial institutions total of Baht 459.85 million and there was impact from exchange rate total of Baht 447.19 million.

Other Non-current Liabilities

Solar Power Business:

In the year, the Company the customer paid deposit from OEM service agreement.

Analysis of Shareholders' Equity

As at 31 December 2019 and 31 December 2018, total consolidated shareholders' equity was 1,148.10 million Baht and 1,448.58 million Baht respectively; a decrease of 300.48 million Baht can described as follow:

- An increase in non-controlling interest amount of 11.43 million Baht
- A decrease in exchange differences on translating financial statements of foreign subsidiaries in Japan 91.8 million Baht and loss from operation amount of THB 197.06 million.

Analysis of Cash Flow Statement

At the beginning of the current period, the Company presented cash and cash equivalents of 1,140.76 million Baht. The net cash outflow from all activities of 1,033.52 million Baht, resulting from net cash inflows from operating activities, investing activities and cash outflow from financing activities. The Company reported cash and cash equivalents at the end of the period of 107.24 million Baht.

Cash Flows from Operating Activities

The company had cash inflow from operating activities of 360.33 million Baht

Cash Flows from Investing Activities

The company had cash inflow from investing activities of 811.94 million Baht. The Company received cash from strategic exist 5 Solar Power Plant Projects during the current year and withdraw restricted cash deposit at bank for loan repayment.

Cash Flows from Financing Activities

The company had cash outflows from financing activities amount of 2,221.94 million Baht, which mostly related to paid up transactions of long-term loan, debentures, promissory note and lease liabilities. The company paid up long-term loan from bank and lease liabilities of the group during the current period.

5.5. Risk Factors

Steel Business

Raw Material Risk

Risks from raw material procurement and fluctuation of raw material prices

The key raw material used in the melting process to produce steel billet is steel scrap which accounts for around 70-80% of the production cost. Moreover, as the supply from its top five suppliers represents approximately 80-90% of its total steel scrap purchasing value, the Company may risk procuring inadequate supply of steel scrap if demand for steel scrap is higher than scrap supply available and/or the suppliers cannot procure and deliver steel scrap to timely meet the demand and the Company cannot procure from sources elsewhere to timely meet the production plan. This may cause the Company to fall short of raw material to meet its production. Meanwhile, price fluctuation of steel scrap directly affects cost of production and sales. Typically, price of steel scrap distributed domestically is changeable based on global prices of steel and steel scrap and sharp price change of steel scrap in certain periods is common. Therefore, with steel scrap price fluctuations prevail and if the Company cannot adjust its selling price to correspond with the changing cost of steel scrap used in the production and the cost of scrap inventory, the Company's profitability may be affected by fluctuation of steel scrap price.

Having realized such risks, in 2019, the Company revised its strategy by switching to being contract manufacturer under the original equipment manufacturer (OEM) agreements for large contracting companies with potential for production capacity of at least 400,000 tons per year. The contracting companies will fully procure and supply the raw material to the Company. Therefore, the Company should not be exposed to the risks from raw material procurement and fluctuation of raw material prices.

Marketing and Distribution Risks

Billet Price Fluctuation Risk

The Company's key product is steel billet, which is to be processed to produce long steel, such as round bar and deformed bar. Normally, demand for and supply of steel billet depends upon construction business which utilizes long steel as a main material for the construction activity. However, steel billet is a commodity product so its price is changeable based on demand and production capacity in both domestic and export markets.

Under the OEM agreement, the Company is licensed to distribute the products produced to its customers in the volume of at least 240,000 tons per year in the form of trading. The Company can set the selling price in line with its selling cost and market condition in a given period on an order matching basis. This can help mitigate risks from steel billet price fluctuation. Coupled with business operation in a trading manner, the Company does not need to have stockpiling of inventories.

