

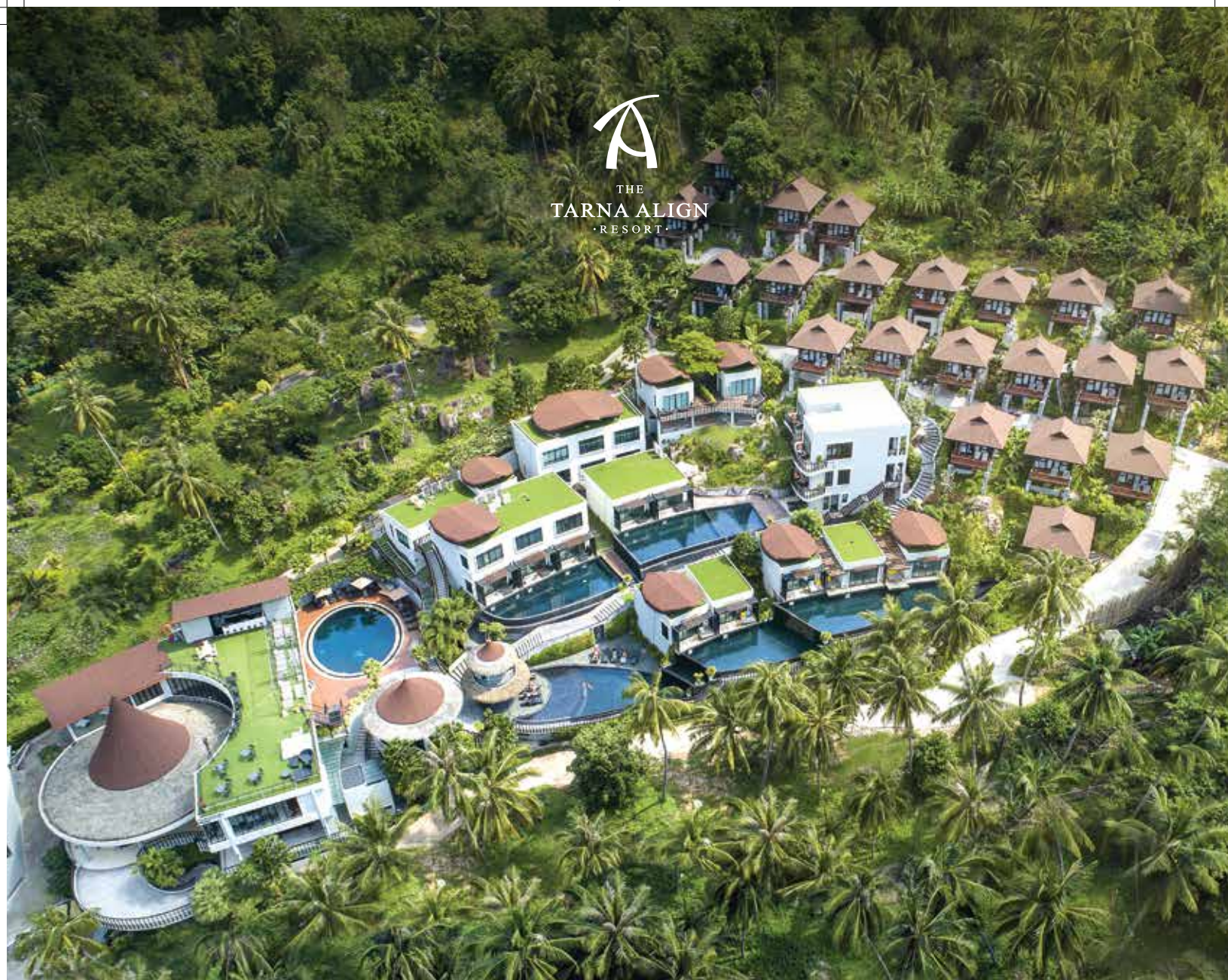


# ANNUAL REPORT 2019

AQ ESTATE PUBLIC COMPANY LIMITED

A Q E S T A T E





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## Message from the Chairman

Dear Shareholders

In the year 2019, the overall real estate business is still in a slowdown because of the strict control of home loans from the Bank of Thailand on the Mortgage Regulatory Measures (Loan-to-Value: LTV) that started using April 2019 onward. It requires customers to pay a minimum down payment which affects the customers have to find a down payment to buy a house as well as household debt that is still at a high level including the slowdown situation of the world economy. These factors cause a slowdown in the business sector continues from the year 2018.

Sales in 2019 are higher than in 2018 because the Company had a detached house project that can still make sales. But the Company had a lower gross profit than condominiums and the problem of the criminal court case of a person holding a political position has not been achieved yet. Therefore, the Company is trying to dedicate more to the hotel business to have working capital. In 2019, the hotel business grew by 30.46%.

If the Company can clear problems, the Board of Directors is ready to open a new real estate project. Because the Company has the remaining funds from the capital increase to expand the business to return to growth. The Board of Directors and all employees are dedicated to making the Company back to operate strongly for the benefit of shareholders.



Mr. Auychai Kultipmontre

Chairman of the Board of Directors

AQ Estate Public Company Limited

# 1. Policy and Overview of the Business

## 1.1 Background

AQ Estate Public Company Limited founded on November 9, 1982 first establish name is "Kritsada Investment Co., Ltd." The company has a registered capital of 1 million baht was established with the aim to engage the housing. Trading land houses, townhouses, commercial buildings and property as real estate. Under trade name "Krisda Nakorn".

In January 1984 the company was changed its name to "Krisda Mahanakorn Company Limited".

The Company was registered as a listed company in group of Industrial and real estate commercial with securities symbol "KMC" start trading on the Stock Exchange on May 10, 1991.

On June 14, 1993 the company operated as a public company incorporated under the Companies Act 2535 and the company was renamed Krisda Mahanakorn Public Company Limited and execute the capital increase from 1,050 million baht to 5,000 million baht.

On the April 30, 2014, the Company changed its name from the original "AQ Estate Company Limited (Public) and the Company's symbol is the "AQ".

At present AQ Estate Public Company Limited operates real estate commercial and development business. Both horizontal and vertical include Rental Property with the registered capital of Baht 147,006,012,651.50, Fully paid Baht 42,662,405,722.00 divided into 85,324,811,444 shares at par value of Baht 0.50.

## 1.2 Overview of the Business

AQ Estate Public Company Limited and its subsidiaries operates business of real estate commercial and development by focusing on real estate development, primarily for housing. Either in the form of single detached houses, townhouses, commercial buildings and residential high-rise condominium with the amenities. different And home construction to its clients, which bought Land Company, the subsidiary of the Company. Also operates another Related to real estate development. The summary nature of business of the Group is as follows.

- 1) Buying- Land acquisition is characterized by large land then divided into plots allocated. Then, the management and development of projects to be completed before the roads and utilities. Then sell to retail buyers.



- 2) The land and buildings This includes the allocation of land area. Designing buildings Contractors To servicedifferent To add value to the land, such as the allocation of land, which is a house divided. Semi-detached houses, commercial buildings and condominiums.
- 3) Construction of houses for customers who buy land of the company by hiring a small contractor under the supervision of the company's officer.
- 4) Sales management for other real estate development projects, with revenue from sales management based on sales proportion.
- 5) Hotels and Resorts Business.
- 6) Operation of storage space rental business

#### Status of the Company

- a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Company Limited ("Golden") (the 19th defendant) and K & V SRS Garden Home Company Limited ("Garden Home") the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of land net of commission fee on sales would be Baht 8,924.30 million and in year 2016. The management expects that the forced sale value of land would be Bath 5,800 million. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position ("Supreme Court"), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so, the Enforcement Officer has rescinded the sale of collateral under the order of the Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the

Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times on June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the fourth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each time but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt form the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018, On October 17, 2018, the public auction and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Bidders has filed an application for the postponement of the period of payment to be on February 1, 2019. The properties sold at the auction were divided into 3 groups as follows:

The first group was the criminal cases of Persons Holding Political Positions in decided case No. Aor Mor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was Bath 4,019.62 million. The buyer had placed the deposit of Bath 201 million. The remaining would be paid within February 1, 2019 and on January 24, 2019, the buyer paid Bath 3,818.62 million.



The second group was the civil suit in decided case No. 4007/2009 and undecided case No. Tho.59/2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden), the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of Bath 1,261.02 million, deposit of Bath 65 million, the remaining amount must be paid Bath 1,196.02 million. The petitioner, K&V SRS Company Limited held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on January 24, 2019 to such petition, and the court made an appointment to hear civil court order on March 20, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition. Later, on June 17, 2019, Golden Technology Industrial Park Company Limited filed an appeal against the court's order and the petitioner submitted an appeal to the Court on August 5, 2019.

The third group was the case of Central Bankruptcy Court in decided case No. L. 1249/2012. The property sold at auction from this case of 1,868-3-97.72 rai and land ownership belongs to K&V SRS Company Limited. The auction buyer purchased price of Bath 3,633.43 million, deposit of Bath 182.50 million, the remaining amount must be paid Bath 3,450.93 million within February 1, 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follow.

1. Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on March 5, 2019. The case result was dismissed by the court.
2. Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and

to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition. Later, on March 20, 2019, K&V SRS Garden Home Company Limited, the petitioner filed an appeal. Later on April 23, 2019, the official receiver, the objector No. 1, filed an objection to the appeal requesting the appeal and on May 2, 2019, Krung Thai Bank Public Company Limited, the objector No. 2 filed an appeal against the appeal which the Central Bankruptcy Court ordered the appointment of the Court of Appeals for Special Cases dated September 3, 2019. Court denied such appeal, the preliminary case result was terminated by the court.

3. Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to temporarily suspend enforcement on February 4, 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on April 25, 2019 and April 26, 2019. The court appointed the witness examination on May 14, 2019. The case result was dismissed by the court.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting (1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company of Baht 197.62 million which Grand Computer and Communication Company Limited (the 22nd defendant) paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.
- c) On October 16, 2015, the Company, "Golden" and Progress Property Management Company Limited ("Progress") a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and



irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of “Garden Home” and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition, the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore, the officer will report to the court to lift this bankruptcy case according.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement (the “Agreement”) dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing Agreement is for the Company to have the right to manage for the 3rd Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay for the

damages to the Bank. However, after the date of the Agreement in October 2015, there has not been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3rd Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3rd Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P. 240/ 2018, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mention conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. The court read the verdict on March 18, 2019 the court therefore ordered to dismiss the petition.

Subsequently, on June 17, 2019, the plaintiff appealed the judgment and on July 18, 2019, the three defendants filed a petition, the case is still pending in the courts.

On August 3, 2018, according to Case No. P.4393/2018, AQ Estate Public Company Limited sue Golden Technology Industrial Park Company Limited and Progress Property Company Limited (co-defendant) to be a civil case, to refund advance which AQ has paid reservation according to the property management agreement, amounting of Baht 74,999,995. On August 6, 2019, the co-defendant filed a petition to postpone the case, claiming that the Golden company was sued by the Krung Thai Bank in bankruptcy cases. The bankruptcy court will consider on August 20, 2019. Therefor the civil court has agreed to wait for the outcome of the bankruptcy case and then postponed the appointment to hear the results on September 17, 2019. Later, the Krung Thai Bank bankruptcy case of discontinued Golden Technology Industrial Park Company Limited, so the civil case will be continuing. The courts meeting schedule the hearing date on May 26-27, 2020, May 28, 2020, cross - claim on May 29, 2020. The appointment to hear the judgment on July 29, 2020.

- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the



Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016, such default loans amounting to Baht 26.72 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporary suspended all credit facilities. At the present, the Company paid loans from financial institutions in full.

The board of direction meeting No. 12/2016, dated October 13, 2016, acknowledged that the company submitted the regent of debt restructure to one bank. The Company was non-performing land additional pledge value Baht 1,000 million. And complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However, the company in waiting bank approved. In additions the meeting acknowledged that the surveyor reported that there are one hundred and seventy- seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No. 15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount ( approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Golden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti -Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Golden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has enter the debt restructuring as civil black case number Tor.268/2006 in whole amount, under the condition of Por-Kor-Sor.007/2017 dated on January 5, 2017 within April 2017. (2) The Company has following the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number. Aor-Mor.55/2015 and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017. If there have non proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be enough for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Company Limited), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for acting instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions

receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Company Limited. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2006, Red Case No. Tor.2687/2007) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht 8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it makes another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018 and the court granted the appeal. The Court of Appeals adheres to the Court of First Instance Currently, Golden Technology Industrial Park Co., Ltd. was accused as the 1st defendant. The petition has been filed. The case is currently being considered with the judgment of Supreme Court.

As disclosed in Note 18 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12, 2017 to July 14, 2017 and Baht 1,925 million on July 17, 2017 to July 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2019 as follows:

	(Unit: Million Baht)
Compensation as per Court sentence	10,004.47
<u>Add</u> Necessary expenses for selling land as per a contract for the asset management	128.88
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00



	(Unit: Million Baht)
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	3,057.62

\* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht 5,800 million. (In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively).

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. (Incidentally, the exactly amount of the company's obligation may be changed up or down, depending on the auction price to be auctioned in the future).

On October 17, 2018 the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company cannot reverse its provisioning provision. It is waiting for the bidder to pay the remaining price. The maturity date is February 1, 2019 and on January 24, 2019 buyer paid amount Baht 3,818.62 million. Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- e) On September 25, 2019, AQ Estate Public Company Limited sued Krung Thai Bank Public Company Limited (the 1st defendant) and others, totaling 13 persons to be a civil case, financial statements revision for 1st quarter 2019 of Krung Thai Bank to claim the refund 3,898,704,840 Baht to pay for damages in lawsuit of the Supreme Court's Criminal Division for persons Holding Political Positions (according to Black Case No. Aor-Mor. 3/2012, according to Red Case No. Aor-Mor. 55/2015), if the defendant fails to comply with payment of damages amount. The court are meeting of settlement of issue and define prosecution guidelines or the courts meeting schedule the hearing date on November 18, 2019. All defendants filed a request for an extension of time to file a statement given on February 9, 2020. The lawyer has comment to the court should be consider trend and judgment for conditional in contract on August 10, 2018. The Court scheduled on April 27, 2020.

## 1.3 Goals and Strategies for Operation

### Visions

AQ Estate aim not only develop projects or build buildings, we plan your future. We believe in a philosophy of timeless yet functional design since, our goal is to create things that will stand the test of time, to provide our clients, their great investment returns.

### Missions

- 1) To develop finest real estate projects to serve the current needs of market and those of the future.
- 2) To be amongst Thailand's leading real estate public listed companies.
- 3) To provide exceptional management services to clients as in a service provider and also as in a business partner.

## 1.4 Changes and key developments.

### 1.4.1 Change in share capital and the issuance of securities

#### Year 2015

- ☐ The Annual General Meeting of Shareholders for the year 2015 held on April 20, 2015, the meeting resolved the resolution to
  - a) Decreased the authorized capital from Baht 8,160.22 million (16,320.44 million shares, at Baht 0.50 per share) to be Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share).
  - b) Increased the authorized capital amount of Baht 3,549.63 million from Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share) to be Baht 11,659.18 million (23,318.36 million shares, at Baht 0.50 per share) by issuing new ordinary shares totaling 7,099.26 million shares, at Baht 0.50 per share.
  - c) To allocate newly issued ordinary shares as following:
    - ☐ General Mandate amount not exceed 3,000 million shares, Baht 0.50 par value for offering to the existing shareholders in the proportion.
    - ☐ Total amount not exceed 99.26 million shares, Baht 0.50 par value for reserve to adjust the additional right as warrant that will purchase (AQ-W2 total 25.77 million shares and AQ-W3 total 73.48 million shares)

- ☐ Total amount not exceed 4,000 million shares, Baht 0.50 par value both full amount or any part in the same time or different time to private placement investors and/or institutional investors of private placement in the offering price not less than 90 % of market price but the offering price not less than Baht 0.50 per share In addition, the Board of Directors or the people who is assigned by the Board of Directors are able to consider the allocation of newly issues common shares as mentioned above.
- ☐ On July 15, 2015 the Company registered the change in paid-up capital to increase from the original amount of 8,614 shares, which made paid-up capital to be Baht 6,336,985,976.50, (divided into ordinary shares 12,673,971,953 shares at Baht 0.50 par value).

#### Year 2016

- ☐ On June 6, 2016 the Company registered the change in paid-up capital to increase from the original amount of 711,582 shares, which made paid-up capital to be Baht 6,337,341,767.50, (divided into ordinary shares 12,674,683,535 shares, at the par value of Baht 0.50).

#### Year 2017

- ☐ The company holds the Extra General Meeting of shareholders No. 1/2017 on June 30, 2017 as following :
  - 1) Approve by decreasing the unsold and unpaid of the registered capital of Baht 5,321,839,806.50, divided into 10,643,679,613 ordinary shares, Baht 0.50.
  - 2) Approve the amendment of the company's memorandum of association in item 4 regarding the registered capital to comply with the capital reduction in accordance with agenda 1. The details are as follows. Item 4 Registered Capital Baht 6,337,341,767.50, Divided into Baht 12,674,683,535 shares par value Baht 0.50 per shares Divided into 12,674,683,535 ordinary shares ,Preference Shares -None-
  - 3) The capital increase-option 2, in case of the company increases the capital to private placement prior to the capital increase for right offering.The details are as follows:
    - ☐ Approve the capital increase in the amount of Baht 140,668,670,884 by issuance of newly issued ordinary shares of 281,337,341,768 shares at the par value of Baht 0.50. After the capital increase, the Company will have the registered capital of Baht 147,006,012,651.50 comprised of ordinary shares in total of 294,012,025,303 shares at par value of Baht 0.50.
    - ☐ Approved to amend the memorandum of association in item 4: Item Registered Capital, to comply with the increase of the registered share capital by cancelation of the previous



sentences and use these new sentences as following: Item 4 Registered Capital Baht 147,006,012,651.50 Comprised of 294,012,025,303 shares par value Baht 0.50 Comprised of: Ordinary Shares 294,012,025,303 shares Preferred shares -None-

- ☐ Approved to consider the issuance and offering the warrants to purchase ordinary shares of AQ Estate Plc.no. 4 (AQ-W4) for not exceeding 56,337,341,768 unit.
- ☐ Approved to consider the allotment of newly issued ordinary shares of the Company of 281,337,341,768 shares at par value of Baht 0.50 per share in the following order:

- (1) Allotment of newly issued ordinary shares of 100,000,000,000 shares, Baht 0.50 par value for private placement by empowerment the Board of Directors or the person assigned by the Board of Directors to determine offering price and number of allocated shares for one year. However, the offering price must be (1) the price calculated by weighted average in the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price with the price discount of not more than 10%. At present, the company has no reference price because in the period of trading suspension (SP). Therefore, the company must have to find next price. (2) The company conducts a price determination through a process that allows institutional investors to express their wish to acquire newly issuance shares at book building price. At the date of the Board of Directors approved the share allotment and pricing, the company will take book building price to consider in the allocation. In case of the price according to (1) and book building according to (2) does not reflect the true value of shares, the company will use the appraised value by the Financial Advisor Company for consideration. The company will employ S14 Advisory Company Limited, the financial advisor in the list of the SEC.to appraise preliminary information for shareholders acknowledge and the appraised value is Baht 0.05.
- (2) Allotment of newly issued ordinary shares of not exceeding 56,337,341,768 shares at par value of Baht 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4).
- (3) Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares, Baht 0.50 par value for existing shareholders in proportion to each existing shareholding.

- (4) Allotment of remaining newly issued ordinary shares from the existing shareholders in (3) and remaining newly issued ordinary shares for private placement in (1) to the existing shareholders as right offering again and empowerment the Board of Directors or the person assigned by the Board of Directors to determine all related details such as the ratio of allotment, the offering price, the subscription period, the Record date, and etc. which details and conditions will be informed to the shareholders in advance. However, the offering price for the right offering, specified by the Board of Directors or the person assigned by the Board of Directors will not exceed the offering price for private placement in 1 and not exceed the offering price for right offering in 3

- ☐ Board of Directors' meeting no. 10/2017 on July 11, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 1 "(No.1)" and Board of Directors' meeting no. 11/2017 on July 14, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 2 "(No.2)" as detail shown below:

Reference is made to the approval from the Extraordinary General Meeting of Shareholders no. 1/2017 on June 30, 2017 for the allotment and offering of the newly issued ordinary shares of the Company for the amount of 100,000,000,000 shares for private placement. The Shareholders' meeting empowered the board of directors of the Company to determine the offering price at the market price. However, due to :

- (1) The market price calculated from the weighted average of share price of not less than the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price as specified in item 8(1) of The Notification of the Capital Market Supervisory Board no. Tor Jor 72/2558, Re: Approval for the Listed Company to offer new shares to specific investors ("The Notification - Tor Jor 72/2558"), does not reflect the true value of shares of the Company because the shares of the Company has been suspended from trading in the Stock Exchange of Thailand; and
- (2) The offering price cannot be determined by the opened process to the institutional investors who intend to subscribe for the newly issued shares at the preferred price level (book building) processed by the securities company as specified in item 8(2) of The Notification - Tor Jor 72/2558 because of no proposed bidding price from the institutional investors to purchase newly issued shares of the Company. Therefore, the fair value is appraised by S14 Advisory Co., the financial advisor approved in the list of the SEC consideration which appraised from

the latest financial Statement on December 31, 2016, on July 11, 2017 equal to Baht 0.04 and it can be regard as substation of market price equal to Baht 0.04.

In accordance with the Notification of the SET, Re: Listing of ordinary shares or preferred shares as listed securities, B.E. 2558 (2015), the Company shall disclose the weight average share price of 7-15 consecutive business days prior to the first date of subscription payment of investors or the fair value of share price as appraised by the financial advisor approved in the list of the SEC in case that the shares are not traded in the SET. Therefore, the Company shall use the fair value from the report of the financial advisor, S14 Advisory Co., Ltd., appraised on July 11, 2017 using the same criteria as the report dated May 31, 2017. The latest report, the financial advisor adjusted the appraisal to reflect the current situation based on the financial statement as at December 31, 2016, the updated financial statement, and the appraised share price is Baht 0.04 per share.

Thus, the Board of Directors determined the offering price at Baht 0.05 per share which is higher than the fair price as appraised by S14 Advisory Company Limited, the financial advisor approved in the list of the Securities and Exchange Commission (the "SEC") instead of the offering price in (1) and (2) mentioned above and according to item 8 second paragraph of The Notification - Tor Jor 72/2558.

The share offering price of newly issued ordinary shares for private placement at Baht 0.05 per share when compared to the fair value at Baht 0.04 per share is not considered as the offering price lower than 90 percent of the market price according to the Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (2015). Therefore, the mentioned newly issued ordinary shares are not subjected to the silence period.

In addition, the Board of Directors has the guideline to determine the specific investors by considering the investors who submitted the letter of intent to subscribe the newly issued ordinary shares for the allotment to private placement which has the large number of shares and for the Company to raise sufficient fund from capital increase and the detail is as following:

- (1) The offering price for the specific investors is Baht 0.05 per share and is considered as the allotment at price instead of market price in accordance with the Notification - Tor Jor 72/2558 which is the fair price as appraised by the financial advisor approved in the list of the SEC because the shares of the Company has been suspended from trading in the SET since November 16, 2015, and there has no bidding from the institutional investors from book building processed by Country Group Securities Plc. as appointed by the company to manage and process for book building to the institutional investors. Therefore, the fair price, appraised by the financial advisor approved in the list of the SEC, is considered as the price instead of market



price. The allotment at the offering price of Baht 0.05 per share is considered as the allotment at the market price according to the resolution from the Extraordinary General Meeting of Shareholders no. 1/2017.

**Effect to shareholders (Dilution Effect) (No.1):**

Effects from the allotment for private placement when the investors subscribe for the newly

issued ordinary shares of 34,140,000,000 shares are:

No. of existing shares : 12,674,683,535 shares

Allotment shares : 34,140,000,000 shares

Total shares : 46,814,683,535 shares

**Effect to shareholders (Dilution Effect) (No.2):**

Effects from the allotment for private placement when the investors subscribe for the newly

issued ordinary shares of 38,500,000,000 shares are:

No. of existing shares : 46,814,683,535 shares

Allotment shares : 38,500,000,000 shares

Total shares : 85,314,683,535 shares

The offering price for private placement is Baht 0.05 which is the appraised fair price from S14 Advisory Co., Ltd., the financial advisor approved in the list of the SEC appraisal on May 31, 2017, using the Financial Statement on September 30, 2016, (prior to market price of capital increase equal to Baht 0.05), the price dilution is 0% and the control dilution is 72.933%. The reason of no price dilution to the existing shareholders is that the weighted average of share price in the SET of the past 7-15 consecutive business days prior to the date to determine the offering price, cannot be determined because the shares of the Company has been suspended from trading (SP). At present, the Company used the price of Baht 0.05 which is the substitution of market price to provide the current valuation information on July 11, 2017 appraised price from S14 Advisory Co., Ltd., using the latest Financial Statement on 31 December, 2016 and appraised at Baht 0.04. The Board of Directors approved the price allotment of Baht 0.05 which is higher than the latest fair price.

- (2) The Company is required to raise fund for the debt payment and for the future operation and development which needs large amount of fund. Therefore, when receipt the intention for capital from 15 investors, the Company approved for shares offering to those investors.
- (3) Detail and schedule for use of fund :

3.1 The company will raise capital increase in amount of Baht 3,632 million (PP#1 of Baht 1,707 million and PP#2 Baht 1,925 million) to negotiate with Krung Thai Bank for damages according to the Supreme Court's judicial order.

3.2 For development of projects of the Company.

Detail and schedule for use of fund from capital increase for Private Placement (PP)

Period	Detail	Amount (million Baht)
2017	Payment for damages from judicial order	10,004.47
2017	Development of Estes Rattanathibet project	976.90
2017	Development of Chonburi – Bypass project	457.37
2017	Development of AQ Welle	81.93
2017	Development of AQ ARBOR	397.79
2017	Development of AQ ALIX	303.89
2017	Purchase of the collateralized land	1,500.00
2018 - 2019	Investment in new projects	1,500.00
2018 - 2019	Working capital	500.00
		<hr/> 15,722.35 <hr/>

(4) For the offering price for private placement, the Board of Directors considered and approved the offering price at Baht 0.05 from the fair price appraised by S14 Advisory Company Limited on May 31, 2017. The number of shares offered for sale No.1 34,140,000,000 shares in the amount of Baht 1,707,000,000 and payment within July 14, 2017. And the number of shares offered for sale No.2 38,500,000,000 shares in the amount of Baht 1,925,000,000 and payment within July 19, 2017. The offering price is fair value, higher than the latest fair price which appraised price from S14 Advisory Co., Ltd., on July 11, 2017, at Baht 0.04, using the latest financial statements published to investors.

(5) Terms, conditions or other agreement with investors:

The company allotted shares to the investors without any terms, conditions or other agreement.

(6) From the issuance and allotment for private placement of 100,000 million shares, the Company allotted No.1 34,140 million shares for this time and the remaining un-allotment is 65,860 million shares and allotted No.2 38,500 million shares for this time and the remaining un-allotment is 27,360 million shares allotted No.1 and No.2 Total 72,640,000,000 shares are as listed securities on July 17, 2017.

The Company paid the commission fee for issuing the increase share capital to 4 non – related companies totaling Baht 62.61 million.

On October 6, 2017 the Board of Director meeting of company No.14/2017 had approved the canceled the allocation of 27,360,000,000 new ordinary shares to private placement the allotment to shareholders and has resolved to determine the names of shareholders who will be entitled to allotment of warrants No.4 (AQ-W4) on Tuesday, October 24, 2017.

#### Year 2018

- Warrants (AQ-W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of share derived from this exercise 10,127,909 shares. Ordinary shares allocated to support the use of the right balance amount 42,646,721,758 shares. The warrants (AQ-W4) that have not exercised in full amount as above will be terminated on November 1, 2018 from the registered securities.

#### Year 2019

Share capital for the year ended December 31, 2019 (No movements) was as follows:

	Par value per share (Baht)	Consolidated Financial Statements/ Separate Financial Statements	
		2019	
		Number of share (Thousand share)	Amount (Thousand Baht)
<b>Authorized share capital</b>			
As at January 1	0.50	294,012,025	147,006,013
Increase in common shares		-	-
Capital reduction		-	-
As at December 31	0.50	<u>294,012,025</u>	<u>147,006,013</u>
<b>Issued and paid - up share capital</b>			
As at January 1	0.50	85,324,811	42,662,405
Increase in common shares		-	-
Capital reduction		-	-
As at December 31	0.50	<u>85,324,811</u>	<u>42,662,405</u>



## 1.4.2 Change in Shareholding Structure

### Year 2017

11-14 July 2017 The Board of Director's meeting of AQ Estate Plc. no. 10/2017 and 11/2017 had a resolution to allot the increase in stock capital by 72,640 million shares to private placement after the registration paid-up capital in allocation of shares to the private placement. The top ten shareholders structure of the company are as follows:

No.	Top Ten Shareholders	Before Share allotment	%	After Share allotment	%
1	Zico Allshores Trust(S) Pte,Ltd.	-	-	17,000,000,000	19.93%
2	Mr. Nathasa Chalermtiarana	-	-	8,400,000,000	9.85%
3	Mr. Palin Lojanagosin	-	-	4,000,000,000	4.69%
4	Mrs. Sirikarn Jaroensahayanon	-	-	4,000,000,000	4.69%
5	Mr. Somyot Vongtongsalee	-	-	4,000,000,000	4.69%
6	Ms. Thanuchtar Sueverachai	-	-	3,900,000,000	4.57%
7	Mrs Chiratha Wattanavekin	-	-	3,900,000,000	4.57%
8	Ms. Supparuk Settapanich	-	-	3,510,000,000	4.11%
9	Mr. Boyorn Rungruangnavat	-	-	3,300,000,000	3.87%
10	Mr. Chanon Wangtal	-	-	3,300,000,000	3.87%

Zico Allshores Trust(S) Ptl.,Ltd is Trustee of Wisdom & Virtue Fund which management Banjaran Asset Management Pte.,Ltd by the Zico Allshores Trust(S) Shareholder are as the follows.

- 1) Jamil Bin Mohamed –Singaporean ID NO.S7319075D held 24%
- 2) Peh Ee Hong- Singaporean ID NO.S2598959G held 25%
- 3) **Zico Consultancy Limited Held** 51%
  - ☐ Certificate of incorporation
  - ☐ Memorandum and articles of association
  - ☐ Register of directors
  - ☐ Register of shareholders-shareholder is another corporate, Zico Malaysia Sdn Bhd.

#### **Zico Malaysia Sdn Bhd:**

- ☐ Certificate of incorporation
- ☐ Memorandum and articles of association
- ☐ Register of directors

- ☐ Register of shareholders-shareholder is Zico Holdinas (a public listed company)

ZICO Allshores Trust (S) Pte. Ltd., acting in its capacity as Trustee of Wisdom & Virtue Fund, together with Banjaran Asset Management Pte. Ltd. as the Fund Manager of Wisdom & Virtue Fund are unable to disclose the unitholder(s) of Wisdom & Virtue Fund in compliance with the following confidentiality obligations:

- 1) Licensed trust companies in Singapore must at all times comply with, inter alia, the confidentiality provisions under Section 49 of the Trust Companies Act (Chapter 336) (Original Enactment: Act 11 of 2005) REVISED EDITION 2006 (31st July 2006) which prohibits disclosure of information regarding a “protected party” (which includes beneficiaries under a trust) by a licensed trust company (or any of its officers) to any other person, except as expressly provided in the Act;
- 2) Investment Management Association of Singapore’s Code of Ethics & Standards of Professional Conduct (“the Standards”) (May 2010) are applicable to all Investment Managers in Singapore and under Chapter 2.5 of the Standards, investment managers shall maintain proper procedures to ensure the confidentiality of client information;
- 3) Wisdom & Virtue Fund is an open-ended fund;
- 4) There are various investors/unitholders in Wisdom & Virtue Fund which consist of institutional investors, fund of fund, high net worth individuals and family offices; and
- 5) The Fund Manager and Trustee have the experience and expertise on investments in the South East Asian region.

However, the private placements were not involved in the management or take a position of Director or Management. Therefore, it has no effect on the Company's management policy according to the Company's Articles of Association; non-Thai shareholders will hold shares no more than 49%.

#### Year 2018 - 2019

-No change in shareholding structure-

### 1.4.3 The Key Development

#### Year 2018

- 7 March 2018 as judgment of the Supreme Court Criminal Division politicians. The company must share responsibility for damage to the plaintiff until the case finally reached. The plaintiff is Krung Thai Bank that has confiscated as collateral and selling by auction in the 1st day of 27 December 2017, 2nd day of 17 January 2018, 3rd day of 7 February 2018 and the 4th day of 28 February 2018. On 25 December 2017, Mr. Viroj Nualkha, as the petitioner, requested the court to order the executing officer to stay execution for all 215 plots of land due to the sale of land is not simultaneously that make price inappropriately. On 25 December 2017, Mr. Viroj Nualkha sent a letter to all stakeholders. Therefore, the Supreme Court Criminal Division politicians have ordered a hearing the petition on 5 and 8 March, 2018. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (5 March 2018) in accordance with the docket on 25 December 2017 and cancel hearing date on 8 March 2018.
- 5 June 2018 the law enforcement officer had announced the auction of land 4,300 rai on 9 April 2018, which scheduled four auctions as follow. (1) The first will be on 6 June 2018 (2) the second will be on 27 June 2018 (3) The third will be on 18 July 2018 and (4) The fourth will be on 8 August 2018. Subsequently, Miss Charoen Yukhongthrum had filed a petition to the Supreme Court's Criminal Division for politicians of black case No. OrMor.Kho 1/2018 and lawsuit on 31 May 2018 which is a joint ownership of title deed 610, No. 79 (old No. 58), survey pages 276, Ban Ra Kat Sub-district, Bang Bo District, Samutprakan in order to leave the property as joint ownership of the petitioner and require to divide the deed of the petitioner before the auction and disputed the confiscated land which is taken over including confiscated land on the part of the petitioner with an area of 60 square wah. On 15 May 2018, the Supreme Court had received a petition and suspended the execution until the court ruled or any other ruling which shall be scheduled hearing on 11 September 2018. The Golden Technology Industrial Park Company Limited had received such copy on 31 May 2018. However, the law enforcement officer has ordered the suspension of sales property especially on 6 June 2018 in accordance with investigation at the law enforcement office in Samutprakarn. Miss Charoen Yukhongthrum had filed a petition to the Central Bankruptcy Court with black case No. SorLo. 122/2018 and

lawsuit on 28 May 2018 which is a joint ownership of title deed 610, No.79 (old No. 58) , survey pages 276, Ban Ra Kat Sub- district, Bang Bo District, Samutprakan in order to leave the property as joint ownership of the petitioner and require to divide the deed of the petitioner before the auction and disputed the confiscated land which is taken over including confiscated land on the part of the petitioner with an area of 60 square wah. The Central Bankruptcy Court has ordered the suspension of sales property especially on 6 June 2018 and appointment the petition hearing on 14 June 2018.

- 31 July 2018 on 26 July 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/ 2561 to cancel the suspension order for legal execution according to the report of the proceeding dated 15 May 2018 and to allow the legal execution officer to process for the land auction except for the disputed land, title dee no. 610, Tumbon Baan Rakas, Amphur Bang Bor, Samutprakarn Province which was ordered to suspend for auction until further change of court order.
- 18 September 2018 The Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2561 to cancel the suspension order for legal execution according to the report of the proceeding dated 15 May 2018 and to allow the legal execution officer to process for the land auction except for the disputed land, title deed no. 610, Tumbon Baan Rakas, Amphur Bang Bor, Samutprakarn Province which was ordered to suspend for auction until further change of court order. On 14 September 2018, the Company received the announcement of the Legal Execution Department dated 17 August 2018 that the legal execution officer announced the schedule for the public auction of assets in this court case for 4 days as following: No. 1 on 17 October 2018, No. 2 on 7 November 2018, No. 3 on 28 November 2018, and No. 4 on 19 December 2018.
- 17 October 2018 on 14 September 2018 that the Company received the announcement from the Legal Execution Department dated 17 August 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following: Schedule 1: On 17 October 2018, Schedule 2: On 7 November 2018, Schedule 3: On 28 November 2018, and Schedule 4: On 19 December 2018. On 17 October 2018, the public auction was held and it sold the collateralized assets to the purchaser at the price of THB 8,914.07 million.

### Progress on deposit of bill of exchange and loans

As AQ Estate Plc. (AQ) increased and allotted the shares to the private placement on July 2017 for the amount of 3,632 million Baht in order to use the increased capital to pay debt to Krungthai Bank Plc. (KTB) according to the order from the Supreme Court's Criminal Division for Persons Holding Political Position and it has already paid for 1,636 million Baht and the remaining increased capital is 1,996 million Baht. During the same period, the Board of Directors approved for the investment in the bill of exchange (B/E) for 1,600 million Baht and empowered the Board of Executive Directors to consider the investment in debt instruments in the companies that have good financial status with the limit of each investment of not greater than 500 million Baht and it can roll the B/E of the companies which have already approved by the Board of Directors. The Board of Executive Directors has the power to consider the investment in the corporate bonds of the companies which have clear source of fund to repay and low risk and to consider the extension of the investment for 15-30 days of each period in order for the Company to redeem the fund to pay for debt in time. The Company has invested in the B/E of 5 companies and when due, it has extended the investment in B/E every time.

On 30 June 2018, the B/E of Krugthai Land Development Co., Ltd. and Thai Filatex Plc. was due. The Board of Directors approved to change the investment in B/E to the loan agreement with those companies for the amount of 719 million Baht and the maturity date of the principal and interest is 28 December 2018. In addition, the BE of Planet Energy Holding Pte Ltd. in total of 1,143 million Baht which the amount of 115 million Baht was due and the remaining amount of 1,028 million Baht will be due in August and September 2018.

Nevertheless, the source of fund for investment in B/E and the lending to those mentioned companies was from the capital increase for the private placement which is reserved to pay for the different amount of the proceed from land sale collateralized with KTB. The next schedules for the land auction dates are 18 July 2018 and 8 August 2018. Should the Company need to pay KTB for the different amount of land sale, the Company may not have enough liquidity for payment to KTB. In addition, the loan to the third parties is accounted for 20% of the net tangible assets which is significant amount and it is not the normal business of the Company.

### Loan to Krungthai Land and Thai Filatex in the amount of 719 million Baht

The Board of Directors considered that the Company the change in the form of investment in bills of exchange is a loan agreement with conditions like the original bill. The reason for the two loans is because the company has no need to use the funds after the suspension of auction on August 8, 2018,



the date is not set. Also consider that the two companies have the potential to repay. The loan is considered appropriate.

The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the auction tends to be more than the remaining damage amount of 8,368.73 million Baht from the reason that the legal execution department determined the starting auction price at 8,850 million Baht. The Company believes that the selling price could be higher than the starting auction price.

For 2016 financial statement, the Company made the reserve for liability with KTB using the appraised price from S.L. Standard Appraisal Co.,Ltd. As of May 2017 at 11,600 million Baht and forced sale price at 5,800 million Baht. Previously in the same year. The Company held the land auction and there were 3-4 interested purchases submitted for the bid but the highest bidding price was lower than the forced sale price. Therefore, the Company deems it appropriate to use the forced sale price as the base for the reserve. If the land auction price is lower than 8,368.73 million baht, the Company is still able to pay for damages to KTB from other investments (Fixed Income Fund Bank deposits of Baht 321 million and project assets of Baht 1,607 million). In addition, the Company can call for early repayment from Krungthai Land Development Co., Ltd. and Thai Filatex Plc. by giving 30 day notice in advance.

The Board of Directors has considered the financial status of Krungthai Land Development Co., Ltd. and Thai Filatex Plc. as acceptable and is confident that Krungthai Land Development Co., Ltd. and Thai Filatex Plc. have the ability to repay loan under the loan agreements.

From legal consideration, the change from the purchase of B/E to the short term lending does not have an impact to the status of the Company and its subsidiaries compared to the previous status. For placing collateral and guaranty, Right to call for early repayment, risk management in case of payment default is detailed as follows.

#### Collateral and guaranty

Krungthai Land Development Co., Ltd (krunghthai Land) :	None
Thai Filatex Plc :	None

#### Right to call for early repayment

Krungthai Land Development Co., Ltd (krunghthai Land): Loan agreement specified that AQ has the right to call for early repayment by given notice for 30 days in advance.

Thai Filatex Public Company Limited: Loan agreement specified that Aquarius Estate Co.,Ltd has the right to call for early repayment by given notice for 30 days in advance.

Risk management in case of payment default

The Company has policy to follow up with the borrower and for risk management, the Company is negotiating for additional collaterals such as assets or assignment of receivables which it is expected to conclude the negotiation by 3rd quarter of 2018.

**The investment in B/E of Planet in the amount of 1,143 million Baht**

For two B/Es of PEH due on 30 April 2018 in the amount of 30.5 million Baht and due on 29 May 2018 for the amount of 74.7 million Baht, PEH had requested for the rolling of those B/Es for 6 months. In the Board of Executive Directors' Meeting no. 2/2018 on 24 April 2018, the Board of Executive Directors (empowered by the Board of Directors) considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. If the selling price of the land is lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). The Board of Executive Directors considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the extended B/E.

The Board of Directors considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. Should the proceed from land auction be lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). In addition, the Board of Directors considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the rolling B/E as shown in Attachment (2) and therefore approved for the rolling B/Es for the principal and interest due for the period of 6 months but no later than 28 December 2018 with the interest rate of 6.5% p.a.