Risk of Changes in Government Policies

Steel industry in Thailand mainly serves as import substitution. It has been developed to meet demand for domestic downstream steel products, which are basic raw materials of several related industries. Thus, steel industry greatly relates with the growth of the country's economy as a whole, and has prompted the government to give priority and set out measures on domestic steel industry as follows:

1. ASEAN Free Trade Area (AFTA)

The Association of Southeast Asian Nations or ASEAN has reached an agreement on reduction of tariffs under the Common Effective Preferential Tariff (CEPT) scheme, whereby the six original member countries comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand cut down import tariffs under the CEPT scheme to 0% by 2010, and the four new member countries comprising Vietnam, Lao PDR, Myanmar and Cambodia) cut down tariffs under the CEPT scheme to 0% by 2015.

List of goods entitled under the CEPT scheme covers a total of 105,123 items, including iron and steel which meet the production process criteria whereby the products have adequately been processed in home country. Steel billet, steel bar and deform bar were subject to cuts of tariffs under the CEPT to 0% by 2010. At present, Thailand has set tariff rates of 2-5% on products from ASEAN counterparts depending on product type and size. Thus, prices of imported steel bar tend to go down in the future, while steel billet, which can be produced by the Company, can be imported freely without any import tariff as domestic production cannot adequately fulfill domestic demand. However, steel billet import has constraints in delivery time, operating expense, and minimum volume per purchase, end-use industries thus still prefer domestic steel billets to imported ones. Therefore, the Company has expected no material negative impact from such policy. On the contrary, the Company will have advantage as it is the policy that is regarded as benefiting domestic entrepreneurs in their export of steel billet to ASEAN markets in that the countries that used to impose import tariffs on steel billets from Thailand such as Malaysia, the Philippines and Vietnam in the past will have to lift tariff barrier against Thai steel billets by the deadline set forth.

Even if the no-tariff policy is later terminated for whatever reasons, impacts on the Company are considered minimal, as domestic producers of steel billets have for the past years been unable to fully meet domestic demand, necessitating imports of billets all along. Moreover, imported billets carry very high transport costs and take longer time of delivery as compared with domestic products.

2. Investment Promotion Policy on Intermediate Steel Industry

The Board of Investment (BOI) has announced guidelines to support investment in steel industry in a bid to develop high quality steel, boost competitive advantage of related industries, and promote Thailand as the hub of steel production and export of the region. BOI privileges and benefits have been granted to the intermediate steel manufacturers according to the criteria in the BOI Notification No. 1/2000 dated 1 August 2000. In this regard, as the Company's factory is located in Prachinburi Province, which is in Investment Promotion Zone 3, the Company has been granted significant privileges and benefits such as corporate income tax holiday for eight years, 50% reduction of corporate income tax on net profit from the promoted investment for the following five years after the end of tax holiday, allowance of deductibles two times the actual transportation, electricity and tap water expenses for 10 years, etc. If the government terminates or changes the said privileges and/or if the privileges expire or are terminated in the future, the Company's operating performance and income generation capabilities may be affected.

The Company is strongly confident that the government should have no plan to change and/or remove any privileges as it could affect confidence in investment in all businesses eligible for investment promotion. However, the Company may be affected by the expiration of the promotion period and/or the promoted amount, namely 1st phase plant and 2nd phase plant having received investment promotion privileges since December 2005 and July 2008 respectively, thereby exemption of corporate income tax will end upon the end of eight years from the commencement date of the exemption.

The BOI also resolved to approve investment promotion for companies listed on the Market for Alternative Investment (MAI) within the specified period of promotion privileges from the BOI with a change in the type of corporate income tax exemption from limited investment amount to unlimited investment amount, and applicants were required to submit application for promotion privileges from the BOI by 31 December 2012. On 14 September 2011, the Company applied for such additional privileges and was able to be listed on the MAI and took proceeding as required by the BOI. This has enabled the Company to be granted tax exemption and unlimited investment amount. Therefore, if the Company

records net profit in the amount more than the investment amount during the investment promotion period, corporate income tax will still be exempted in full, hence an advantage for its operating result.