The Board of Directors will consider the progress of 4,300 rai land auction which is scheduled on 8 August 2018 whether the Company will be responsible to pay for the shortfall of damages to KTB and at what amount, although the current land price tends to be more than the remaining damages of 8,368.73 million Baht. Should after the payment for damages and the investment in the core business of the

Company and the Company still has excess liquidity, the Company may consider to continue for the short term investment opportunity. It may consider to invest in the existing companies already invested or change to other alternative investments upon the appropriateness at that time and the management will analyze and propose to the Board of Directors to consider in due course.

Furthermore, In the Board of Directors' Meeting on 19 July 2018, the board meeting assigned to the management for additional risk management including the follow up for the operation performance of the companies that the Company has invested in or provided the loan to, the negotiation for additional collaterals and/or the guarantees from those 3 companies invested by the Company, and the study from management for other alternative investments for consideration in the next meeting.

### Year 2019

- 11 March 2019      The auction of mortgaged property at the price of THB 8,914.07 million on 17 October 2018. The properties sold at the auction were divided into 3 groups as follows.
1. The first group was the criminal cases of Persons Holding Political Positions in decided case No. AuMor. 55/ 2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was THB 4,019.62 million. The buyer had placed the deposit of THB 201 million. The remaining would be paid within 1 February 2019 and on 24 January 2019, the buyer paid THB 3,818.62 million.
  2. The second group was the civil suit in decided case No.4007/2009 and undecided case No. Tho. 59/ 2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden) , the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of THB 1,261.02 million, deposit of THB 65 million, the remaining amount must be paid THB 1,196.02 million. The petitioner, K&V RS Co., Ltd., held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on 24 January 2019 to such petition, and the court made an appointment to hear civil court order on 20 March, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which

was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition.

3. The third group was the case of Central Bankruptcy Court in decided case No. L.1249/2012. The property sold at auction from this case of 1,868-3- 97.72 rai and land ownership belongs to K&V RS Company Limited. The auction buyer purchased price of THB 3,633.43 million, deposit of THB 182.50 million, the remaining amount must be paid THB 3,450.93 million within 1 February 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follows.

- 3.1 Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on 5 March 2019. The case result was dismissed by the court.

- 3.2 Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition.

- 3.3 Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to the temporarily suspend enforcement on 4 February 2019.

The court ordered the company attorneys, the stakeholders ( Golden Company) and called the second objector which will appoint witnesses on 25 and 26 April 2019.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of THB 4,646.95 million.

29 August 2019 The Board of Director meeting No. 8/2019 approved to make the prosecution to Krung Thai Bank Public Company Limited and the Executive Committee of Krung Thai Bank Public Company Limited (Board of Directors) to take the proceeds from land auction of Golden Technology Industry Company Real Park Company Limited in the amount of 3,898.70 million baht to pay for damages in lawsuit of the Supreme Court's Criminal Division for Persons Holding Political Positions or financial statements revision for 1 st quarter 2019 of Krung Thai Bank to bring such amount as the principle payment of Golden Technology Industrial Park Company Limited in such civil case in order to provide a practical guide on the public auction according to bank regulations or to claim the refund of 3,898.70 million baht and / or other damages. The company requests lawyer to send a notice to Krung Thai Bank for correcting the accounting record and bring the amount of 3,898.70 million baht to pay the principle within 15 days from bank receiving such notice. In case of overdue such period, the company will file a civil suit as requested by Board of Directors.

13 September 2019 The Company purchased 1,387,500 ordinary shares of the Tarna Algn Resort Co., Ltd. , representing 99.82% at price of 90.44 Baht per share in amounting of 125,480,000 Baht.

### Year 2020

27 February 2020 Report of the investment in bill of exchange (BE) and loans with details as follows.

Total	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
1	Krungthai land development Co., Ltd.)	Loan		31-Mar-20	6	412,144,693.51
2	Planet Energy Holding Pte.,Ltd (PEH)	PLN001/2020	31-Dec-19	31-Mar-20	6.5	420,376,984.22
		PLN002/2020	31-Dec-19	31-Mar-20	6.5	254,646,797.01
		PLN003/2020	31-Dec-19	31-Mar-20	6.5	59,527,822.67
		PLN004/2020	31-Dec-19	31-Mar-20	6.5	96,579,142.41
		PLN005/2020	31-Dec-19	31-Mar-20	6.5	85,674,592.00



Total	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
		PLN006/2020	31-Dec-19	31-Mar-20	6.5	75,296,505.00
		PLN007/2020	31-Dec-19	31-Mar-20	6.5	69,762,134.47
		PLN008/2020	31-Dec-19	31-Mar-20	6.5	10,296,032.72
	<b>Total</b>					<b>1,484,304,704.01</b>

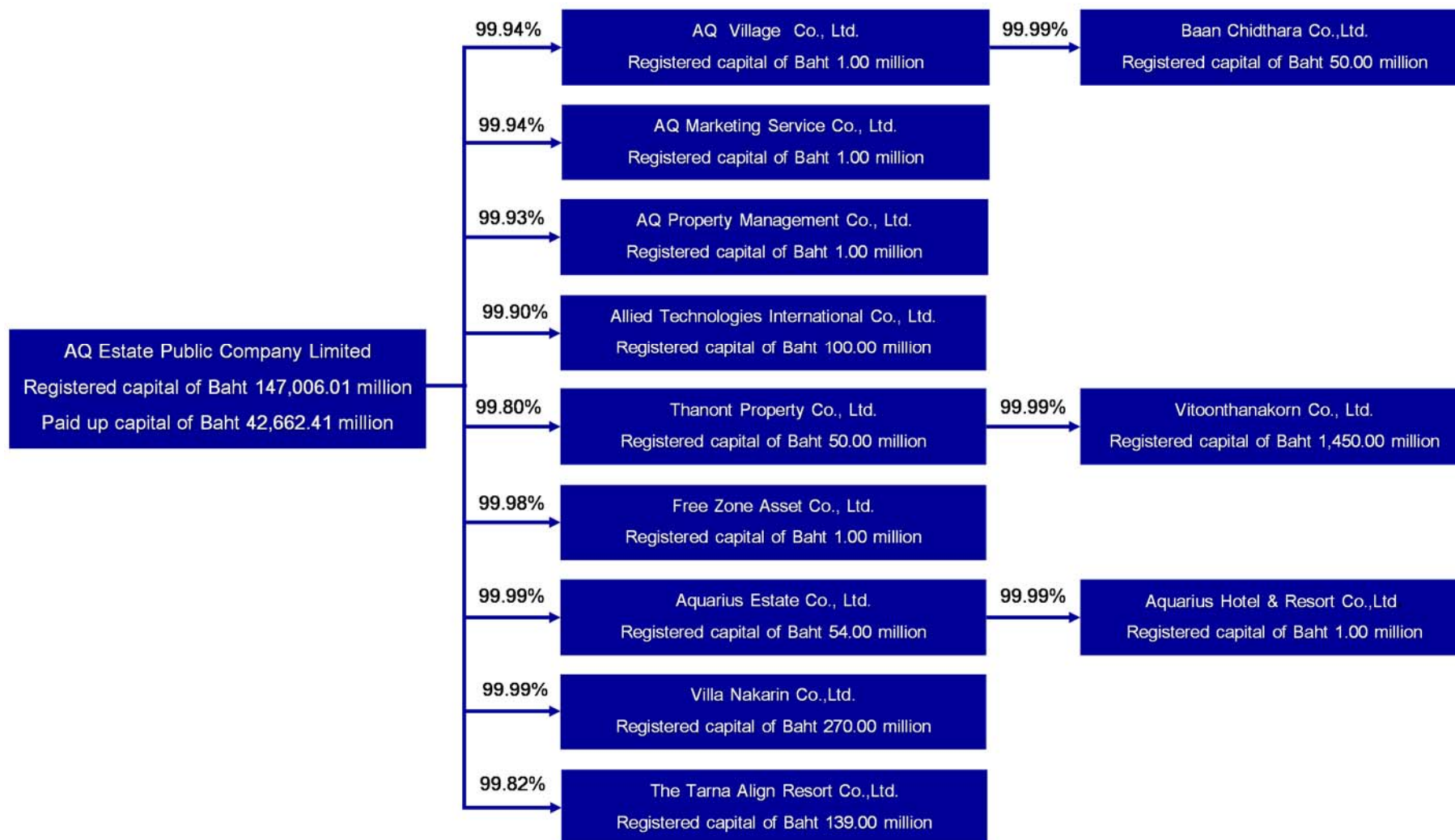
Return on bills of exchange and loans as of December 31, 2019. The details are as follows.

No.	Company	Return on Investment (Baht)
1	Krung Thai Land Development Co., Ltd.	69,081,938.38
2	Thai Filatex Public Co., Ltd.	12,899,136.97
3	Vintage Engineering Public Co., Ltd.	16,716,725.95
4	Planet Energy Holdings Pte. Ltd.	134,401,237.05
5	East Coast Furnitech Public Co., Ltd.	7,147,894.28
	<b>Total</b>	<b>240,246,932.63</b>

## 1.5 Shareholding Structure of the Group

AQ Estate Public Company Limited undertakes business in property development and sales including real estate rental. There are 12 subsidiaries in the Group by the Company directly holds 9 subsidiaries and indirectly through 3 subsidiaries. The nature of business operations of the parent company and subsidiaries and the proportion of the Company's shareholding in the Subsidiaries can be summarized as diagrams and tables as follows.

Shareholding Structure of AQ Estate Group  
as at December 31, 2019



## List of subsidiaries as at 31 December 2019

Subsidiaries	Type of Business	Proportionate of Share (%)	Paid up capital (Million baht)	Type of Holding
AQ Village Co., Ltd.	Recreational services and provides hotel and resort	99.94	1.00	Direct Subsidiary
AQ Marketing Service Co., Ltd.	Sale management services	99.94	1.00	Direct Subsidiary
AQ Property Management Co., Ltd.	Management of commercial space	99.93	1.00	Direct Subsidiary
Allied Technologies International Co., Ltd.	Real estate trading	99.90	100.00	Direct Subsidiary
Thanont Property Co., Ltd.	Real estate trading	99.80	50.00	Direct Subsidiary
Free Zone Asset Co., Ltd.	Real estate for rent and service	99.98	1.00	Direct Subsidiary
Aquarius Estate Co., Ltd.	To sell, acquire, provide service and operate in real estate	99.99	54.00	Direct Subsidiary
Villa Nakarin Co.,Ltd.	Real estate trading	99.99	270.00	Direct Subsidiary
The Tama Align Resort Co., Ltd.	Hotel services	99.82	139.00	Direct Subsidiary
Vitoonthanakorn Co., Ltd.	Real estate trading	99.99	1,450.00	Indirect Subsidiary
Baan Chidthara Co.,Ltd.	Recreational services and provides hotel and resort	99.99	50.00	Indirect Subsidiary
Aquarius Hotel & Resort Co.,Ltd.	To sell, acquire, provide service and operate in real estate	99.99	1.00	Indirect Subsidiary

### The Divisions in the group of Company

1. Trade, real estate development and real estate management. The company operates its business by develop projects, real estate and land for sale or land with a House ( in case of sale) to the customer, sales, project management, real estate and condominium project under the trademark " AQ estate " Constructions service client may sourcing their own contractor to build home project and use AQ Marketing Services Co. , Ltd. ( " AQ marketing ") service for Sales and management for project. The Company charged 3 percent service from value of the contract.
2. Commercial and real estate development business " AQ" , "Allied Technology International Co., Ltd.", "Thanon Property Co. , Ltd.", "Aquarius Estate Co. , Ltd.", "Vitoon Thanakorn Co. , Ltd.", and "Villa Nakorn-in Co. , Ltd.", operate in business development projects, real estate and land for sale or land with a House (in case of sale) to a customer , The Project build and construction by Group of Company and AQ Marketing provide sales management and sales administration service fee 3-5 percent from the value of the contract.
3. Other business The Company's other business. Performed by the subsidiaries are follows:
  - 3.1 Business management service, Sales service to condominium and housing project under name of "AQ Marketing Service Co., Ltd.", and "Aquarius Estate Co., Ltd."
  - 3.2 Hotel and Resort business operated by "AQ Village Co., Ltd.", "Aquarius Hotel and Resort Co., Ltd.", and "Ban Chid tara Co., Ltd." (Ban ChidTara now not yet performed).
  - 3.3 Commercial Space Management and Infra Structure Management operated by "AQ Property Management Co., Ltd."
  - 3.4 Warehouse Space Rental business operate by "Free zone Access Co., Ltd."
  - 3.5 Commercial Trade Space Rental business operate by "Vitoon Thanakorn Co., Ltd."

### Impact of economic conditions

In 2019, the business operations under the production line of the Company and its subsidiaries have limitations on investment because the company has a burden to pay for Krung Thai Bank. However, the Company is still operating carefully and there is a limitation on the expansion of work by aiming to generate more income which is divided into the following major production lines.

1. Commercial and real estate development business, the Company and its subsidiaries focus on selling products in the existing projects due to the limitations mentioned above. The Company and its subsidiaries' products is resident that build before selling. There are single houses, townhomes and condominiums. From such restrictions, the Management expects that when the

case is completed, the company and its subsidiaries will be able to develop the project to its full potential to increase revenue.

2. Accommodation and hotel services, The Company and its subsidiaries have hotels service businesses. In 2018, the Company opened 1 additional hotel with 2 buildings as Alix Hotel Soi Soonwijai which is located in Soi Soonwijai near Bangkok hospital. There are target customers such as foreign customers who come to the hospital. The hotel was opened in September 2018 with a strategy is to focus on customers who want to stay for medical treatment. The price of the hotel is cheaper than the customer having to stay in the hospital. The feedback from the guests was satisfactory.

Besides, on 13 September 2019, the Company purchased ordinary shares of The Tarna Align Resort Co., Ltd. in the proportion of 99.82%, with a total of 1,387,500 shares at 90.44 Baht per share, a total of 125,480,000 Baht. The Tarna Align Resort Co., Ltd. operates the hotel business, The Tarna Align Resort at Kohtao, Kohtao Sub-district, Ko Phangan District, Suratthani Province. In 2019, revenue from accommodation and hotel services of the Company and its subsidiaries increased by 30.68 million Baht or 30.46% from the last year. The management had the opinion that the increasing competition in the hotel business, has not much impact on the Company because we adjusted the strategy of hotel management.

## 1.6 Relationship with the major shareholder's business

-None-



## 2. Type of Business

### 2.1 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2017 - 2019 could be classified by business segment as follows.

Product line / Business Group	Operated by	% Shareholding	Revenue (Million Baht)					
			2019	%	2018	%	2017	%
Revenues from sales of property	Thanont Property	99.80	489.37	63.00	399.82	48.50	538.91	70.37
	Allied Technologies	99.90						
	Vitoonthanakorn	99.99						
	Aquarius Estate	99.99						
	Villa Nakarin	99.99						
	Aquarius Hotel	99.99						
Income from hotel business	AQ Village	99.94	131.41	16.92	100.73	12.22	82.23	10.74
	Aquarius Estate	99.99						
	Aquarius Hotel*	99.99						
	Baan Chidthara*	99.99						
	The Tarna Align Resort**	99.82						
Revenues from property rental operations and related services	AQ Property	99.93	21.45	2.76	20.51	2.49	17.54	2.29
	Free Zone Asset	99.98						
Revenues from consult and sales management	AQ Estate PLC	-	-	-	-	-	-	-
	AQ Marketing Service	99.94						
	Aquarius Estate	99.99						
Total revenues from sales and services	-	-	642.23	82.68	521.05	63.20	638.67	83.40
Other income	AQ Estate PLC	-	134.57	17.32	303.38	36.80	127.12	16.60
Grand total		-	776.80	100.00	824.43	100.00	765.79	100.00

Note \* Started in September 2018

\*\* Acquisition in September 2019

### 2.2 Products and Services

AQ Estate Public Company Limited and its subsidiaries operates business of real estate commercial and development by focusing on real estate development, primarily for housing. Either in the form of single detached houses, townhouses, commercial buildings and residential high-rise condominium with the amenities. different And home construction to its clients, which bought Land Company, the subsidiary of the Company. Also operates another Related to real estate development. The summary nature of business of the Group is as follows.

- 1) Buying- Land acquisition is characterized by large land then divided into plots allocated. Then, the management and development of projects to be completed before the roads and utilities. Then sell to retail buyers.
- 2) The land and buildings This includes the allocation of land area. Designing buildings Contractors To servicedifferent To add value to the land, such as the allocation of land, which is a house divided. Semi-detached houses, commercial buildings and condominiums.
- 3) Construction of houses for customers who buy land of the company by hiring a small contractor under the supervision of the company's officer.
- 4) Sales management for other real estate development projects, with revenue from sales management based on sales proportion.
- 5) Hotels and Resorts Business.
- 6) Operation of storage space rental business

The company and the Group's subsidiary companies include: Thanon Property Co., Ltd., Allied Technology Co., Ltd., Viton Thanakorn Co., Ltd., Aquarius Estate Co., Ltd., Villa Nakarin Co., Ltd. (The real estate development business group) conducts business with an emphasis on Commercial and Real Estate Development, focus on Real Estate development and residential. Both in the form of detached houses semi-detached townhouse and condominiums with amenities. Companies and a subsidiary of the company provide service cover Land management from large land. The building's design thru the other services to increase the value added of land both in term of behavior pattern of home projects and will be given the appropriate location and the target groups.

Real estate development group. Continue to develop the land by providing and gathering land, a large and divided the developed as well as road and land parcel utilities before sale to the purchaser which public utilities development projects at the preliminary land reclamation work include land conversion and street. Dirt and stone compaction task knead road. Stones and concrete road pavement installation, Electricity pole/headlines. Landscaping, Arch, Club and swimming pool, etc.

Infrastructure and public services. Operate by Real Estate Development Group of Companies in each company, as administrator, such aspects of the project, unless the Executive Club and swimming pool will be open to other companies to hire and manage tasks, to provide services to clients in the project. However, as of June 6, 2002 the Ministry of the Interior has issued act to registration of the establishment of administration, Merge and to withdraw Housing Estate Juristic Person 2002 (Act 2545/46A/17/17 June-2002) where such regulations has resulted in land allocation Act 2000 this act more complete. Such act shall specify whether the allocation is free from the duty of maintenance utilities, once established, "Housing Estate Juristic Person " or other legal entities to transfer such property to maintain. Within the

time allocated land designated or authorized by the Board of Directors allocates land for Bangkok and provincial land allocation Committee, any operation to maintenance, utilities or transfer assets such as public interest, therefore, the establishment of housing estate juristic person act, it will help to reduce the burden of a group of real estate development in infrastructure and public service care.

#### Real estate that is currently in operation

Project	Project owner	Location	Product Categories in the project
Krisda Marina (Project 27) (The last plot of land transferred in Q1/2020)	The Company	Pinklao Road - Nakhon Chaisri, Entrance to Wat Rai Khing	Houses - Land
Krisda City Lake & Park (Project 30)	The Company	Theparak Road Km 16 Bangpla Sub-district, Bangplee District, Samutprakarn	Houses - Land
AQ Shadi (project 42 phase 3 )	Allied Technologies	Phaholyothin – Rangsit Road, Klongnueng, Klongluang, Pathumthani	Semi-detached 2 storey 86 units
Garden Rama 9	Vitoonthanakorn	Jaturatis Rd., Rama IX Rd.	7 storey condominium 4 building
AQ Welle	Vitoonthanakorn / Thanont Property / Allied Technologies	Jaturatis Rd., Rama IX Rd.	3-storey house of 18 houses.
Estate Rattanathibet	Aquarius Estate	Rattanathibet Road	36-storey condominium 475 units
Project 15 Gate (The last plot of land transferred in 2019)	Aquarius Estate	Yothinpattana Road, Soi Yotin Pattana 11, Klongjan, Bangkok	3 detached houses, 15 units
Rangsit BIZ Park	The Company	Paholayothin road, Rangsit	498 detached house
AQ VIRAR	The Company	Siam Park 24	54 townhouses
Phureesala Project	The Company / Allied Technologies	Thalang District, Phuket Province	Detached house 18 plots
AQ Shadi - Chon Buri - Bypass	The Company	Muang District, Chonburi	Detached house 262 Plot
AQ ARBOR	Villa Nakarin	Suan Luang R 9 - Pattanakarn	3-storey house 114 units
ShaSa Resort & Residences, Koh Samui	Aquarius Estate	Casa Vela Hotel Condominium, Laem Set Road, Maret sub-district, Koh Samui, Surat Thani	Villas and there are 32 suites. (5 Star Hotel)

Project	Project owner	Location	Product Categories in the project
Krisdadoi Chiang Mai (Renovation in Progress)	AQ Village	Samoeng Road away from the Lanna park	Resort 60 rooms
Malibu (Renovation in Progress)	Aquarius Estate	Phuket	Resort 32 rooms
ALIXE	Aquarius Hotel / Allied Technologies	Soi Soonwijai	Condominiums and hotels
The Tarna Align and Resort	The Tarna Align and Resort	Kohtao Sub-district, Suratthani Province.	Hotel and Resort of 50 rooms

### Project Progress in Real Estate Group

Project Name	Project owner	Year started	Status	Project area	Products for sale		Value Million Baht 1	Cumulative sales		Sales for the year 2019		Investment value in project (Million Baht) 4	Construction progress		Sales value of Product sold but not yet transferred as of Dec 31, 2019 (Million Baht)
					units	Area (Square wah)		Value Million Baht 2	% of Product value available for sale $3=(2/(1))*100$	units	Product Value (Million Baht)		Money invested (Million Baht) 5	% of Finished work $(6)=(5)/(4)*100$	
Krisda Royal Park (Project 19) 3	The Company	1993	Still Available	34	127	14,171	310.64	238.07	76.64			147.00	147.00	100.00%	-
Thanont Golf View & Sports Club (P 25)	The Company	2006	Still Available	17	58	5,926	267.34	151.03	56.49			100.51	100.51	100.00%	-
Krisda Marina (Project 27) 3	The Company	1995	Still Available	134	206	28,085	905.88	548.42	60.54			811.66	706.31	87.02%	-
Krisda City Lake & Park (Project 30) 3	The Company	1995	Still Available	559	1189	172,225	3,348.07	1,035.80	30.94			2,820.00	2,756.00	97.73%	-
Rangsit - Phahon Yothin project 35	The Company	2014	Not available yet	82.2.77	498	33,077	1,785.63					1,540.19	413.59	26.85%	-
Krisda Lagoon (Project 41)	Thanont Property	2004	Still Available	69	166	17,626	692.38	692.38	100.00			750.75	750.75	100.00%	-
Krisda Grand Park (Project 42)1. 2	Allied Technologies	2004	Still Available	65.0.48	224	22,319	1,681.89	1,631.89	97.03	6	38.10	1,150.72	1,149.45	99.89%	
Krisda Grand Park (Project 42) 3	Allied Technologies	2014	Still Available	15.0.48.62	86	3,210	366.04	237.34	64.84	16	70.22	302.43	295.67	97.76%	17.33
Phuresala Phuket Project 51	The Company	2014	Still Available	11.3-22	18	2,163	330.33	18.90	5.72			259.87	123.57	47.55%	-
Chonburi Bypass Project 52	The Company	2014	Still Available	48.0.36.8	262	19,237	978	318.75	32.59	21	79.68	835.17	537.35	64.34%	58.13
Siam park Project	The Company	2014	Not available yet	5.3-86	54	2,386	306.21	206.63	67.48	12	63.36	242.32	228.01	94.09%	
ARBOR, Chalerph Phra Kiat Road	Villa Nakarin	2015	Not available yet	28-0-2	114	7,061	989.84	409.96	41.42	7	87.29	896.40	718.01	80.10%	12.13
15 Gate	Aquarius Estate	2014	Still Available	3-175.2	15	903.3	327.55	327.55	100.00	1	15.00	269.12	269.12	100.00%	-
AQ Welle	Thanont , Allied, Vitoon	2016	Still Available	4-1-16	32	1,637	690.00	246.79	35.77	5	170.79	580.96	465.71	80.16%	33.00
The Kris Garden	Vitoonthanakorn	2013	Still Available	4	479	16,991	957.8	818.689	85.48	21	59.69	829.63	826.18	99.58%	
Estets Ratanathibet	Aquarius Estate	2014	Closed sales	1.3.47	475	15,626	1,390.45					1,241.12	518.93	41.81%	
AQ ALIX	Aquarius Hotel	2016	Still Available	0-2-62	67	1,909	225.93	206.53	91.41	2	6.00	162.74	162.74	100.00%	



## 2.3 Market and Competition

### 2.3.1 World Economy

The Office of the National Economic and Social Development Board reported that the world economy in the third quarter of 2019 continued to show some slowdowns from the first half of the year resulting from decelerations in major economies, of which registered the lowest economic growth rate in many quarters, especially in the US (lowest in 12 quarters), and China (lowest in 111 quarters), amidst intensified trade disputes and uncertain direction of trade protection measures throughout this quarter. In addition, there were other uncertain factors including particularly rising concerns over the no-deal Brexit, economic slowdowns in major economies and pressures from trade tensions which contributed to continuing slowdown in exports and economies in NIEs, ASEAN and other major developing economies.

As a result of economic slowdowns amidst uncertain trade tensions as well as lower-than-target inflation in several key countries, central banks of many advanced economies continued to implement expansionary monetary policy. For instance, the Federal Reserve lowered its policy rate twice consecutively; the European Central Bank lowered its deposit facility rate and expanded its asset purchase programme; Similarly, other central banks in Asia also implemented additional accommodative monetary policy, such as in China, South Korea, Indonesia, and Philippines.

### 2.3.2 Thai Economy

The Office of the National Economic and Social Development Board reported that the Thai economy in the third quarter of 2019 expanded by 2.4 percent (%YoY), continuing from 2.3 percent in the previous quarter. After seasonally adjusted, the economy grew by 0.1 percent from the second quarter (%QoQ sa). In the first 9 month of 2019, the Thai economy expanded by 2.5 percent.

On the expenditure side, the economy was driven mainly by an expansion of private consumption, as well as an accelerated private investment, and government expenditure while export volume declined following the global slowdown and the trade protection impacts. On the production side, the agriculture sector returned to show an expansion while the accommodation and food service sector accelerated and the transportation and storage sector continued expanding. Nevertheless, the wholesale and retail trade sector together with the construction and the electricity and gas sector softened while the manufacturing continued to decline.

The Thai economy in 2019 is estimated to grow by 2.6 percent. It is expected that export value will decline by 2.0 percent while private consumption and total investment tend to expand by 4.3 and 2.7

percent respectively. Headline inflation will be 0.8 percent and the current account is likely to register a surplus of 6.2 percent of GDP.

### **2.3.3 The housing market situation in Bangkok - Perimeter**

Real Estate Information Center (REIC), Government Housing Bank surveyed market demand and supply information for residential sales (Each project has more than 6 units left for sale) included the National Housing Authority (NHA) but excluded Baan Ua-Athorn in the Bangkok-Perimeter area. REIC conducting regular surveys every year, twice a year by the first half and the second half of the year. The latest information in the first half of 2019 are as follows.

#### **1) Remaining units at the end of 2018**

In Bangkok and 5 perimeter provinces (Nonthaburi, Pathumthani, Samutprakan, Samutsakhon, and Nakhonpathom) at the end of 2018, housing estates and condominiums had remaining units that not less than 6 units per project only, found that it had cumulative remaining of 153,895 units with a value of 651,293 million Baht divided into 87,263 units of housing estates worth 393,996 million Baht and 66,632 units of condominiums worth 257,297 million Baht. The number of most remaining units in condominiums is in Bangkok up to 67.8% and the 5 perimeter provinces had only 32.2% of the remaining units.

#### **2) New units for sale in the first half of 2019**

The total number of new residential units in the first half of 2019 (January - June) total of 41,868 units, valued at 207,881 million Baht increase both the number of units and value which increased by 6.1 percent and 20.8 percent respectively compared to the first half of 2018 with 39,447 units worth 172,029 million Baht. In 41,868 units, it has new units in Bangkok were 27,856 units or 66.5 percent and for the 5 perimeter provinces, only had 33.5% of the units available for sale.

#### **3) All units are in the process of sales in the first half of 2019 (Total Supply)**

The remaining units at the end of 2018 (December 2018) combined with the newly launched units in the first half of the year 2019 (January-June) found that there are 195,763 units available for sales or total supply of 859,174 million Baht divided into housing estates, 104,557 units (53.4 percent), worth 487,061 million Baht (56.7 percent) and condominium projects of 91,206 units (46.6 percent), worth 372,113 million Baht (43.3 percent).

#### **4) Newly Sold Units in the First Half of 2019 (Demand)**

In the first half of 2019, there were a total of 43,614 newly sold units worth 189,505 million Baht divided into 17,377 units of housing projects, the value of 82,693 million Baht and condominium projects of 26,237 units, the value of 106,812 million Baht.

## 5) Remaining units at the end of the first half of 2019

At the end of the first half of 2019, Bangkok and 5 perimeter provinces (Nonthaburi, Pathumthani, Samutprakan, Samutsakhon, and Nakhonpathom) have cumulative remaining units total of 152,149 units by the value of 669,670 million Baht, increasing in both units and value with an increase of 15.4% and 28.2% respectively, compared to 131,819 units in the first half of 2018 by the value of 522,436 million Baht, divided into 87,180 units of housing projects with the value of 404,369 million Baht and condominium projects 64,969 units with the value of 265,301 million Baht. The number of remaining units in condominiums in Bangkok is up to 69.1% and in the 5 perimeter provinces, only 30.9% of the remaining units.

## 6) Absorption rate per month

At the end of the first half of the year 2019, the remaining residences for sale in Bangkok - metropolitan area total of 152,149 units. The absorption rate was 3.7% when compared to the same period last year which had an absorption rate of 4.5%. The absorption rate in this survey cycle decreased from the last time, resulting in an increase in cumulative remaining sales period from 16 months to 21 months. When considering the absorption rate of each type, it was found that.

- (1) Condominium projects have an absorption rate of 4.8%. It is expected that the remaining 64,969 units will be sold in approximately 15 months, reduced from the same period last year which has an absorption rate of 5.5%. The condominiums at the price level of 2.01 - 3.00 million Baht, which have the most remaining units total of 19,337 units with an absorption rate of 4.6% per month. It expected to take about 16 months to sell.
- (2) Single-detached houses have an absorption rate of 2.6%. It is expected that the remaining units of 25,171 units will use the sales period of approximately 32 months, reduced from the same period last year which has an absorption rate of 3.2%. The single-detached houses at the price level of 5.01 - 7.50 million Baht, which has the most remaining units of 8,979 units, with an absorption rate of 2.6% per month. It expected to take about 32 months to sell.
- (3) Twin houses have an absorption rate of 2.6%. It is expected that the remaining 10,952 units will be sold in approximately 32 months, reduced from the same period last year which has an absorption rate of 3.2%. Twin houses at the price level of 3.01 - 5.00 million Baht have a total of the remaining units of 7,948 units, with an absorption rate of 2.5% per month. It is expected to take approximately 34 months to sell.

- (4) Townhouses have an absorption rate of 2.9%. It is expected that 47,946 units of remaining units will be sold in approximately 28 months, decreased from the same period last year which had an absorption rate of 3.9%. The townhouses in the price range 2.01 -3.00 million Baht, has the most remaining units of 23,339 units with an absorption rate of 2.6% per month, expected to take approximately 32 months to sell.
- (5) Commercial buildings have an absorption rate of 2.5% . It is expected that the remaining 2,955 units will be sold in approximately 34 months, decreased from the same period last year which had an absorption rate of 3.1%. The commercial buildings at the price level of 3.01 - 5.00 million Baht has the most remaining units of 1,549 units with an absorption rate of 2.2% per month. It expected to take about 40 months to sell.

#### 7) Estimated remaining units at the end of the year 2019 - 2020

The REIC estimates the remaining residual units in Bangkok - Perimeter at the end of 2019 that is approximately 149,000 units. It is expected at the end of 2020 will be approximately 139,000 units, decreased by 6.7% from the year 2019 following the government issued measures to stimulate the real estate sector by reducing the ownership transfer fees and mortgage fees remaining to 0.01% from November 2019 until the end of 2020 for housing purchase at a price not exceeding 3 million Baht only, excluding buying second-hand houses. It is expected to accelerate the transfer of newly built residences by entrepreneurs. It will help absorb the excess supply in the market until the remaining supply close to the 5-year average of 138,720 units.

#### 2.3.4 Situation of tourism and hotels

The Office of the National Economic and Social Development Board reported that Thai economy in the third quarter of 2019, accommodation and food service activities sector accelerated from the previous quarter, due to improvement number of tourists. In the third quarter of 2019, accommodation and food service activities sector expanded by 6.6 percent, improved from 3.7 percent in the previous quarter. The total number of foreign tourists with the value of 9.7 million persons increased by 7.2 percent improved from a 1.4 percent growth in the previous quarter, partly supported by a low base effect of number of foreign tourists in the third quarter of 2018 and the government's continual measures to promote tourism sector, especially an extension of waiving visa-on-arrival fee for citizens of 21 nations until 30 April 2020. The expansion in the number of tourists was mainly from India (28.3 percent), China (17.3 percent), South Korea (8.6 percent), Japan (7.9 percent), and Taiwan (12.9 percent), respectively. However, the tourists from Europe dropped by 2.2 percent. The total amount of tourism revenue with the valued of 738.5 billion Baht rose by 2.5 percent. This was attributed to (i) foreign tourism receipts 476.7 billion Baht, which

improved to an increase of 5.8 percent from 2.3 percent in the previous quarter, mainly contributed to tourism receipts from China, India, Japan, South Korea and Taiwan (ii) Thai tourism receipts of 261.82 billion Baht declined by 3.0 percent. Moreover, the average occupancy rate was at 64.08 percent, decreased from 69.8 percent in the previous quarter and decreased from 65.4 percent in the same quarter last year.

Krungsri Research reported that the hotel industry will continue to grow in 2019 but at a slower rate than in 2018. Foreign markets will be pressured by the slowing global economy and strong baht (the strongest currency in the region), while the weak domestic economy will weigh on Thai tourism.

- ☐ For full-year 2019, foreign tourist arrivals is expected to grow by 4-5% to 39.7-40.0 million. Growth will be especially strong in 4Q19 (peak tourist season for Thailand); the nation expects to welcome 10.4 million visitors in the last quarter of the year, representing 7% YoY growth. By individual markets, Chinese arrivals are expected to continue to rise, the ASEAN market would grow given strong regional economies and cross-border tourism, and the Indian market would grow driven by the Thai government's promotional efforts (e.g. tourism roadshows in major Indian cities and fee waiver for VOA). The Ministry of Tourism & Sports estimates that in 2019, foreign tourist receipts would grow by 5% YoY to THB2.2trn (compared to +2.5% in 2018).
- ☐ Domestic tourism will see slower growth in 2019 because of weaker economic conditions, but the headwinds will be partly offset by government measures to stimulate the sector. They include measures to promote tourism in secondary cities<sup>2/</sup> and Chim-Shop-Chai to encourage tourism spending in upcountry, especially in the last quarter of the year. Krungsri Research estimates that in 2019, Thais would make a total of 168-170 million domestic trips (+2%) and generate THB1.1trn in tourism spending, up 6.0% (slowing down from 8.3% in 2018).
- ☐ In 2019, average occupancy rate is estimated at 71.5%, similar to 71.4% recorded in 2018. It will be challenging for operators to raise room rates given the large supply of accommodation in many locations and rising competition from the increasing popularity of alternative accommodation (private apartments and condominiums that offer day rates, guesthouses, and online booking platforms such as Airbnb). Hence, RevPAR is likely to remain unchanged from 2018.

## 2.4 Backlog

-None-

### 3. Risk Factors

#### 3.1 Risks to business operation

##### 3.1.1 Risk of land acquisition

Acquiring land plots to develop single detached houses, twin house, townhouses townhomes and condominiums. Companies chose to acquire land with high potential for development projects at the most reasonable price. The choices with least risks are land plots within city center or the ones along BTS or MRT stations both active stations and future stations including other established residential areas. The company is focusing mainly in Bangkok and Greater Bangkok to develop single detached houses, twin house, townhouses and condominiums with decent accessibility to mass transportation and community center. So, the risk comes from land acquisition at a reasonable price for generating future profit. The company's solution is to select good relationships with trustworthy land brokers and market analysis and comparative survey of land prices with factors and context are similar to minimize risk.

##### 3.1.2 Risk from starting construction in advance of selling

The Company operates property development business with idea of building a house before the sale. As a result, the company needed more capital to build more houses because the company did not receive a down payment for working capital. Therefore, the Company is exposed to the following risk factors: future housing prices have increased due to higher construction costs and land prices, resulting in higher risk. currently analyzed selling value with actual prices in the future may be inaccurate. Moreover, due to the high competition from competitors, there is the risk of the completed houses being sold in the market and the higher maintenance cost over time. It also has a negative impact on financial liquidity, interest rates and profitability of companies. However, the company has taken a risk reduction approach by analyzing the market in the future, current property valuation and future changes. Also managed by real estate professionals in strategy.

##### 3.1.3 Risk on production cost

Construction Materials Price Index has risen since 2014 due to significant growth in neighboring countries therefore, materials like cement, steel, construction machines are in great demands from Thailand's neighboring countries to serve their governments attempt to expand infrastructure ; mass rapid transit system, flood protection system which require massive amount of construction materials therefore material prices have increased, hence materials are essential to the development of real estate projects therefore, an increase in material prices and price volatility affect directly to the cost of project development. The company is aware of such risks and measures to strictly control and reduce the risks



arising from fluctuations in the prices of construction materials. Due to the procurement of construction materials, company will purchase directly from the manufacturers to compare prices, quality of materials and logistic cost in advance to reduce the risk from increasing material price. Including seeking more business partners to support company's expansion. The company will organize construction materials into categories to obtain bargaining power with traders. Moreover, the company puts product quality in top priority, the company establish the criteria to trade mainly with trustworthy major manufacturers and suppliers evaluated by comparing the capacity and potential to supply raw materials at reasonable prices to ensure that traders are able to supply materials that meet the standards in both quality and quantity aspects. The company will set up a team to control quality and to pursue company's high standard.

#### **3.1.4 Risk from contractor's inability to timely and properly deliver**

The Company is to pay the contractor in terms of construction periods, basing on success criteria of the work delivered specified in construction contract. After being accepted and approved for product quality control from company's inspectors, the company will pay the installment by deducting retentions in each period at 5% of the value of work delivered. The preferred contractors would be experienced medium or large construction firms unless the case of shortages in labors due to growing demands for labors in the other parts of the region. The company is trying to replace the original construction system by an alternative such as precast construction to replace skilled workers. The company will start constructing by precast system from compact houses.

#### **3.1.5 Risk from financial factors**

Under the economic slowdown, Financial Institutions have more careful in approving loans both property developers and consumers. In addition, there are also other factors such as unbalanced between supply and demand in many areas, slowdown of demand for housing and household debt sector is still high. However, it still has the supportive factors with expansionary monetary policy of Monetary Policy Committee for Bank of Thailand, causing the interest rates remained low together with the property developer delay investment to reduce the risk of oversupply. By the way, the company is able to manage financial risk. From researching and development of products with supporting information, it makes the product to meet the requirement of purchaser. The company has been supported by both financial institutions and investors as well.

#### **3.1.6 Risk of construction permits**

The risk of applying for a construction permit due to the inability to accurately determine the length of time. This resulted in a delay in construction and the liquidity in income recognition is slowing. The

Company manages this risk by establishing a coordinating and continuous contact department. Setting a prepaid budget And the allocation of staff with specialized expertise in obtaining permits.

#### **3.1.7 Liquidity Risk**

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. From the current situation, as described in Note 1 indicates that the AQ Estate Group may suffer from liquidity problems.

#### **3.1.8 Foreign Currency Risk**

The AQ Estate Group do not have commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

#### **3.1.9 Credit Risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

#### **3.1.10 Interest Rate Risk**

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the AQ Estate Group. The AQ Estate Group's exposure to interest rate risk relates primarily to their cash and cash equivalents, restricted deposits with banks, loans to subsidiaries and interest receivable, loan to other, long - term liabilities under debt restructuring agreements, loans considered as default, loans from financial institutions, and liabilities under finance lease contracts, which bear interest. However, since most of the AQ Estate Group's financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the AQ Estate Group has no hedging agreement to protect against such risk.

## 3.2 Investment risk of securities holders

### 3.2.1 Risk that the Company's operating results will be loss which may not be able to pay dividends in the near future.

In the year 2019, the Company reported a net loss of Baht (186.37) million. However, the Company has a deficit of Baht (6,529.19) million at the end of 2019. In the past, the Company has had a lot of losses because estimation of damages from litigation based on allegations for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. This makes the company has to compensate for damages according to the judgment of Supreme Court's Criminal Division for Persons Holding Political Positions of Baht 10,004.47 million to Krung Thai Bank Public Company Limited.

However, the Company plans to raising funds by the capital increase to pay damages following the verdict of the Supreme Court's Criminal Division for Persons Holding Political Positions to Krungthai Bank Plc. and for the development of existing projects and future projects for expansion and continuing business.

The Company received the proceeds from allotment of new ordinary shares to private placement as approval by the Extraordinary General Meeting of Shareholders No. 1/2017 on 30 June 2017 that has allocated and offering of new 100,000 million ordinary shares to the private placement. The Company has increased capital of THB 72,640 million at the price of THB 0.05 per share, totaling THB 3,632 million. The total expenses and fees were THB 63.73 million. The capital increase after deducting expenses amounted to THB 3,568.27 million. Details of the utilization of capital increase fund as follows:

The proceeds from the capital increase	3,568.27	Million Baht
<b><u>Deduct</u></b> Utilization of capital increase as of 31 December 2019		
1) Payment following the judgment of KTB	(1,635.74)	Million Baht
2) Development of AQ ARBOR, Chonburi, Chiangmai, Rangsit	(65.00)	Million Baht
3) Invested in hotel business	(121.00)	Million Baht
4) Development of AQ ALIX	(26.00)	Million Baht
5) Working capital	(236.23)	Million Baht
Remaining capital increase fund as of 31 December 2019	1,484.30	Million Baht

The remaining capital increase amount THB 1,484.30 million was invested in BFixed the bill of exchange and loan.