Financial Risks

Foreign Exchange Risk

The Company has procured raw materials such as steel scrap, chemicals, and spare parts from abroad for its own operation accounting for around 5% of total procurement value, and also has in place a policy to export steel billet. Thus, the Company is exposed to certain foreign exchange fluctuation risk.

The Company has a policy in place to prevent such risk by entering into forward contracts with a number of financial institutions. It has also been granted hedging facilities from domestic financial institutions. It will closely keep abreast of foreign exchange movements and seek proper timing for deriving maximum foreign exchange benefits

Risks in Relation to Investors

Risk from Having Major Shareholders Who Have Influence Over the Operation

Jiratomsiri group comprising Mr. Anavin Jiratomsiri, Ms. Koo Man Wai, Mrs. Sharuta Chin, Mrs. Benchamat Chirathamsiri and Ms. Kanyakorn Pongpanish (collectively referred to as “major shareholder group”) who have the intention to exercise their voting rights in the same direction to achieve common control of the votes or the business, and have mutual relationship or behavior pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 7/2552 regarding acting in concert as a result of the nature of a relationship or behavior, hold shares representing 66% of total paid-up registered capital of the Company. The major shareholder group is also the Company’s authorized directors and key executives. Therefore, if the major shareholder group votes in the same direction, they will have almost the entire control of the resolution at the shareholders’ meeting in the matters regarding the appointment of directors or otherwise requiring majority votes unless in the matters as stipulated by law to have the votes of three-fourths (3/4) of the shareholders present at the shareholders’ meeting. Accordingly, other shareholders may not be able to gather enough votes to control and balance the power in voting on the matters proposed by the major shareholders.

Renewable Energy Business

Risk factors mentioned in this clause are risk factors assessed from the current situations. There may be other risk factors of which the Company may not yet be aware or those which the Company considers as having no significant impact on the business operation at present as well as those with reference to economic conditions and government policies as derived from government agencies and other reliable sources. In view of this, the investor should consider all relevant factors prudently before making investment decision.

Risks From Factors Having Impact on Power Generating Output

Seasonal and Changeable Weather Risk

Electrical energy output from solar power plants depends on such main uncontrollable external factors as solar radiation intensity and weather conditions. Any changeable weather conditions or natural disasters or unprecedented force majeure can affect power plants’ electrical energy output and materially pose negative impacts on their business operations and operating results. Therefore, the Company has taken out income protection insurance with an insurance company under which the insurance company will compensate the Company for the income difference as specified in the agreement in case of electrical energy output lower than the projection due to seasonal and weather condition changes.

Risk of Early Impairment of PV Cells

PV cells are power plants’ core equipment used in solar power production. Any impairment of solar cell quality will affect power generating output and hence operating results of the Company. To mitigate such

risk, the Company has got warranty of PV cell quality from each manufacturer covering a 10 - year period from the commercial operation date (COD) of each power plant. However, in case of PV cell quality impairment after the end of the warranty period, the Company will have to bear additional expenses to improve the PV cell quality, thus significantly posing negative impact on its business operation, financial status and operating results.

However, in the purchase of PV cells and other equipment items, the Company has a policy in place to select and purchase only quality products from reliable manufacturers in this industry to ensure that PV cells to be used for electric power production are of standard quality. Such PV cells have also been examined and certified in term of quality by experts as required by financial lenders in financing the Company's power plant development. Moreover, the Company has taken out income protection insurance under which it can claim for compensation if power plant income is lower than the target due to equipment functioning deficiencies.

Risk of Lacking Efficiency and Stability in Solar Power Generation

There are several factors that may threaten power generating efficiency and stability, the key ones of which are efficiency of key equipment in power generation, waste from generation process, disruption of power plant operation caused by instability of electric power companies or EPCOs' transmission system, etc.