## 4. General information and other important information

### 4.1 General Information

#### 1) General Information of the Company

Name	: AQ Estate Public Company Limited
Security Symbol	: AQ
Head office	: 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310
Nature of Business	: The Company undertakes business in property development and sales. The Company has both horizontal property projects and vertical projects and rent property.
Business Registration	: 0107536000471
Contact numbers	: Telephone 02-033-5555 Fax 02-033-5566
Website	: <a href="http://www.aqestate.com">www.aqestate.com</a>
Registered Capital	: 147,006,012,651.50 Baht
Paid up Capital	: 42,662,405,722.00 Baht
Number of paid up shares	: 85,324,811,444 shares
Par value	: 0.50 Baht
Accounting period	: 1 January - 31 December

#### 2) General information of Subsidiaries

(1) Name	: AQ Village Co., Ltd.
Head office	: 90 Moo 4, Ban Pong Sub-district, Hang Dong District, Chiang Mai Province 50230
Nature of Business	: Recreational services and provides hotel and resort
Contact numbers	: Telephone 053-365-233 / 053-365-231-4 Fax 053-365-235
Registered Capital	: 1,000,000 Baht
Paid up Capital	: 1,000,000 Baht
Shareholding	: 99.94%
Related status	: Direct Subsidiary

- (2) **Name** : **AQ Marketing Service Co., Ltd.**  
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang  
 Bangkok 10310  
 Nature of Business : Sale management services  
 Contact numbers : Telephone 02-033-5555  
 Fax 02-033-5566  
 Registered Capital : 1,000,000 Baht  
 Paid up Capital : 1,000,000 Baht  
 Shareholding : 99.94%  
 Related status : Direct Subsidiary
- (3) **Name** : **AQ Property Management Co., Ltd.**  
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang  
 Bangkok 10310  
 Nature of Business : Management of commercial space  
 Contact numbers : Telephone 02-033-5555  
 Fax 02-033-5566  
 Registered Capital : 1,000,000 Baht  
 Paid up Capital : 1,000,000 Baht  
 Shareholding : 99.93%  
 Related status : Direct Subsidiary
- (4) **Name** : **Allied Technologies International Co., Ltd.**  
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang  
 Bangkok 10310  
 Nature of Business : Real estate trading  
 Contact numbers : Telephone 02-033-5555  
 Fax 02-033-5566  
 Registered Capital : 100,000,000 Baht  
 Paid up Capital : 100,000,000 Baht  
 Shareholding : 99.90%  
 Related status : Direct Subsidiary
- (5) **Name** : **Thanont Property Co., Ltd.**  
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang  
 Bangkok 10310

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- Registered Capital : 270,000,000 Baht
- Paid up Capital : 270,000,000 Baht
- Shareholding : 99.99%
- Related status : Direct Subsidiary
- (9) **Name** : **The Tarna Align Resort Co., Ltd.**
- Head office : 68 Moo 1, Kohtao Sub-district, Koh Phangan District, Suratthani Province 84280
- Nature of Business : Hotel services
- Contact numbers : Telephone 077-601-843  
Fax -
- Registered Capital : 139,000,000 Baht
- Paid up Capital : 139,000,000 Baht
- Shareholding : 99.82%
- Related status : Direct Subsidiary
- (10) **Name** : **Vitoonthanakorn Co., Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310
- Nature of Business : Real estate trading
- Contact numbers : Telephone 02-033-5555  
Fax 02-033-5566
- Registered Capital : 1,450,000,000 Baht
- Paid up Capital : 1,450,000,000 Baht
- Shareholding : 99.99%
- Related status : Indirect Subsidiary (held through Thanont Property Co., Ltd.)
- (11) **Name** : **Baan Chidthara Co.,Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310
- Nature of Business : Recreational services and provides hotel and resort
- Contact numbers : Telephone 02-033-5555  
Fax 02-033-5566
- Registered Capital : 50,000,000 Baht
- Paid up Capital : 50,000,000 Baht
- Shareholding : 99.99%

- Related status : Indirect Subsidiary (held through AQ Village Co., Ltd.)
- (12) **Name** : **Aquarius Hotel & Resort Co.,Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang  
Bangkok 10310
- Nature of Business : To sell, acquire, provide service and operate in real estate
- Contact numbers : Telephone 02-033-5555  
Fax 02-033-5566
- Registered Capital : 1,000,000 Baht
- Paid up Capital : 1,000,000 Baht
- Shareholding : 99.99%
- Related status : Indirect Subsidiary (held through Aquarius Estate Co., Ltd.)
- 3) **Other References**
- Share Registrar : Thailand Securities Depository Company Limited  
93 Ratchadaphisek Road,  
Din Daeng, Bangkok 10400  
Telephone : 0-2009-9000  
Fax : 0-2009-9991  
SET Contact center: 0-2009-9999  
Website: <http://www.set.or.th/tsd>  
E-mail: [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th)
- Auditor : Mr. Jadesada Hungsapruet C.P.A. Registration No. 3759  
Mr. Jirote Sirirrote C.P.A. Registration No. 5113  
Miss Kannika Wipanurat C.P.A. Registration No. 7305  
Karin Audit Company Limited  
72 CAT Telecom Building, 24th floor Charoen Krung Road,  
Bang Rak District, Bangkok 10500  
Phone: 0-2105-4661  
Fax: 0-2026-3760  
Website : <http://www.karinaudit.co.th/>

## 4.2 Other important information

Investors can find out more information on the company's Form 56-1 that show on [www.sec.or.th](http://www.sec.or.th) or the Company website [www.aqestate.com](http://www.aqestate.com)

## 5. Securities and Shareholders information

### 5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at December 31, 2019 as follows.

- ☐ Registered capital 147,006,012,651.50 Baht divided into  
Ordinary shares of 294,012,025,303 shares  
Par value of Baht 0.50 per share
- ☐ Paid-up capital 42,662,405,722.00 Baht divided into  
Ordinary shares of 85,324,811,444 shares  
Par value of Baht 0.50 per share

### 5.2 Shareholders

#### 1) List of major shareholders

As at March 17, 2020 the Company has the list of top 10 major shareholders as follows.

No.	List of Shareholders	Number of shares	
		Shares	%
1	ZICO ALLSHORES TRUST (S) LTD. ATO WISDOM & VIRTUE FUND	17,000,000,000	19.92
2	CGS-CIMB SECURITIES (SINGAPORE)PTE., LTD.	5,100,000,000	5.98
3	Mrs Jiratha Wattanawekin	3,899,999,900	4.57
4	Mr. Baworn Rungreongnaowarat	3,582,000,000	4.20
5	Mr. Chanon Wangtaal	3,315,000,000	3.89
6	Mr. Wittaya Jakpetch	3,100,000,000	3.63
7	Mr.Pichet Permsabhiran	2,400,000,000	2.81
8	Miss Thanutra Sueweerachai	2,226,622,600	2.61
9	Miss Supaluck Setthapanich	2,060,000,000	2.41
10	Mr. Susichtak Ajchariyasombut	2,000,000,000	2.34
	รวม	44,683,622,500	52.37

#### 2) Shareholders' agreement

-None-

### 5.3 Issuance of other securities

#### 1) Warrant AQ-W2

The Company issued warrants (AQ-W2) of 1,030,899,500 units on June 20, 2012. The warrants were registered as listed securities in the stock exchange of Thailand ("SET") on July 16, 2012. The warrants are in registered form and transferable. The terms of the warrants is not exceed to three years from the date of issuing the warrants No.2 (June 20, 2012) and warrants can be exercised in every three-month which will be on last working day of March, June, September and December of each year, the first exercise date will be September 28, 2012 and the last exercise date will be June 19, 2015.

On September 16, 2014, the Company amended of the exercise price of warrant (AQ-W2). Because of the change in par value of common share Baht 10 to Baht 20.

- ☐ Old ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 1 common share (1:1:1) exercise price 1 Baht per 1 common share.
- ☐ New Ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 0.918 common share (1:0.918:1) exercise price Baht 1.090 per 1 common share.

Warrants (AQ-W2) have number of warrant holder's application 1 person, number of exercised warrants 9,384 units, the remaining warrants have not been exercised were 1,030,890,116 units, number of share derived from this exercise 8,614 shares, number of remaining share reserved for warrants 946,286,216 shares. The warrants (AQ-W2) that have not exercised in full amount as above will be terminated on June 20, 2015 from the registered securities.

#### 2) Warrant AQ-W3

The Company issued warrants (AQ-W3) of 2,624,546,758 units on May 20, 2013. The warrants were registered as listed securities in SET on June 24, 2013. The warrants are in registered form and transferable. The term of the warrants is equal to three years and warrants have no exercise price. The warrants can be exercised in every one year which will be on last working day of December of each year, the first exercise date will be December 30, 2013 and the last exercise date will be May 19, 2016.

Warrants of the Company 2,624,626,283 units, warrants shall be offered to the existing shareholders and existing shareholders who subscribe for as follows:

- ☐ The rights of existing shareholders in the ratio of 10 shares per 1 unit of warrant (AQ-W3) total 211,176,828 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.

- ☐ The right of existing shareholders who subscribe to newly issued shares in the ratio of 7 new shares to 4 warrants total of 2,413,449,455 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ New Ratio: 1 Unit has the right to purchase 1.028 common share (1:1.028:1) exercise price Baht 0.584 per 1 common share.

Warrants (AQ-W3) have number of warrant holder's application 27 persons, number of exercised warrants 692,209 units, the remaining warrants not yet been exercised were 2,697,322,486 units, number of share derived from this exercise 711,582 shares, number of remaining share reserved for warrants 2,697,393,397 shares. The warrants (AQ-W3) that have not exercised in full amount as above will be terminated on May 20, 2016 from the registered securities.

### 3) Warrant AQ-W4

The Company issued 42,656,849,667 warrants (AQ-W4) on November 1, 2017. The warrants were listed on the Stock Exchange of Thailand on January 15, 2018. The warrants are named and transferable. The term of warrants is not more than 1 year from the date of issuance and offering of warrants. AQ-W4 determined to exercise 1 time when the warrants 1 year maturity from the date of issuing the warrants. ("Exercise Date"). The exercise date is October 31, 2018, 1 unit of warrant can purchase 1 ordinary share, exercise price is 0.05 baht per share with a par value of 0.50 Baht.

On 31 October 2018, warrants (AQ-W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of share derived from this exercise 10,127,909 shares. Ordinary shares allocated to support the use of the right balance amount 42,646,721,758 shares. The warrants (AQ-W4) that have not exercised in full amount as above will be terminated on November 1, 2018 from the registered securities.

## 6. Dividend Policy

The Company has a dividend payment policy of approximately 50% of net profit. However, the Company has a policy to reserve capital for working capital and the remaining from such fund will be considered to pay dividends to shareholders by articles of association specify as follows:

Article 41. Dividends shall not be divided from money other than profit. In case the Company still has deficit, dividends may not be distributed.

The information of dividend payment in the previous year as follows.

Dividend from annual operating results	2019	2018	2017	2016	2015	2014
Earnings per share	(0.0022)	0.0009	(0.0036)	(0.2954)	(0.17)	(0.04)
Dividend per share	-	-	-	-	-	-
Dividend to earnings ratio (%)	-	-	-	-	-	-

#### Dividend payment policy of subsidiaries

Subsidiaries have a policy to pay dividends in the same way as the Company. From 1996 to the present, the Company and its subsidiaries do not pay dividends to their shareholders.

## 7. Management Structure

### 7.1 Board of Directors

As at 21 February 2020 Board of Directors of AQ Estate Public Company Limited consist of

#### 1) Board of Directors

1.	Mr. Auychai Kultipmontre	Chairman of the Board of Directors
2.	Mr. Michael Alexander William Fernandez	Director
3.	Dr. Suthad Chankingthong	Director
4.	Dr. Ranchana Rajatanavin	Director
5.	Miss Kulchaya Wathana	Director
6.	Mr. A Sachdev	Independent Director
7.	Miss Papasorn Mongkholmafai	Independent Director
8.	Mr. Kitnarong Tirakachorn	Independent Director

#### 2) Audit Committee

1.	Mr. A Sachdev	Chairman of the Audit Committee
2.	Miss Papasorn Mongkholmafai	Audit Committee
3.	Mr. Kitnarong Tirakachorn	Audit Committee

Board of Directors as a representative of shareholders who is responsible for supervise the management of Company to comply with law, objectives and articles of association by determining vision, mission, strategies to create value for business including a return on investment under the expertise and ethics in business for maximize benefits of all stakeholders.

As at 21 February 2020, the Company had total of 8 directors which consists of 4 Executives Directors, 1 external director who is not an employee of the Company, and 3 independent Directors which



is 37.50% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

#### Limits on Authority of the Board of Directors

The Board of Directors has the authority to approve budget according to the laws of the Securities and Exchange, and regulations, announcement, the order or the terms of the Stock Exchange of Thailand.

#### Authorized signatory

Name and number of directors who are authorized to sign on behalf of the Company are Mr. Suthad Chankingthong or Miss Ranchana Rajatanavin or Mr. Michael Alexander William Fernandez. 2 of these 3 directors sign together.

#### Attending of meetings

In 2019, the Company provided the Board of Directors meeting of 10 times, and the Audit Committee meeting of 4 times with the directors attendance details as follows.

Name of Directors	Position	Meeting		Note
		Number of meeting	Number of attending	
1. Mr. Auychai Kultipmontre	Chairman of the Board of Directors	9	9	Appointed 1 Feb 2019
2. Mr. Michael Alexander William Fernandez	Director	-	-	Appointed 21 Feb 2020
3. Dr. Suthad Chankingthong	Director	10	10	-
4. Dr. Ranchana Rajatanavin	Director	10	10	-
5. Miss Kulchaya Wathana	Director	4	4	Appointed 1 Jul 2019
	Independent Director	6	5	Resigned 1 Jul 2019
	Audit Committee	2	2	Resigned 1 Jul 2019
6. Mr. A Sachdev	Independent Director	10	10	-
	Chairman of the Audit Committee	4	4	-
7. Miss Papasorn Mongkholmafai	Independent Director	10	10	-
	Audit Committee	4	4	-
8. Mr. Kitnarong Tirakachorn	Independent Director	4	3	Appointed 1 Jul 2019
	Audit Committee	2	2	Appointed 1 Jul 2019
9. Mr. Prapat Yorkhant	Director	10	9	Resigned 29 Jan 2020

## 7.2 Executives

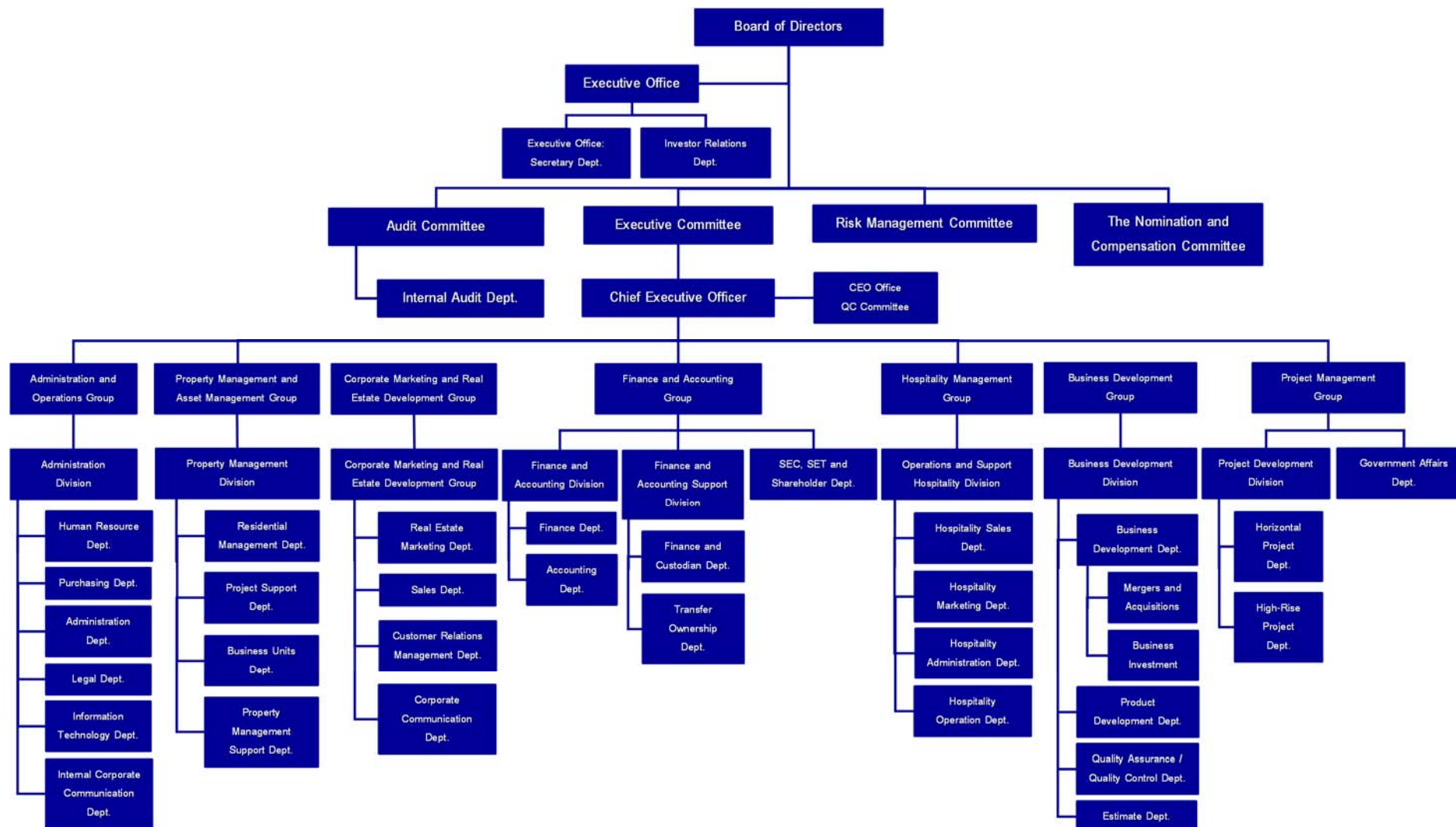
As at December 31, 2019 management team of AQ Estate Public Company Limited has 6 Executives as follows.

List of Executives	Position
1. Mr. Michael Alexander William Fernandez	Chief Executive Officer
2. Mr. Wirat Aiew–Aksorn	Chief Operating Officer
3. Dr. Suthad Chankingthong	Executive Committee
4. Dr. Ranchana Rajatanavin	Executive Committee
5. Miss Kulchaya Wathana	Executive Committee
6. Mrs. Pranee Hirunbanthow	Assistant Managing Director of Operations / Vice president of Accounting and Finance and Chief Financial Officer

Information about the management team is in the article 9 , the detailed information about Directors, Executives, Control authority and Company Secretary.

## Management structure

AQ Estate Public Company Limited and its subsidiaries as at 27 February 2020



### 7.3 Company Secretary

The Board of Directors Meeting in the year 2013 appointed Mr. Apirath Intrachoo to the position of Company Secretary with responsible according to the Securities and Exchange Act (No. 4) BE 2551 which is responsible for the preparation and storage of Director registration, notice of the Board meeting, minutes of the Board meeting and annual report of the Company, Notice of the Shareholders meeting and minutes of the Shareholders meeting, storage the stakeholders report that report by Directors or Executives as well as other actions as notification of the Capital Market Commission defined, on behalf of the Company or the Board of Directors. The qualifications of incumbent as Company Secretary are shown in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

### 7.4 Remuneration of Directors and Executives

The Annual General Meeting of Shareholders for the year 2019 on April 30, 2019 approved the remuneration of directors in accordance with the resolution of the Nominating and Remuneration Committee for the year 2019 of Baht 3,500,000.

#### 1) Monetary remuneration

##### (a) Directors remuneration

Monetary remuneration for the Board of Directors consists of monthly remuneration and attendance fee paid by number of attending as follows.

List of Directors	Position	Directors Remuneration (Baht)			Note
		attendance fee	monthly remuneration	Total	
1. Mr. Auychai Kultipmontre	Chairman of the Board of Directors	18,000	770,000	788,000	Appointed 1 Feb 2019
2. Mr. Michael Alexander William Fernandez	Authorized Director Chief Executive Officer	-	-	-	Appointed 21 Feb 2020
3. Dr. Suthad Chankithong	Authorized Director Executive Committee	6,000	-	6,000	-
4. Dr. Ranchana Rajatanavin	Authorized Director Executive Committee	6,000	-	6,000	-
5. Miss Kulchaya Wathana	Independent Director / Audit Committee Executive Committee	24,000	150,000	174,000	Resigned 1 Jul 2019 Appointed 1 Jul 2019
6. Mr. A Sachdev	Independent Director / Chairman of the Audit Committee	60,000	600,000	660,000	-

List of Directors	Position	Directors Remuneration (Baht)			Note
		attendance fee	monthly remuneration	Total	
7. Miss Papisorn Mongkholfamai	Independent Director / Audit Committee	60,000	300,000	360,000	-
8. Mr. Kitnarong Tirakachorn	Independent Director / Audit Committee	24,000	150,000	174,000	Appointed 1 Jul 2019
9. Mr. Prapat Yorkhant	Director	6,000	-	6,000	Resigned 29 Jan 2020
รวม		204,000.00	1,970,000.00	2,174,000.00	

(b) Executives remuneration

In 2019, the Company paid remuneration consisted of salary and bonus to 5 executives totaling Baht 19,071,000.00 as follows.

Executives remuneration	Baht
Salary	16,540,000.00
Bonus	-
Remuneration for Special Projects	180,000.00
Meeting allowance	-
Reception Expenses	555,000.00
Consulting fees (internal management)	1,796,000.00
<b>Total</b>	<b>19,071,000.00</b>

2) **Other remuneration**

(a) Other remuneration of Directors

In 2019, the Company did not pay other remuneration to Directors.

(b) Other remuneration of Executives

☐ **Provident Fund and Social Insurance Fund**

The Company has provided a provident fund for the Executives by paid contributions at 5% of salary. In 2019, the Company paid contributions for provident fund and social insurance fund for the Executives of Baht 1,907,060 and Baht 823,250 respectively.

## 7.5 personnel

### 1) Number of employees

As at December 31, 2019 the Company and its subsidiaries had total staff of 359 people. The Company paid remuneration to employees that consists of salary, overtime pay, social security, provident fund, total amount of Baht 215.66 million. These include the portion that the subsidiaries has paid employees in the same way with the company totaling Baht 106.24.

Primary line	Number of employees (persons)	
	The Company	11 subsidiaries
Operations / Services staff	92	260
Executive staff	7	-
<b>Total</b>	<b>99</b>	<b>260</b>
Employees remuneration (million Baht)	109.42	106.24

The Company has no significant labor disputes in the last 3 years.

### 2) Personnel development policy

The Company has the policy on recruitment, development and preservation of its personnel, as it has realized that the personnel are an important thing enabling the company to achieve the goal and success. So the Company has developed the personnel continuously by providing training/seminars internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

## 8. Corporate Governance

### 8.1 Corporate Governance Policies

AQ Estate Public Company Limited determined a corporate governance of company's Board of Directors, the Audit committee and Executive are responsible for the good corporate governance which is the fundamental of sustainable growth and as important key leading to success including building confidence to our shareholders, investor and all parties concerned. The company has a good corporate governance system, international standard, meet the requirement of law and relevant regulations,



business ethics as well as adequate disclosure to all parties concerned. The company established the structure of audit committee comprising professional individuals which is independent from company management. The audit committee will hold a meeting every quarter in order to monitoring the business operations constantly. However, this is based on the principle of transparency, honesty, independence, accountability, fairness and social responsibility. Regarding the progress in implementation of good corporate governance principles, the company has closely followed to perform duties in accordance with the policy strictly and covering 3 principles as the guidelines prescribed by the Stock Exchange of Thailand as follow.

#### 1) Shareholder Rights

The company encourages the shareholders to fully exercise their rights, especially basic rights of shareholders both as investors in the securities and as owners of the company, the adequate access to information through the means that are universally acceptable and reliable such as buy and sell or transfer shares, profit shares of the company, open opportunity for shareholders to express opinions freely in meetings, shareholders' participation in consideration and decision making in significant matters for example; election commission or remove members of the Board, appointment auditor, allocate the dividend, modification of regulation and memorandum of association including approval significant transaction and affecting the directions of our business, hence, votes of shareholders will be calculated by numbers of shares held. Each share is entitled to one vote and no share shall benefit extra privilege differently from others. The rights are inclusive of followings;

- ☐ The right in receiving news of the company completely, accurately, adequately and reliable, abstain from any action to limit the shareholders in study of information of technology. The company had provided the information regarding shareholders' meeting by sending the notice of meeting, related information and opinion of the Board and Audit Committee before meeting not less than 14 days and not less than 7 days for special resolution. In case of consideration and approval general resolution as General Meeting Agenda of shareholder, the shareholders have to study the detail completely before decision to vote in company meeting day and the company published the information of meeting in newspaper and attached supporting documents to shareholders in advance adequately and timely as well as the online accessibility for information on company's website and also informed the Stock Exchange of Thailand for the of publicized information by website. The information that found on this website is the same as distributing to shareholders in other channel both individual shareholder and institutional investors including such notice of meeting which will provide the adequate details comprising date, time, venue and agendas as well as important information

for consideration and decision alongside with the board opinions on each agenda, include a proxy of shareholders, etc.

- ☐ In 2019, the company held its annual meeting of shareholders on 30 April, 2019 which 6 directors attended in the meeting. The company deemed appropriate to hold shareholder meeting at The Golden Tulip Hotel, Jaturatis Room. However, the company has facilitated the shareholders to attend and ask questions as well as giving opinions at the same meeting causing the meeting proceeded smoothly and efficiently. Furthermore, the company also had given the information about business to shareholder acknowledge.
- ☐ The day of shareholder meeting, the company had given other company held meeting by using bar code system especially for the preparation of these forms for voting. Such forms are shown the name of shareholders and this way will be able to help shareholders at their convenience in the meeting as well as making rapidly in the registration process. For exercise their voting rights for each agenda, the company will collect a ballot of all shareholders as for abstention and disagree. After the end of meeting, the shareholders are able to verify the details and the company also has requested the cooperation from shareholders as a witness in counting of vote at each agenda.
- ☐ The Chairman has allocated sufficient and suitable time and conducted the meeting according to the agendas setting. During the meeting, the chairman encouraged shareholders to openly express their opinions and ask any questions relating to the meeting with the company.
- ☐ The Chairman and the Chairman of Audit Committee including all directors (unless the case of unavoidable necessity) attended and answered questions raised by shareholders.

## 2) Stakeholder Rights

The company has always realized that success and sustainable of company depending on stakeholder parties. Therefore, the company has determined the policy to encourage the promotion process for involvement with stakeholders by protection and preserve the rights of stakeholders groups fairly that entitled by the relevant law or agreement with the company. However, the company will not take any action the infringement of stakeholders and give the importance on the rights of every shareholders group such as employees, executives of the company including its subsidiaries as well as third parties; such as suppliers, governments, society, communities and the environment to ensure basic rights of these stakeholders are protected and taken care within the requirements of law including the framework for ethical conducts and professional ethics in the business; to prevent any violations of stakeholder rights,

which is considered a key cornerstone in establishing the long-term success of the company. Details are as follows:

☐ Employees

The company believe that employees are an important component and the company committees to make employees pride and confidence towards company. In the previous year, the company included employees from a subsidiary that company holds 99.99% share, move to a new headquarter, renovation and modernization of building and modern facilitated such as a swimming pool, greatly equipped fitness center to create a great working environment, as the company sees relaxation within workplace would lead to increasing productivity as well as reasonable rewards and benefits; welfare for the medical insurance, annual health check activities, monthly icebreaking activity, annual company outing trip. Moreover, the company supports the development of skills and the ability to work consistently with various training courses as well as the activity for working with concentration by mindfulness in organization to optimize and enjoyable working.

☐ Customers

The company is keen to develop quality products and services under the quality that serve the requirement of customers in a professional manner as well as establish a unit to contact and receive their suggestions or comments from customers. Furthermore, the company established online media like company website for customers to complain, thus, improvement that complaint, making the customers to have the confidence and satisfaction as well as consumer must be protected individual rights, personal information and others which must not be used without consent.

☐ Business partners

The company operates within the framework of competition with honesty by adhering to the compliance agreements, codes of conduct and strictly committed to company's partners and avoid dishonest methods to destroy competitors.

☐ Executives

The company realizes the importance of management, which is an important factor in successful business; the benefit structure is properly managed as well as the welfare of their families.

☐ Competitors

The company competes fairly and ethically with great professionalism and transparency. To obey law and not to violate or attempt to access competitors' confidential information and to measure disciplinary policies and practices to competitors as stated in the Code of Ethics.

## ☐ Creditors

The Company is keen to conduct business with creditors and suppliers of all types in a fair and ethical manner by following the terms and conditions under the agreement and the law.

## ☐ Social and environmental responsibility

The Company is committed to responsible business practices, care and attention to the community, society, and the environment as a whole to comply with relevant laws and regulations.

## 8.2 Committees

The management structure of the Company consisted of the Board of Directors and 5 committees such as (1) Audit Committee (2) Executive Committee (3) Nomination and Remuneration Committee (4) Risk Management Committee and (5) Purchasing Committees to study and scrutinize the work of the Board of Directors with details as follows.

### 1) Board of Directors

As at 21 February 2020 the Board of Directors consisted of 8 directors as follows.

No.	List of Directors	Position	Note
1.	Mr. Auychai Kultipmontre	Chairman of the Board of Directors	Appointed 1 Feb 2019
2.	Mr. Michael Alexander William Fernandez	Director	Appointed 21 Feb 2020
3.	Dr. Suthad Chankingthong*	Director	Appointed 9 Oct 2015
4.	Dr. Ranchana Rajatanavin	Director	Appointed 9 Oct 2015
5.	Miss Kulchaya Wathana**	Director	Appointed 1 Jul 2019
6.	Mr. A Sachdev	Independent Director	Appointed 27 Sep 2018
7.	Miss Papasorn Mongkolmafai	Independent Director	Appointed 9 Oct 2015
8.	Mr. Kitnarong Tirakachorn	Independent Director	Appointed 1 Jul 2019
9.	Mr. Prapat Yorkhant	Director	Resigned 29 Jan 2020

Note \* Appointed Dr. Suthad Chankingthong to Acting Chairman of the Board on 1 October 2018 and resigned from the Acting Chairman on 1 February 2019.

\*\* Appointed Miss Kulchaya Wathana to Executive Committee and resigned from the independent director on 1 July 2019.

As at 21 February 2020, the Company had total of 8 directors which consists of 4 Executives Directors, 1 external director who is not an employee of the Company, and 3 independent Directors which is 37.50% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Mr. Apirath Intrachoo, Company Secretary oversees the activities of the Board of Directors, minutes of meeting and documenting about the meeting.

### The Structure of Appointment the Board of Directors

Appointment of Directors Directors are elected by shareholders. One share is entitled to one vote.

Termination of Positions For the annual general meeting, the director who take the longest position have to resign after completing his one-third term which may be elected to take a new position or shareholders at meeting may pass the resolution to any director that resigned before reaching his term by voting not less than three fourths of attendance shareholders and the number of shares not less than a half of shareholders voting at the meeting.

Number of Directors The company have at least 5 but not more than 11 directors and not less than half of directors have a hometown in the Kingdom.

## 2) Audit Committee

As at December 31, 2019 the Audit Committee consisted of 3 members as follows.

No.	List of Directors	Position	Note
1.	Mr. A Sachdev	Chairman of the Audit Committee	Appointed 27 Sep 2018
2.	Miss Papasorn Mongkholmafai	Audit Committee	Appointed 9 Oct 2015
3.	Mr. Kitnarong Tirakachorn	Audit Committee	Appointed 1 Jul 2019
4.	Miss Kulchaya Wathana	Audit Committee	Resigned 1 Jul 2019

Miss Papasorn Mongkholmafai is a member of the Audit Committee who have sufficiently knowledgeable and experienced in the field of accounting able to conduct a review to assess financial statement credibility in accordance with the Security Act (No. 4) B.E. 2551 and Mrs. Pranee Hiranbanthow, Assistant Managing Director of Operation and Executive Vice President of Accounting , Chief Financial Officer and Financial served as Secretary of Audit Committee who oversee the activities of Audit Committee, minutes of meeting and documenting about the meeting.

### 3) Executive Committee

As at December 31, 2019 the Executive Committee consisted of 4 members as follows.

No.	List of Executive Committee	Position	Note
1.	Mr. Michael Alexander William Fernandez	Chief Executive Officer	Appointed 21 Feb 2020
2.	Dr. Suthad Chankingthong	Executive Committee	Appointed 9 Oct 2015
3.	Dr. Ranchana Rajatanavin	Executive Committee	Appointed 9 Oct 2015
4.	Miss Kulchaya Wathana	Executive Committee	Appointed 1 Jul 2019
5.	Mr. Prapat Yorkhant	Executive Committee	Resigned 29 Jan 2020

### 4) Nomination and Remuneration Consideration Committee

As at December 31, 2019 the Nomination and Remuneration Consideration Committee which was appointed by resolution of the Board of Directors Meeting No. 4/2014 on 5 March 2014, consisted of 3 members as follows.

No.	List of Nomination and Remuneration Consideration Committee	Position	Note
1.	Dr. Suthad Chankingthong	Chairman of the Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018
2.	Mr. A Sachdev	Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018
3.	Miss Kulchaya Wathana	Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018

### 5) Risk Management Committee

As at December 31, 2019 the Risk Management Committee which was appointed by resolution of the Board of Directors Meeting No. 4/2014 on 5 March 2014, consisted of 3 members as follows

No.	Risk Management Committee	Position	Note
1.	Mr. Michael Alexander William Fernandez	Chairman of the Risk Management Committee	Appointed 21 Feb 2020
2.	Mr. A Sachdev	Risk Management Committee	Appointed 27 Sep 2018
3.	Dr. Ranchana Rajatanavin	Risk Management Committee	Appointed 27 Sep 2018
4.	Mr. Prapat Yorkhant	Chairman of the Risk Management Committee	Resigned 29 Jan 2020

## 6) Purchasing Committee

Purchasing Committees have the authority to approve the purchasing. The Purchasing Committee classified as below.

- ☐ The approval of financial amount less than or equal to 10 million consist of the Purchasing Committee as below.

Chairman	Chief Operating Officer
Committee	Executive Vice President – Project Development
	Executive Vice President – Business Development
	Purchasing

The approval must be reported to Chief Executive Officer acknowledge

- ☐ The approval of financial amount more than 10 million consists of the Purchasing Committee as below.

Chairman	Chief Executive Officer
Committee	Executive Vice President - Project Development
	Executive Vice President - Business Development Project
	Purchasing

The approval must be reported to Executive Board acknowledge.

- ☐ The approval of financial amount more than 20 million consists of the Purchasing Committee as below.

Chairman	Chief Executive Officer
Committee	Executive Boards
	Chief Operating Officer
	Senior Executive Vice President - Special Business
	Executive Vice President - Project Development
	Executive Vice President - Business Development Project
	Purchasing

The approval must be reported to Board of Director acknowledge

In case of off-budget purchasing, there are the workflows as the business operating regulations of AQ Estate Public Company Limited B.E. 2013 item. 5 as follow:

- 1) The Chief Operating Officer is able to authorize the financial amount not more than 10 million Baht
- 2) The Chief Executive Officer is able to authorize the financial amount more than 10 million Baht but not more than 20 million Baht.



- 3) The Executive Boards is able to authorize the financial amount more than 20 million but not more than 50 million Baht.
- 4) The Board of Directors is able to authorize more than 50 million Baht. The approval must be reported to Board of Director acknowledge.
- 5) The Managing Director authorizes sale of land or property and other operations including regular business of the company.

The Executive Boards or Managing Director authorizes the business operation which is not defined and proposes to the Board of Directors for consideration and approval in individual cases.

### 8.3 Nomination and appointment of Directors and Executives

The company has established a Nomination and Remuneration Consideration Committee in 2014 according to SEC rules and based on historical performance and features to be able to develop the company's business. Growth and prosperity It requires good governance principles as well. The Audit Committee shall have the following basic features.

Independent director, the company has stipulated stricter than the minimum requirements of SEC and the SET.

Director means a director who is independent to comment. The qualifying session to maintain the position.

1. This may be the shareholders of the company, but for no more than one percent of shares with voting rights. (Comply with SEC criteria, but concentrations than the SET criteria)
2. Director who is not a management in Company or a Subsidiary Company.
3. The directors who are independent of management and shareholders have a controlling interest.
4. Must not be a close relative or a person who has been or interests with management. Its major shareholders Or a control.
5. This is no business relationship with the company essences. Which can influence the opinion of an independent and must not be an employee or employees who receive regular salary during one year prior to maintain the position.

### 8.4 Supervision of Subsidiary and Affiliated Companies

The Company set up mechanism to supervise and oversee the operations of its subsidiary and affiliated companies as follows:

- (1) The Company sends representatives of the Company to serve as directors, executives, or authorized persons in such companies according to the ratio of shareholding by the directors of the parent company is director who is authorized to sign and decide on the business of the subsidiaries.
- (2) The Company has a policy to appoint the audits of the Company to serve as the audits of subsidiary and affiliated companies to regulate and ensure accuracy and completeness in the disclosure of financial status information and operation results, transactions between subsidiary companies and related persons, acquisition and disposal of assets or other important transactions, using the same criteria for disclosure of information and preparation of transaction used by the Company.

## 8.5 Control on the use of inside information

Directors must perform their duties in accordance with the law, objectives and regulations of the company as well as the resolution of the shareholders meeting. Disclosure of important information that effects on the Company. If it is an operational information, it to be approved by the Managing Director at the meeting of the Management Committee of the Company. However, if any information that affects the investor must be approved by the Board of Directors. Policies and procedures for monitoring the use of inside information for personal gain. The Company assigned to the Board of Directors to oversee and determine the offense in the case of Directors and / or Executives used inside information for personal gain. And assigned the Managing Director to consider the offense in cases where Employees use inside information for personal gain.

## 8.6 Audit fee

The Annual General Meeting of Shareholders 2019 on 30 April, 2019 approved the appointment of Karin Audit Co., Ltd as an auditor with 3 auditors as follow.

- |                             |                 |
|-----------------------------|-----------------|
| 1. Mr. Jadesada Hungsapruek | CPA No. 3759 or |
| 2. Mr. Jirote Sirirrote     | CPA No. 5113 or |
| 3. Ms. Kannika Wipanurat    | CPA No. 7305    |

And appointed 6 auditors as the subsidiaries's auditors as follows:

- |                                      |                       |
|--------------------------------------|-----------------------|
| 1. Mr. Wichian Proongpanish          | CPA No. 5851 and / or |
| 2. Ms. Nonglak Pattanabandith        | CPA No. 4713 and / or |
| 3. Ms. Sumana Senivongse Na Ayudhaya | CPA No. 5897 and / or |

- |                               |                        |
|-------------------------------|------------------------|
| 4. Mr. Mongkhon Laoworapong   | CPA No. 4722 and / or  |
| 5. Mr. Supoj Mahantachaisakun | CPA No. 12794 and / or |
| 6. Ms. Rarai Supmoon          | CPA No. 13026          |

By determined audit fee for AQ Estate PCL and 12 subsidiaries in amounting to Baht 6,195,170 as follows.

(1) Audit fee

Companies	Audit fee (Baht)			
	Quarterly	Total	Yearly	Total
Consolidated financial statements	236,250	708,750	288,750	997,500
AQ Estate PLC	242,550	727,650	808,500	1,536,150
AQ Village Co., Ltd.	39,690	119,070	264,600	383,670
AQ Marketing Service Co., Ltd.	26,250	78,750	126,000	204,750
AQ Property Management Co., Ltd.	26,250	78,750	126,000	204,750
Allied Technologies International Co., Ltd.	31,500	94,500	210,000	304,500
Thanont Property Co., Ltd.	30,000	90,000	200,000	290,000
Free Zone Asset Co., Ltd.	25,000	75,000	100,000	175,000
Vitoonthanakorn Co., Ltd.	36,750	110,250	157,500	267,750
Baan Chidthara Co.,Ltd.	10,000	30,000	60,000	90,000
Aquarius Hotel & Resort Co.,Ltd.	69,300	207,900	277,200	485,100
Aquarius Estate Co., Ltd.	63,000	189,000	336,000	525,000
Villa Nakarin Co.,Ltd.	31,500	94,500	136,500	231,000
The Tarna Align Resort Co., Ltd.	50,000	150,000	350,000	500,000
<b>Total</b>		<b>2,754,120</b>	<b>3,441,050</b>	<b>6,195,170</b>

(2) Non-audit fee

In 2019 the Company paid non-audit fee which includes transportation cost and office supplies for the auditor total of Baht 139,816.