To prevent such risk, the Company has closely monitored the power plant operation through supervisory control and data acquisition (SCADA) system, which can track the operation 24 hours a day so that examination and solution of problems can timely be made to get the power plant back to normal operation as fast as possible. Moreover, the Company has entered into operation & maintenance (O&M) agreement and also manufacturer warranty of core equipment, such as inverters, etc., for a 20 - year contractual term which covers the term of the respective power purchase agreement in order to prevent any potential problems and to ensure the continuation of power generation with efficiency and stability.

Risk of Increase in Solar Power Plant Maintenance Costs and Expenses

The Company have been engaging its subsidiary in which the Company has 100% shareholding to provide maintenance services of its solar power plants in Japan. The O&M agreement term is generally 20 years, which covers power purchase agreement term of each plant. However, the subsidiary has been making short - term subcontract agreement with a third party to provide the services according to the terms of reference agreed upon between the contract parties. As a result, the Company may risk bearing higher costs and expenses from the extension of the subcontract agreement if the subcontracting rate is raised, which may materially pose negative impact on its business, financial status and operating results.

However, if the extension of the subcontracting with the existing subcontractor is considered bearing materially higher costs, the Company will opt for selecting and engaging a new subcontractor who has competence on a par with the previous one and with reasonable pricing.

Risk of Incomplete Compliance With Legal and Other Regulatory Requirements

The Company operates solar power business in Thailand and Japan under the governance of relevant laws and regulatory authorities. The Company has tried its best to ensure that it has fully complied with the laws and other relevant regulatory requirements, especially those in Japan. Before each investment, the Company has engaged a legal consultant to examine and give advice on legal and other regulatory compliance. However, the relevant laws and regulatory requirements may be revised, modified, construed and enforced differently from the current ones. In such case, the Company may risk incompletely complying with the relevant legal and regulatory provisions, which may accordingly force it to discontinue its business operation or to pay for additional expenses in order to fully comply with the changing laws and regulations, or to even be punished by the civil or criminal court for the said offence. To prevent such risk, the Company has appointed a working team to monitor any changes in the laws and other regulatory provisions and to consult with relevant experts to ensure full compliance with the laws and regulations in place.

Risk from Expiration of Power Purchase Agreements

The Company has entered into power purchase agreements (PPAs) with EPCOs under a 20 - year contractual term for its current solar power plants as well as future potential projects in Japan and with purchasers in Thailand under a 25 - year contractual term for its solar rooftop power plants in Thailand. Both types of PPAs do not contain provisions regarding extension of the PPAs further from the period in place and there is no assurance that new PPAs may be executed upon the expiry of the existing ones. If the PPAs cannot be extended or the terms of new PPAs generate business benefits to the Company inferior to the existing ones, material negative impact may be posed on its business, financial status and operating results.

Despite having realized the above risk of limited PPA term, the Company has normally considered and justified each investment in solar power plant project based on appropriate returns expected to be generated within the term of each PPA. Therefore, if the Company cannot enter into a new PPA or cannot renew the existing one or the terms of the renewal generate business benefits to the Company inferior to the existing one, limited negative impact on the Company is expected. In addition, due to the limited life cycle of power plants, the changes in technology, and the consistently increasing demand for electricity consumption, the Company has planned to invest in new solar power plant projects for its sustainable profitability looking forward.

Risk from Dependence on any Particular Electric Power Purchasers

The Company is an operator of solar power plants to generate and distribute the total output of electrical energy to purchasers under the term in PPAs. Regarding its current and future potential solar power plants in Japan, the Company distributes all electrical energy to the regional EPCOs designated by Japanese government, and there is only one EPCO in each region in Japan. Meanwhile, electrical energy from solar rooftop projects in Thailand is distributed under PPAs with Metropolitan Electricity Authority and Provincial Electricity Authority. In case where some power purchasers fail to comply with the obligations in the PPAs with the Company or the Company has any dispute with any of the power purchasers due to unclear provisions in the PPA, any of such cases occurring to any PPA or to the major PPA of the Company may significantly pose negative impact on its business, financial status and operating results.

However, as the power purchasers in Thailand are state enterprises and the EPCOs in Japan are large companies under long - term concession granted by Japanese government, the risk of their non - compliance with the obligations in the PPAs made with the Company is unlikely to take place. However, the Company has in place a policy of diversifying investment in solar power plants in Japan by location, i.e. having power plants located in different regions under similar PPAs and generating capacity in order to mitigate risk of dependence on any particular power purchasers.

Risk of Changes in Technology

PV cell technology is mainly employed in solar power generation. With the currently lower prices of PV cells or innovation of PV cells with higher generating efficiency than those of former technology, the Company may have to bear additional expenses for investment in technology improvement. If the Company does not adapt to the technological development in an appropriate timing, negative impact may be posed on its business, financial status and operating results.

However, the Company has appointed a working team to monitor the ongoing technological development and analyze potential impact in case the Company has to replace its PV cells by considering the investment returns in comparison with the investment value as well as other factors, such as the remaining term of the respective PPA, the installation period, the restrictions in PPA during the temporary suspension of the production, or other restrictions relating to such PV cell change

5.6. List of Major Shareholders as of 16 March 2020

Rank	Major Shareholders	# of Shares	% of Shares
1	Mr. Anavin Jiratomsiri	408,000,000	51.00
2	Ms. Koo Man Wai	40,500,000	5.06

3	Mrs. Sharuta Chin	40,500,000	5.06
4	Mr. Chairat Kovitchindachai	36,705,100	4.59
5	Ms. Kanyakorn Pongpanish	29,831,200	3.73
6	Mrs. Kamolrut Jitpradabsilp	27,200,000	3.40
7	Mr. Ukrit Tanthasatian	26,311,300	3.29
8	Ms. Preeyanuch Panananda	19,200,000	2.40
9	Ms. Patcharee Kovitchindachai	13,463,900	1.68
10	Ms. Varathip Charoensiriwat	10,600,000	1.33
11	Mrs. Benchamat Chirathamsiri	10,000,000	1.25
12	Mr. Santi Kovitchindachai	9,546,500	1.19
13	Mr. Wasan Fongsamutrat	8,256,300	1.03
14	Mr. Tanan Burapatana	4,195,000	0.52

5.7. List of Management and Board of Directors

Name of Board of Directors

Name	Position
Dr. Pruchya Piumsomboon	Chairman Independent Director
Mr. Anavin Jiratomsiri	Chairman of Executive Committee Director
Assoc. Prof. Dr. Narong Yoothanom	Vice Chairman Independent Director Audit Committee
Ms. Koo Man Wai	Chief Executive Officer Director
Mr. Sanguankiat Lewmanomont	Director
Mrs. Sharuta Chin	Director
Assoc. Prof. Kalyaporn Panmarerng	Independent Director Chairman of the Audit Committee
Mr. Kanawath Aran	Independent Director Audit Committee
Mr. Noppadon Jason Chirasanti	Independent Director Audit Committee
Mr. Mark D. Remijan	Independent Director

Name of Executives

Name	Position
Mr. Anavin Jiratomsiri	Chairman of Executive Committee
Ms. Koo Man Wai	Chief Executive Officer Managing Director Acting Vice President of Procurement
Mrs. Sharuta Chin	Executive Director Deputy Managing Director
Mr. Suppachai Yimsuwan	Executive Director Deputy Managing Director Vice President of Finance and Administration Acting Vice President of Accounting
Mr. Jirayu Saisangthong	Vice President of Sale and Marketing
Mr. Baorong Chen	Vice President of Factory

6. Opinion of the Board of Directors on Sufficiency of Working Capital

As the Transaction is a disposition transaction of the assets of the Company, the Board of Directors of the Company viewed that the sufficiency of working capital is not affected.