## 9. Information about Directors, Executives, Control authority and Company Secretary

Qualification List of Directors, Executives, Control authority and Company Secretary as at 21 February 2020.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
1. Mr. Auychai Kultiptomtre Chairman of the Board of Directors Appointed 1 February 2019 1 Year 2 months (As of April 2020)	62	<input type="checkbox"/> Master of Public Administration, National Institute of Development Administration <input type="checkbox"/> Bachelor of Art, Public administration, Ramkhamhaeng university <input type="checkbox"/> National Defense College, Class 2011 <u>Training / study tour</u> <input type="checkbox"/> Representatives attended the ASEAN Customs Director Meeting, Malaysia <input type="checkbox"/> Representatives attending the WCO Asia Pacific Regional Heads of Customs Administration, Republic of Fiji <input type="checkbox"/> Representatives attended the meeting of the Harmonized System Committee, Belgium <input type="checkbox"/> Asean Border Leadership Exchange Program in Singapore <input type="checkbox"/> Study the Lessons from Europe Learning Program at the European Union <input type="checkbox"/> Study the operations of the Australian Customs and Border Protection Service (ACBPS) in Australia <input type="checkbox"/> Study the Law Enforcement of U.S Department of Homeland Security in the United States	0.02	None	1 Feb 2019 – Present	Chairman of the Board of Directors	AQ Estate PLC
					2013 - 2018	Deputy Director-General	Customs Department, Ministry of Finance

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
2. Mr. Michael Alexander William Fernandez Authorized Director / Chief Executive Officer Appointed on 21 Feb 2020 2 months (As of April 2020)	51	<input type="checkbox"/> BSBA Finance & Marketing University of Denver, Colorado	None	None	17 Oct 2019 - Present 21 Feb 2020 - Present Jun 2019 - Present Mar 2018 - Present	Chief Executive Officer Executive Committee Chief Financial Officer Strategy officer	AQ Estate PLC AQ Estate PLC Foods Capital PLC Fico Corporation Co., Ltd.
3. Dr. Suthad Chankinthong Authorized Signatory Director Appointed on 9 Oct 2015 4 years, 7 months (As of April 2020)	50	<input type="checkbox"/> Master Degree of Business Administration (MBA), Western University <input type="checkbox"/> Master Degree of Business Administration, Suan Dusit Rajabhat University <input type="checkbox"/> Bachelor Degree of Business Administration, Suan Dusit Rajabhat University	None	None	9 Oct 2015 – Present 3 Oct 2018 - Present Present Jan 2017 – Present Jan 2017 – Present Jan 2017 - Present Mar 2017 - Present Jan 2017 – Present Jan 2017 – Present Jan 2017 – Present Jan 2017 – Present Mar 2017 - Present	Authorized Signatory Director Acting Chief Executive Officer Managing Director Chief Marketing Officer Director Director Director Director Director Director Director Director	AQ Estate PLC AQ Estate PLC SJ Capital Auto Lease Co., Ltd. AQ Estate PLC AQ Village Co., Ltd. AQ Marketing Service Co., Ltd AQ Property Management Co., Ltd. Aquarius Estate Co., Ltd. Villa Nakarin Co., Ltd. Vitoonthanakorn Co., Ltd. Baanchid tara Co., Ltd. Aquarius Hotel & Resort Co., Ltd.
4. Dr. Ranchana Rajatanavin Authorized Signatory Director Appointed on 9 Oct 2015 4 years, 7 months (As of April 2020)	50	<input type="checkbox"/> Doctor of Philosophy(International Business), Concentration: Finance and Marketing Asian, Institute of Technology , 2004 <input type="checkbox"/> M.B.A. (Business Administration),Salem State College, Massachusetts, U.S.A. ,1996 <input type="checkbox"/> Bachelor Degree of Business Administration (Finance and Banking), Ramkhamhaeng University	None	None	9 Oct 2015 – Present 2012 – present  2008 – present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 - Present	Authorized Signatory Director Director  Chairman of the Audit Committee Chief Financial Officer Director Director Director Director Director	AQ Estate PLC Business Plan Committee ABI Project (Authorized Business Incubators) demonstration Simat Technology PLC AQ Estate PLC AQ Village Co., Ltd. AQ Marketing Service Co., Ltd. AQ Property Management Co., Ltd. Thanon Property Co., Ltd. Free Zone Asset Co., Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		<input type="checkbox"/> Director Accreditation Program (DAP) in 2007			Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 - Present Dec 2017 - Present 2013-2017  Jun 2017 - Nov 2017 Feb 2015 - Feb 2016  Jun 2009 - Jan 2015	Director Director Director Director Director Acting Director of Business Incubator Director  Head of Finance Assistant director Research and Academic Services Group Director of Business Incubator	Aquarius Estate Co., Ltd. Villa Nakarin Co., Ltd. Vitoonthanakorn Co., Ltd. Baanchid tara Co., Ltd. Aquarius Hotel & Resort Co., Ltd. Sriprathum university Business Incubation Association and Thai Science Park Sriprathum university Sriprathum university  Sriprathum university
5. Miss Kulchaya Wathana Director / Executive Committee Appointed 1 Jul 2019 1 Year 7 months (As of April 2020)	35	<input type="checkbox"/> Master of Arts, Marketing communication, University of Westminster, United Kingdom <input type="checkbox"/> Bachelor of Business Administration, Faculty of Commerce and Accountancy, Thammasat University <input type="checkbox"/> Certificate training course, "New Generation Leader in Democracy" (PorNorPor.) class 6, King Prajadhipok's Institute <input type="checkbox"/> New Entrepreneurship Program for Society for Executives (SEP-S), Class 4, New Investor Institute	None	None	1 Jul 2019 – Present 27 Sep 2018 – 1 Jul 2019  2017 - Present 2011 - present	Director / Executive Committee Independent Director / Audit Committee  Managing Director Managing Director	AQ Estate PLC AQ Estate PLC  Bake Cheese Tart (Thailand) Co.,Ltd. Eastern Cuisine (Thailand) Co., Ltd.
6. Mr. A Sachdev Independent Director / Chairman of the Audit Committee Appointed 27 Sep 2018	39	<input type="checkbox"/> MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University	None	None	27 Sep 2018 - Present  2018 - present 2017 - 2018	Independent Director / Chairman of the Audit Committee Chief Executive Officer Senior Director	AQ Estate PLC  Food Capitals PLC Fico Corporation Co., Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
1 year 7 months (As of April 2020)		<input type="checkbox"/> Bachelor of Commerce Monash University Melbourne, Australia <input type="checkbox"/> Diploma of Science Monash University Melbourne, Australia			2010 - 2017	Assistant director	CIMB Thai Bank PLC
7. Miss Papasorn Mongkholmafai Independent Director / Audit Committee Appointed on 9 Oct 2015 4 years 7 months (As of April 2020)	33	<input type="checkbox"/> Master of Business Administration in Management, Ramkhamhaeng University <input type="checkbox"/> Bachelor Degree of Accounting, Loei Rajabhat University <input type="checkbox"/> Director Accreditation Program Class 140/2017, Thai Institute of Directors	None	None	9 Oct 15 – Present  2009 – Present 2009 – Present 2009 – Present 2009 – Present  2009 – Present	Independent Director / Audit Committee  Freelance Accountant Freelance Accountant Freelance Accountant Freelance Accountant  Freelance Accountant	AQ Estate PLC  Smart Tax Communication Co., Ltd G-Track Co., Ltd. Work Communication Co., Ltd. Accounting Office and International Taxation STD Caliper Brake Co., Ltd.
8. Mr. Kitnarong Tirakachorn Independent Director / Audit Committee Appointed 1 Jul 2019 10 months (As of April 2020)	49	<input type="checkbox"/> Bachelor's Degree, Faculty of General Management, Dhonburi Rajabhat University.	None	None	1 Jul 2019 – Present  2017 - Present 2015-2017	Independent Director / Audit Committee  Chief Operating Officer Managing Director	AQ Estate PLC  KPN Academy Co., Ltd. KPN Tutoring Co., Ltd.
9. Mr. Wirat Aiew-Akson Chief Operating Officer	66	<input type="checkbox"/> Master Degree of Business Administration (MBA), Kasetsart University <input type="checkbox"/> Faculty of Law, Ramkhamhaeng University <input type="checkbox"/> Bachelor of Science (Agricultural Economics), Kasetsart University	None	None	Oct 2013 - Present 30 Jan 2017 - Present 2013 – present 2013 – present 2013 – present 2013 - present May 2011 – present May 2011 – present May 2011 - present Sep 2011 - Present Jan 2017 - Present	Chief Operating Officer  Director Director Director Director Director Director Director Director Director Director	AQ Estate PLC Vitoonthanakorn Co., Ltd. AQ Village Co., Ltd. Baan Chidthara Co.,Ltd. Aquarius Estate Co., Ltd. Aquarius Hotel & Resort Co.,Ltd. AQ Property Management Co., Ltd. AQ Marketing Service Co., Ltd. Thanont Property Co., Ltd. Free Zone Asset Co., Ltd. Villa Nakarin Co.,Ltd.



Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
					May 2011 - 9 Oct 2015 2013 - Sep 2015 May 2011-Oct 2013 May 2011 - Jun 2012 May 2011 - Jun 2012	Executive Committee Director Director and Managing Director Acting Managing Director and Director Director	AQ Estate PLC Vitoonthanakorn Co., Ltd. AQ Estate PLC AQ Estate PLC Allied Technologies International Co., Ltd.
10. Mrs. Pranee Hirunbanthow Assistant Managing Director of Operations / Director of Accounting and Finance /Chief Financial Officer	63	<input type="checkbox"/> Master Degree of Business Administration (MBA), Ramkhamhaeng University <input type="checkbox"/> Bachelor of Business Administration (Accounting), Ramkhamhaeng University	25,000 shares or 0.00003%	None	2006 – present  2005 – present 2019 – present	Assistant Managing Director of Operations Director of Accounting and Financ Chief Financial Officer	AQ Estate PLC  AQ Estate PLC AQ Estate PLC
11. Mr. Apirath Intrachoo Company secretary Appointed on 2013	51	<input type="checkbox"/> Bachelor of Laws, Ramkhamhaeng University	None	None	2013 – Present 2013 – Present 1998 - 2013	Company secretary Assistant Legal Manager Senior lawyer	AQ Estate PLC AQ Estate PLC AQ Estate PLC

Note: Include shares of spouse and underage children.

Details on the tenure as Directors and Executives in Subsidiaries, Associates and Related companies as of 27 February 2020.

No.	List of Directors	The Company	Subsidiaries												Associates (None)	Related Companies (None)
			1	2	3	4	5	6	7	8	9	10	11	12		
1.	Mr. Auychai Kultipmontre	X														
2.	Mr. Michael Alexander William Fernandez	I, II														
3.	Dr. Suthad Chankingthong	I, II	I	I	I				I	I	I	I	I	I		
4.	Dr. Ranchana Rajatanavin	I, II	I	I	I		I	I	I	I	I	I	I	I		
5.	Miss Kulchaya Wathana	I														
6.	Mr. A Sachdev	I														
7.	Miss Papisorn Mongkholmafai	I														
8.	Mr. Kitnarong Tirakachorn	I														
9.	Mr. Wirat Aiew-Akson	II	I	I	I		I	I	I	I	I	I	I	I		
10.	Mrs. Pranee Hirunbanthow	II														

#### Notes

- (1) X = Chairman of the Board Y = Vice Chairman I = Director II = Executive
- (2) Related Companies shall mean juristic person definition of the person who may have a conflict of this announcement.

#### List of subsidiaries

- |  |                                       |
|--|---------------------------------------|
| 1) AQ Village Co., Ltd.                        | 7) Aquarius Estate Co., Ltd.          |
| 2) AQ Marketing Service Co., Ltd.              | 8) Villa Nakarin Co., Ltd.            |
| 3) AQ Property Management Co., Ltd.            | 9) The Tarna Align Resort Co., Ltd.   |
| 4) Allied Technologies International Co., Ltd. | 10) Vitoonthanakorn Co., Ltd.         |
| 5) Thanont Property Co., Ltd.                  | 11) Baan Chidthara Co., Ltd.          |
| 6) Free Zone Asset Co., Ltd.                   | 12) Aquarius Hotel & Resort Co., Ltd. |

### Responsibilities of the Company Secretary

The secretary of the company must perform the duties as specified in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) BE 2551 which came into force on August 31, 2008 with responsibility. Careful And honesty Including having to comply with laws, objectives, Articles of Association, Board resolution as well as the resolution of the shareholders' meeting. The legal duties of the company secretary are as follows:

- 1) Prepare and maintain the following documents
  - A. Director registrar
  - B. Notice of the Board of Directors Meeting, Minutes, and the Company's annual report.
  - C. Notice of shareholders meeting, and minutes.
- 2) Keep the report of interest that reported by Directors or Executives and submit a copy of the report of interest under Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days from the date the company received the report.
- 3) Perform other activities as specified by the Capital Market Supervisory Board.

In addition, the Company secretary has other duties as the company (or the Board of Directors) assigned.

## 10. Corporate Social Responsibilities

### 10.1 Overview Policy

The company gives priority to the rights of stakeholders, whether they are internal stakeholders include employees and executives of the company and subsidiaries or external stakeholders include the rival creditors. The Government and other relevant agencies, because the company is aware of strong support from the various stakeholders to create competitiveness and profitability for the company, which is considered to be a long-term success of the company. The details are as follows:-

Employees: The Company had presented to staff with equality fair and appropriate compensation, including welfare for employees, such as health insurance/support staff activities to develop the body as a venue for sustainable development.

Partners: The Company has to purchase goods and services from the partner is subject to the terms and conditions for trade, including compliance with the contract partner.

Creditors: The Company comply with the terms of the agreement.

Customer: The Company cares and is responsible to the customer. Maintain customer confidentiality and there are agencies or individuals who are responsible for receiving customer complaints to hurry the customer as soon as possible. The company has developed a project to be shady, safe and secure in the project. To ensure that customers had confidence and comfortable.

Rivals: The Company complies with the competition rule. Maintain the norms of conduct on competition requirements. Avoid dishonest methods to destroy competitors.

Community: The Company had to responsible for social and community environments.

The fight against corruption, the company has managed to avoid corruption, by having the Committee considering procurement so that consideration is transparent and audited.

#### Business ethics

The company has issued rules regarding the Board's code of ethics. Management and employees (Code of Conduct) so the people involved as the guiding principle of the company's mission with integrity and impartially, both operating companies and stakeholders, the public and society by those involved to sign to acknowledge and agree to abide by, and the company has to communicate with employees regularly and track compliance with such guidelines is regularly, as well as set forth by discipline.

#### Conflict of interest

To prevent the conflicts of interest, Committee be carefully monitoring when incurred, which may have conflict of interests by formulating policies and approval procedures related to policies and methods of supervising the management and associated data within the company to use in order to benefit as follows:

- ☐ Items may have a conflict of interest: When the committee acknowledge there is a conflict of interest and related transaction and consider appropriate all have to follow the guidelines of the SET by entering transaction with a third party; (Arm's Length Basis) , and has revealed the details. Value, Partners The reasons and necessity in the annual report and in the year 2019 , the company does not have a conflict of interest in the list. .
- ☐ Monitoring Company's inside information
- ☐ Define executives reported changes in securities pursuant to section 59 of the Securities and Exchange Act 1992.
- ☐ The Company not allow Executives or agencies which has internal information to expose internal information to third parties or who are not involved.

## 10.2 Activities for the benefit of society and the environment

In the year 2019, the Company is aware of the problem of global warming and pollution. The Company had activities for the benefit of society and the environment. The management and employees jointly planted and released aquatic animals at the Sirindhorn International Environmental Park, Phetchaburi Province on 29 June 2019 under the project name "Conserve, Two Hands, One Heart, Restore Life to Nature".



## 10.3 Anti-Corruption

### 1. Anti-Corruption Policy

Corruption means any form of bribery whether in the form of giving, demanding, or agreeing to give; or any action of offering, giving, promising, granting, or being committed to give any valuables or benefits ('bribery') to a public official, government agency, private entity or responsible individual, whether directly or indirectly, to induce favorable actions or to restrain the person or entity from performing their duties or to commit illegitimate actions. This also includes demanding, obtaining, or agreeing to obtain any illegitimate valuables or benefits for oneself or others to induce favorable actions or to restrain the person from performing either legitimate or illegitimate duties. The exceptions are for instances allowed by law, rules, announcements, regulations, local customs, or customary business practice.

## 2. Scope of Enforcement and Harmonization of Laws

In implementation of the Company's Anti-Corruption Program, the Company requires its directors, executives and employees, and also its representatives, agents, advisors, outsourced service providers as well as business partners, to act appropriately and in compliance with applicable laws. In addition, the Company requires that the implementation of the Anti-Corruption Program be appropriately communicated via the Company channels and operations. Those who do not adhere to the Anti-Corruption Program may ultimately be punished by dismissal or termination of contracts. Violation of laws will be subject to legal process or actions in accordance with applicable laws. The Company encourages companies in its financial business group to implement anti-corruption undertakings in line with its anti-corruption policy and program in a manner appropriate to the situation of each company. The Company will establish channels and processes as well as co-ordinating communications as deemed appropriate.

## 3. Anti-corruption Policy

### 3.1 Objective

The Company has established this anti-corruption policy to indicate a direction and framework for its anti-corruption undertakings in accordance with principles and best practices generally accepted as being relevant to the country's economic and social environment as well as the financial business.

The Company encourages the adoption and implementation of this anti-corruption policy by companies in its financial business group as appropriate to each company.

Directors, executives, employees, and relevant parties are required to adhere to and practice this anti-corruption policy in doing business to support the Company as an organization with good and efficient business management under a code of conduct and business ethics.

### 3.2 Anti-Corruption Policy

- (1) The Company prohibits directors, executives and employees from engaging in corruption.
- (2) The Company supports the values of honesty and responsibility in performing duties.
- (3) The Company encourages all its concerned parties to understand and realize this policy, and to co-operate in any actions that help fight corruption.
- (4) The Company is determined to be a transparent organization which is corruption-free and never involved with any corruption.
- (5) The Company has established an anti-corruption program suited to specific situations and relevant laws.

- (6) The Company will treat its employees fairly and has established procedures to penalize personnel engaging in corruption or violating or failing to comply with the anti-corruption measures. The Company will take actions in accordance with the established procedures to investigate and levy disciplinary punishment on employees at fault in relation to corruption matters.

### 3.3 Operational Guidelines

The Company has included anti-corruption operational guidelines in its Code of Conduct and Business Ethics to the effect that the Company opposes corruption and will never commit bribery for business gain. The Company will co-operate with and support the anti-corruption measures of government and the private sector. The Company will not solicit, accept, or agree to accept cash, gifts or other benefits from customers or other parties, except in the case of customary practices. The Company will co-operate with the government and private sectors in exchanging useful knowledge and experiences in anti-corruption and in joining anti-corruption activities. The Company aims at and is committed to cultivating value for concerned parties so that they continue to co-operate on anti-corruption undertakings, and are determined to put into practice the anti-corruption program.

#### **4. Policies and Guidelines for Concerned Persons regarding Misconduct or Reporting of Fraud**

The Company recognizes that understanding and cooperation between the Company and various groups of stakeholders are crucial to achieving sustainable development. Therefore, the Company has policies and guidelines in place so that various groups of stakeholders can report any suspicions and queries related to corruption. The Company will hear all such reports in a fair, transparent way and subject them to a proper investigation, which will be carried out in a confidential manner to ensure staff who make the reports will have their identities protected.

The Company shall proceed to take disciplinary actions against employees who violate or fail to comply with this policy. Such violations may ultimately lead to disciplinary actions or dismissal.

#### **5. Channels of Communication between the Company and Various Groups of Stakeholders**

Various groups of stakeholders can raise their concerns, file complaints, and report suspicions regarding corruption by sending a letter to the Company's Corporate Secretary or Compliance Unit 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310 or email : [Information@agestate.com](mailto:Information@agestate.com)



## 11. Internal Control and Risk Management

The Company's Board of Directors, The Audit Committee and the management is responsible for the internal control system efficiency continuously. By the Board of Directors is reviewing policies and delegated to the Audit Committee to review and evaluate the system of internal control, transparency reduces business risk and management of company assets efficiently. In the practice of internal audit internal audit Department has reviewed the internal control system of each unit of the company that placed with sufficient accuracy. If there is a fault with the performance of the duties of the essence will make a report to the Audit Committee and the Board of Directors of the company consider the Edit command. In addition, the company has the policy of the Board of Directors. Executives and employees comply with the code of conduct in the performance of the duties of good faith and fair regularly and not to take part in combined action, or conceal any actions that pose a risk to the company if they have a serious mistake, and if found, the person above has led the company to use inside information to benefit will be punished according to the regulations, an employee of the company.

### 1) Controls to the Management's operation.

The company has the separation of responsibilities between the Board of Directors of the company with the management team clearly. By the Board of Directors is responsible for formulating policies and overseeing the implementation of management policies, therefore, Chairman. And the Managing Director is party guys each other by both positions must be selected by the Board to obtain the most appropriate addition. The Board of Directors also established administrations in various fields and commissioned operation under various policies assigned to it and is responsible for the overall operating result. Control costs and investment to the extent that the Board approve the annual budget plan. Action policy. To solve a problem or a conflict affecting the Organization, internal accounting and administrative information, and storing the property to verify each other. The company has prepared a manual for practitioners. The related transaction of listed companies on the company's major shareholders. Director Executives or people related to such persons it considers as with third parties and in accordance with the principle of securities market's committee, and Securities Commission and the securities market supervision.

### 2) Information and communication systems

The company has organized various important information sufficient for decision making by the Board of Directors, in a meeting with accounting literature, complete and stored base on categories and organized according to accounting generally policies accepted accounting principles and business suits,

as well as the company has used in the computer system to control, the Internal Audit Division can be reviewed every transaction.