7. Significant Litigation and Claims

The Company and its subsidiaries do not have any legal disputes, which may affect the Company's assets at the amount higher than 5% of shareholders' equity based on the reviewed consolidated financial statement of the Company for the period ending 30 September 2020.

8. Connected Transactions

Transaction between the Company and its subsidiaries and individuals or juristic persons with conflicts of interests are as follows

Product/Service or assets acquisition/disposal transactions

The person who may have conflict of interest	Details of transaction	Transaction value (THBm)			Necessity and reason
		2018	2019	9M2020	
Vertex Logistics Services Co., Ltd. Premier Solution Co., Ltd. Chow Energy PCL Chow International Co., Ltd.	Rental income	5.40	5.99	3.28	The Company rents office space and factory space for its business operations based on contract rate
Chow International Co., Ltd.	Office rental expense	--	--	0.65	The Company has transferred the leasehold right of office space to Chow International Co., Ltd. since July 2020; the Company, hence pay for the rental fee, which is in accordance with the contract rate
Chow Energy PCL Vertex Logistics Services Co., Ltd.	Interest income	38.57	3.93	--	The Company provides loans to its subsidiaries to invest in solar power plants and working capital. The interest rate 6.36-7.38 percent per annum
Chow Energy PCL	Interest expense	--	--	1.67	The Company borrows from subsidiary for its business operation based on interest rate of 3.30 percent per annum
Vertex Logistics Services Co., Ltd.	Transportation expenses	30.02	6.02	2.31	The Company used its services to transport products to the customers and the Company based on contract rate
Premier Solution Co., Ltd.	Rental expenses	1.35	1.10	0.90	The Company rental equipment for general business operations based on contract rate
Lewmanomont International Law Office Co., Ltd.	Consulting expenses	0.54	0.25	0.79	The Company used its legal consulting services for general business operations based on agreed-upon price

Short-term loans of Chow Energy Public Company Limited

Details of transaction	Transaction value (THBm)			Necessity and reason
	2018	2019	9M2020	
Short-term loan to a related party	766.95	--	--	For business operations of its subsidiary
Short-term loan from a related party	--	39.00	100.00	For business operations of the Company

Guarantee obligations with Chow Energy Public Company Limited

Details of transaction	Transaction value (THBm)			Necessity and reason
	2018	2019	9M2020	
The Company has guarantee bank credit facilities of its subsidiary	2,002.00	1,784.00	1,864.00	For business operations of its subsidiary without guarantee fee charged

9. Summary of Material Agreements

9.1. Transaction Agreements

Details of Agreement related to the Transaction can be referred to under IM1

9.2. General Agreements

Office Rental

Topic	Description
Counter Party	Golden Land Property Development Public Company Limited (“Lessor”)
Leased Assets	836 sq.m. of office space at FYI Center 2, 10 th Floor, Unit 2/1006-2/1008, Rama 4 Road, Khlong Toei District, Khlong Toei Sub-district, Bangkok – to be used as head office of the Company
Rate	Rental fee of THB 358,145 per month and service fee of THB 358,145 (excluding value-added tax) with security deposits of THB 1,074,435
Period	From 1 September 2019 to 31 August 2022
Conditions	If the Company wishes to extend the agreement upon the expiration of the agreement, a notice must be made in writing at least 90 days prior to such expiration date. Nevertheless, the extension consideration, lease rate, and conditions are up to the Lessor’s discretion
Early Termination	If the Company wishes to terminate the agreement prior to the expiration of the lease period, the Lessor have the rights to forfeit the security deposit without any legal consequences. The Company must to also repay the amount owed to the Lessor, including any damages in all aspects

9.3. Power Purchase Agreements

Through CEPL and its subsidiaries, the Company has entered into multiple power purchase agreements with electricity utility companies as follows.

Japan (“Japan PPAs”)

Project	Entity	Utility	Feed-in-Tariffs (JPY per kWh)	Curtailement	COD
Iwaki	Mega Solar Park GK	Tohoku EPCO	40.0	30 days	April 2018
Hamada 1	Hamada Mega Solar GK	Chugoku EPCO	40.0	30 days	November 2015

Project	Entity	Utility	Feed-in-Tariffs (JPY per kWh)	Curtailement	COD
Hamada 2	CC Hamada GK	Chugoku EPCO	36.0	30 days	March 2017
Aomori	Sun Energy GK	Tohoku EPCO	36.0	Unlimited	September 2019
Nihonmatsu 3	Good Solar GK	Tohoku EPCO	32.0	Unlimited	January 2020
Goryo	Sun Partner Japan GK	Kyushu EPCO	40.0	30 days	May 2014
Shibushi	Sun Partner Japan GK	Kyushu EPCO	40.0	30 days	November 2013
Nogata	Sun Partner Japan GK	Kyushu EPCO	40.0	30 days	June 2015

The Japan PPAs entail the following key conditions.

Topic	Description
Period	20 years from COD
Transfer	The rights and obligations under the contract can be transferred to another person by notifying the electricity utilities and the Ministry of Economy, Trade, and Industry
Termination	<ul style="list-style-type: none"> If one of the parties does not comply with any conditions of the agreement, the other party has the right to make a letter of termination to the other party If one of the parties is under bankruptcy process, rehabilitation process, liquidation process, or any other processes under bankruptcy law If the party is unable to engage in electricity utility business If the party is involved or has committed a criminal offence or any other offences against the society
Applicable Law	Laws of Japan

Thailand Solar Rooftop Projects

The Company entered into 899 power purchase agreements with the Provincial Electricity Authority (“PEA”) with the following key conditions

Topic	Description
COD	March 2016 – October 2016
Period	<ul style="list-style-type: none"> If COD is prior to the specified date, 25 years from the COD If COD is on or after the specified date, 25 years after such specified date
Capacity	A total of 6.25 MW with 230/400 volt
Rate	Feed-in-Tariff rate of THB 6.85 per unit
Transferal	The producer must not transfer its rights under the agreement to any other persons unless permitted by the PEA
Termination	<ul style="list-style-type: none"> The producer to submit a termination letter to the PEA If one of the parties does not comply with the agreement and refuses to remediate the matter after receiving the relevant notification letter (unless such matter is considered force majeure) There are changes in purchase point or equipment related to electricity production without consent from the PEA There are changes to the installed capacity without consent from the PEA as per the rules specified by the PEA with approval from the Energy Regulatory Commission

Topic	Description
Applicable Law	Laws of Thailand

The Company also entered into 66 power purchase agreements with the Metropolitan Electricity Authority (“MEA”) with the following key conditions

Topic	Description
COD	December 2015 – September 2016
Period	<ul style="list-style-type: none"> If COD is prior to the specified date, 25 years from the COD If COD is on or after the specified date, 25 years after such specified date
Capacity	A total of 0.37 MW with 230/400 volt
Rate	Feed-in-Tariff rate of THB 6.85 per unit
Transferal	The producer must not transfer its rights under the agreement to any other persons unless permitted by the MEA
Termination	<ul style="list-style-type: none"> The producer to submit a termination letter to the MEA If one of the parties does not comply with the agreement and refuses to remediate the matter after receiving the relevant notification letter (unless such matter is considered force majeure) There are changes in purchase point or equipment related to electricity production without consent from the MEA There are changes to the installed capacity without consent from the MEA as per the rules specified by the MEA with approval from the Energy Regulatory Commission
Applicable Law	Laws of Thailand

10. Proxy Forms for the Shareholders to Vote and Nominate One Member of Audit Committee as Shareholder by Proxy

The proxy forms and further information on the members of the Audit Committee nominated by the Company to the shareholders by proxy are set out in the supporting documents of the Extraordinary General Meeting of Shareholders No.1/2021 (Enclosure 5. and Enclosure 6.).