### 3) Monitoring and evaluation

The company has a process and tools that support the management and Board of Directors to monitor development performance. The assessment according to defined standards, criteria, scorecards, monitoring results Key Performance Indicators (KPI), the Board compared the performance of HR management is according to defined business goals. If that occurs, there is no difference from a target. The company has undertaken to resolve within a reasonable period, as well as to comply with the internal control system regularly and reporting inspection results each quarter offers the Audit Committee and the Audit Committee to operate freely. The analysis report of the last year by the company to operate prudently enough.

### 4) Risk management.

The company has defined the objectives of the organization which clearly covers what the organization wants to achieve the objectives associated with the activity level, the important work of the Organization and in accordance with the objectives and associated plans, strategy of the organization. Executive corporate risks identified and covered in the level of critical activities.

### 5) Shareholders' rights

The company's policy recognize basic shareholder rights the same shareholders and shareholders ' meeting, procedures and guidelines of the stock exchange of Thailand.

In the year 2019, the company held a shareholders meeting 1 time is the annual general meeting of shareholders 2019 that the company has delivered invitation letter, along with supporting information, data and meeting agenda provided to shareholders prior to the meeting date, The Company was informed to shareholders approximately 14 working days prior to the meeting date. Each agenda was present together with committee commenced by minute of meeting. So that the shareholders can trace back. The Company was agree to shareholders to present a proxy in case the shareholders was unable to attend the meeting. In the other hand the company has published minute of meeting information to the shareholders ' meeting was listed in the company's website, shareholders can submit questions about the company's operation through the website before the date of the shareholders ' meeting.

## 11.1 The Board of Directors' Comment regarding the internal control system

The Board of Directors' meeting No. 1/2020 held on February 27, 2020 by independent director and audit committee includes 3 members attended the meeting. The Board has assessed the Company's internal control system by questioning information from the management and inspection documents from the management including the assessment of the management and preparation of the report of the Audit Committee. The conclusion after an assessment of the internal control of the company in various five components: (1) Internal organization control (2) risk assessment (3) The operational control (4) Information and Communication system, and (5) Tracking and trace back system.

The Board of Directors concluded that the Company's internal control systems are adequate and appropriate. The Company has provided sufficient personnel to implement the system effectively. The internal control system can monitor the operations of its subsidiaries to protect the Company's assets and its subsidiaries by illegally used or without authority of the directors or executives as well as sufficiently monitor the transactions with persons who may have conflicts of interest and related party. For other internal control subjects, the Board of Directors considered that the Company has sufficient internal control as well.

However, the auditor, Mr. Jadesada Hungsapruet, Certified Public Accountant, Registration No. 3759 from Karin Audit Company Limited who is an auditor of quarterly and annual financial statements for 2019 Qualified opinion with an emphasis of matters in Independent Auditor's Report as follows.

I have audited the financial statements of AQ Estate Public Company Limited and its subsidiaries, and of AQ Estate Public Company Limited which comprise the consolidated and separate statement of financial position as at December 31, 2019, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Qualified Opinion

- (1) As discussed in Note 18.2 to the financial statements, the Company engaged an independent appraiser to appraise such leasehold right, using Income Approach, the discounted value of

leasehold right is Baht 275 million. This method is calculated using the discounted cash flows of the revenues for the year of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016, The Company entered into the contract with a non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. On February 5, 2015, the indirect subsidiary company entered into a letter of intent with a foreign company for entering into a hotel management agreement. However, on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on September 22, 2016, then refunded partial deposit payment of US 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumption that the Company's the credit facilities were suspended from various financial institutions and there was material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1 to the financial statements. The market information of comparative land of same size and condition was limited and there was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income as at December 31, 2019, amounting to Baht 153.73 million. However, there are limitations by circumstances; I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of rental rate to determine the fair value because such appraisal is under unusual assumption as discussed above which has significant uncertainty when such situation will be resolved. In addition, the indirect subsidiary has no rental rate actually occurred at the present and no market price of rental rate basing the same size of area to be compared with the rental rate on such leasehold right as the area is very huge, which these factors may have material effects to the assessment of fair value of such leasehold right.

- (2) As discussed in Note 14.2 to the financial statements, the Company estimated liability to former shareholders of Villa Nakarin Co., Ltd. Which was presented under non-current liabilities in the consolidated and separate statements of financial position as at December 31, 2019, amounting to Baht 46.17 million. However, based on the current situation of the Company, which has material uncertainty on ability to continue its operation as a going concern, resulted in inability to prepare the correct and appropriate estimated income of project by using the current market situation. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such estimated liability.
- (3) As discussed in Note 9 to financial statement as at December 31, 2019, the Company has investment in bills of exchange of a company amount of Baht 1,072.16 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on December 31, 2019. As the analysis of such company's debt on February 18, 2019, the Company believe that the authorizer and the final shareholder's asset of such company is Baht 2,093.06 million. Which is over than amount of such company's bills of exchange, and the Company's management believe that able to receive by whole amount, so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for the year ended 2018 which was not audited by auditor, as at December 2018 total assets was amount of US Dollar 170.43 million, and shareholders' equity was amount of US Dollar 113.69 million. The Company has not received other the financial statement. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.
- (4) As discussed in Note 11 to financial statement as at December 31, 2019, the Company has loans to a company amount of Baht 412.14 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on December 31, 2019 and has postponed being March 31, 2020. The Company has considered financial statement as at December 31, 2018, issued to government; shareholders' equity was amount of Baht 164.82 million. However, Company's management believes that able to receive by whole amount, so the Company does not record for allowance for doubtful debt. In addition, as such Company's financial statement, its temporary stopped the construction due to the adjusted plat form and it's must get approval from a government. Such Company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able to use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

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

## 11.2 The opinion of the Audit Committee

As the assessment of the internal control systems above, the Independent Director and Audit Committee do not have any further observations from the Board of Directors.

## 11.3 Head of Internal Audit and supervisors overseeing the company's operation

The Audit Committee meeting in 2019 appointed Miss Prueksa Laopichit to serve as head of the Company's internal auditor replaces Miss Kasinee Tanyoopai boon because of experience in internal audit work in a business / industry similar to the company and have been trained in courses related to operational aspects of internal audit as well as having an understanding of the Company's activities and operations, it is deemed appropriate to properly perform such duties.

However, the consideration and approval of the appointment, removal, transfer the incumbent head of internal audit of the company must be approved by the Audit Committee.

# 12. Related Party Transaction

## 12.1 Related transactions with related parties that may lead to conflicts in the past year

-None-

## 12.2 Measures for transactions with related parties

According to the company policy, The process of entering into a related transaction between the Company or Subsidiaries and person who may have conflict of interest, must be proposed to the meeting of the Board of Directors for consideration. By such meeting must have member of the Audit Committee attended the meeting to consider and approve the related transactions. Such related transactions must comply with the law governing securities and exchange and the regulations, notifications, orders or

requirements of the Stock Exchange of Thailand by the person who may have conflicts of interest or stakeholders in such related transaction, without the right to vote on the transaction.

### 12.3 Policy and trends for transactions in the future

The company has a policy not to cause related transactions in the future. Except the transactions continued from the past such as collection of liabilities and repayment of debts to persons who may have conflict and project management services, construction contract, sales administration, advertising to persons who may have conflicts carrying out the project named "Krisda Nakorn". However, the Company has a policy not to allow other people except the Company and its subsidiaries use the name "Krisda Nakorn" to carry out the project anymore.

If there is a related transaction, the Company will set various terms and conditions in making such related transaction to comply with normal commercial terms and market prices that can be compared to the price charged to third parties. The Company will provide the Audit Committee or the Company's auditor or independent experts, as the case may be, to consider, review and comment on the suitability of the price and the reasonableness of the transaction.

Any related transactions that may occur in the future, the Board of Directors shall comply with the law governing securities and stock exchange and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand as well as compliance with the disclosure requirements of related transactions and the acquisition or disposal of important assets of the Company. If the Company has related transactions between persons who may have conflicts in the future, The Company will arrange the Audit Committee to comment on the appropriateness of transaction. If the audit committee is not proficient in the consideration of related transactions, The company will provide person with special expertise such as the Company's auditors or independent experts to comment on such transactions. Opinion of the Audit Committee or persons with special expertise will be used for the decision of the Board or shareholders, as the case may be. The Company will disclose such related transactions in the notes to the financial statements and Form 56-1 of the Company.

Because in the past, the company has a structure that may cause conflict of interest and there are many related transaction with people who may have conflicts. The Company has prepared the plan for eliminate conflict of interest and conflict prevention measures which was considered and approved by the shareholders meeting of the Company. The plan was approved by more than three-fourths of the total number of shareholders attending the meeting.

In 2019, the Company has no transactions between persons with conflict of interest.



## 13. Key Financial Information

### 13.1 Summary Financial Statements

#### AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 - 2019

				(Unit: Thousand Baht)		
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	36,459	84,088	828,670	4,250	10,547	516,788
Current investments	1,072,160	1,066,894	1,426,009	1,072,160	1,066,894	1,115,500
Trade accounts and other current receivable	177,359	121,086	133,229	1,175,632	1,225,111	1,128,632
Short-term loans	412,145	488,658	-	1,833,254	2,223,648	2,550,755
Inventories	1,962,172	2,266,441	2,338,392	1,092,793	1,158,109	1,113,138
Current tax assets	53,750	49,800	48,012	32,182	29,858	28,217
Other - current assets	2,140	-	-	2,140	-	-
<b>Total current assets</b>	<b>3,716,185</b>	<b>4,076,967</b>	<b>4,774,312</b>	<b>5,212,411</b>	<b>5,714,167</b>	<b>6,453,030</b>
<b>NON-CURRENT ASSETS</b>						
Investments in subsidiaries	-	-	-	125,480	-	-
Other long - term investments	900,000	900,000	-	900,000	900,000	-
Trade accounts and other non - current receivable	59,319	14,135	5,099	1,160	1,333	1,632
Long - term loans	2,426	-	-	-	-	-
Investments property	119,523	126,386	141,051	270,440	276,087	282,023
Property, plant, equipment and leasehold rights	1,224,038	1,164,584	1,179,751	25,189	29,661	35,651
Goodwill	-	-	-	-	-	-
Intangible assets	15,360	2,596	3,225	25	944	1,864
Deferred tax assets	353	353	353	-	-	-
Other non - current assets	827,919	826,424	833,375	50,471	51,382	61,088
<b>Total non-current assets</b>	<b>3,148,938</b>	<b>3,034,478</b>	<b>2,162,854</b>	<b>1,372,765</b>	<b>1,259,407</b>	<b>382,258</b>
<b>TOTAL ASSETS</b>	<b>6,865,123</b>	<b>7,111,445</b>	<b>6,937,166</b>	<b>6,585,176</b>	<b>6,973,574</b>	<b>6,835,288</b>

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Bank overdrafts and short - term borrowings from financial institutions	2,994	-	-	-	-	-
Trade accounts and other current payable	271,014	379,505	244,473	230,874	365,508	243,811
Current portion of long - term debts	17,001	5,287	56,647	1,053	1,033	1,788
Short - term loans	990	-	-	-	-	-
Current provisions for employee benefits	1,209	381	-	786	381	-
Other current provisions	2,997,292	2,996,061	2,989,194	2,988,932	2,988,681	2,988,431
<b>Total current liabilities</b>	<b>3,290,500</b>	<b>3,381,234</b>	<b>3,290,314</b>	<b>3,221,645</b>	<b>3,355,603</b>	<b>3,234,030</b>
<b>NON CURRENT LIABILITIES</b>						
Long - term debts	33,058	203	1,477	-	-	-
Trade accounts and other non-current payable	2,485	2,449	2,374	-	-	-
Deferred tax liabilities	6,292	2,445	2,649	-	-	-
Non-current provisions for employee benefits	4,370	1,841	1,858	3,195	1,495	1,581
Other non-current provisions	48,971	55,553	46,168	46,168	46,168	46,168
<b>Total non-current liabilities</b>	<b>95,176</b>	<b>62,491</b>	<b>54,526</b>	<b>49,363</b>	<b>47,663</b>	<b>47,749</b>
<b>TOTAL LIABILITIES</b>	<b>3,385,676</b>	<b>3,443,725</b>	<b>3,344,840</b>	<b>3,271,008</b>	<b>3,403,266</b>	<b>3,281,779</b>

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>LIABILITIES AND SHAREHOLDERS EQUITY (continued)</b>						
<b>SHAREHOLDERS EQUITY</b>						
Share capital						
- Authorized share capital						
294,012.03 million common share, Baht 0.50 par value	147,006,013	147,006,013	147,006,013	147,006,013	147,006,013	147,006,013
- Issued and paid up						
2018 - 2019 : 85,324.81 million common shares, Baht 0.50 per share	42,662,405	42,662,405		42,662,405	42,662,405	
2017 : 85,314.68 million common shares, Baht 0.50 per share			42,657,341			42,657,341
Discount on common shares	(32,759,548)	(32,759,548)	(32,754,991)	(32,759,548)	(32,759,548)	(32,754,991)
Premium on common shares from capital reduction	153,537	153,537	153,537	153,537	153,537	153,537
Discount from decrease in shareholding in subsidiary	(47,939)	(47,939)	(47,939)	-	-	-
Deficit	(6,529,191)	(6,340,735)	(6,415,622)	(6,742,226)	(6,486,086)	(6,502,378)
Other components of shareholders' equity	-	-	-	-	-	-
<b>Total shareholders' equity of parent - net</b>	<b>3,479,264</b>	<b>3,667,720</b>	<b>3,592,326</b>	<b>3,314,168</b>	<b>3,570,308</b>	<b>3,553,509</b>
Non - controlling interests	183	-	-	-	-	-
<b>Total shareholders' equity - net</b>	<b>3,479,447</b>	<b>3,667,720</b>	<b>3,592,326</b>	<b>3,314,168</b>	<b>3,570,308</b>	<b>3,553,509</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>6,865,123</b>	<b>7,111,445</b>	<b>6,937,166</b>	<b>6,585,176</b>	<b>6,973,574</b>	<b>6,835,288</b>

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>REVENUES</b>						
Revenues from sales of property	489,368	399,816	538,908	113,501	68,217	135,917
Revenues from hotel business	131,411	100,727	82,226	-	-	-
Revenues from property rental operations and related services	21,451	20,506	17,540	-	-	-
<b>Total revenues</b>	<b>642,230</b>	<b>521,049</b>	<b>638,674</b>	<b>113,501</b>	<b>68,217</b>	<b>135,917</b>
<b>COSTS</b>						
Costs of property sold	(371,891)	(274,206)	(423,190)	(85,883)	(51,423)	(104,712)
Costs of service from hotel business	(199,772)	(161,398)	(162,695)	-	-	-
Cost of property rental operations and related services	(10,666)	(9,713)	(10,886)	-	-	-
<b>Total cost</b>	<b>(582,329)</b>	<b>(445,317)</b>	<b>(596,771)</b>	<b>(85,883)</b>	<b>(51,423)</b>	<b>(104,712)</b>
<b>Gross profit</b>	<b>59,901</b>	<b>75,732</b>	<b>41,903</b>	<b>27,618</b>	<b>16,794</b>	<b>31,205</b>
Other income	134,574	303,379	127,120	278,301	415,262	264,076
<b>Profit before expenses</b>	<b>194,475</b>	<b>379,111</b>	<b>169,023</b>	<b>305,919</b>	<b>432,056</b>	<b>295,281</b>
Distribution costs	(45,327)	(37,689)	(50,747)	(18,594)	(16,786)	(22,195)
Administrative expenses	(334,447)	(266,603)	(253,955)	(541,951)	(398,944)	(143,211)
Other expenses	-	-	(4,408)	-	-	(385,682)
<b>Total expenses</b>	<b>(379,774)</b>	<b>(304,292)</b>	<b>(309,110)</b>	<b>(560,545)</b>	<b>(415,730)</b>	<b>(551,088)</b>
<b>Profit (loss) before financial cost and income tax</b>	<b>(185,299)</b>	<b>74,819</b>	<b>(140,087)</b>	<b>(254,626)</b>	<b>16,326</b>	<b>(255,807)</b>
Finance cost	(1,331)	(136)	(16,951)	(20)	(34)	(800)
<b>Profit (loss) before income tax</b>	<b>(186,630)</b>	<b>74,683</b>	<b>(157,038)</b>	<b>(254,646)</b>	<b>16,292</b>	<b>(256,607)</b>
Tax income	260	204	(7,668)	-	-	-
<b>Profit (loss) for the year</b>	<b>(186,370)</b>	<b>74,887</b>	<b>(164,706)</b>	<b>(254,646)</b>	<b>16,292</b>	<b>(256,607)</b>

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Other comprehensive income						
Items that will not be reclassified in profit or loss later						
Loss from the measurement of new values of defined employee benefits	(2,114)	-	-	(1,494)	-	-
Total items that will not be reclassified in profit or loss later	(2,114)	-	-	(1,494)	-	-
Other comprehensive income for the period - Net tax	(2,114)	-	-	(1,494)	-	-
Total comprehensive income for the period	(188,484)	74,887	(164,706)	(256,140)	16,292	(256,607)
Profit(loss) for the period attributable to :						
Owners of the parent	(186,342)	74,887	(164,706)	(254,646)	16,292	(256,607)
Non - controlling interest	(28)	-	-	-	-	-
	(186,370)	74,887	(164,706)	(254,646)	16,292	(256,607)
Total comprehensive income attributable to:						
Owners of the parent	(188,456)	74,887	(164,706)	(256,140)	16,292	(256,607)
Non - controlling interests	(28)	-	-	-	-	-
Total comprehensive income for the period	(188,484)	74,887	(164,706)	(256,140)	16,292	(256,607)
Basic profit(loss) per share : Owners of the parent						
(equivalent to par value of Baht 0.50 per share)	(0.0022)	0.0009	(0.0036)	(0.0030)	0.0002	(0.0057)
Weighted average number of shares (In Thousand Shares)	85,324,811	85,316,210	-	85,324,811	85,316,210	-

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

**CASH FLOWS FROM OPERATING ACTIVITIES**

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Profit (loss) for the year	(186,370)	74,887	(164,706)	(254,646)	16,292	(256,607)
Adjustments of reconcile net profit (loss) to cash received (paid)						
Adjusted tax income	(260)	(204)	7,668	-	-	-
Adjusted financial cost	1,331	136	16,951	20	34	800
Adjusted interest income	(95,036)	(105,837)	(46,815)	(217,462)	(239,073)	(181,197)
Adjusted trade accounts and other current receivables (increase) decrease	(8,388)	15,442	20,487	(4,107)	(6,366)	(41,152)
Adjusted trade accounts and other non-current receivable (increase) decrease	(45,784)	(252)	(3,621)	156	300	93
Adjusted inventories decrease	306,301	275,211	366,997	74,627	33,139	86,345
Adjusted other current assets increase	(2,140)	-	-	(2,140)	-	-
Adjusted other non-current assets (increase) decrease	(2,401)	(715)	12,005	912	(371)	8,261
Adjusted trade accounts and other current payable decrease	(159,774)	(13,959)	(17,634)	(164,030)	(15,436)	9,112
Depreciation, losses and amortization	86,037	83,417	88,464	11,622	13,445	19,131
Adjusted Bank overdrafts and short - term borrowings from financial institutions	13	-	-	-	-	-
Adjusted bad debt and doubtful debts	8,887	1,056	600	348,698	200,887	381,910
Adjusted provision for liabilities	287	362	62	251	251	640
Adjusted with provision for liabilities damages from lawsuits	1,655	2,858	(1,642,735)	675	2,858	(1,642,735)
Adjustment with loss from impairment of goodwill	8,036	-	-	-	-	-
Adjusted provisions for employee benefits	1,984	364	586	1,296	295	521
Adjustment with default interest payment	-	(38,405)	-	-	(38,405)	-
Adjustment with other income	(1,395)	(15,373)	(18,994)	(379)	(40)	(19,464)
Adjusted with unrealized gain on the changes in fair values of short - term investments	-	-	(509)	-	-	-
Adjusted for Loss on disposal of non current asset	-	3,307	5,078	-	90	(5)
Adjusted by Reversal of allowance on impairment of fixed assets	-	-	13,302	-	-	-
Adjusted by Reversal of allowance of diminution in value in inventories	3,028	(151,102)	(74,757)	(9,311)	(59,435)	(1,847)
Adjusted by Reversal of allowance of land deposits	-	-	(12,076)	-	-	(12,076)
Adjusted with amortization expenses	5,254	-	-	17	-	-
Adjusted for Loss on disposal of property, plant, equipment and leasehold rights	34,878	-	-	-	-	-
Payment of employee benefits	(741)	-	-	(685)	-	-
Total adjustment of reconcile net profit (loss)	(44,598)	131,193	(1,449,647)	(214,486)	(91,535)	(1,648,270)
<b>Cash provided by (used in) operating activities</b>						
Cash paid for income tax	(8,180)	(7,565)	(6,692)	(2,324)	(1,767)	(1,513)
Cash paid for employee benefit	-	-	(2,414)	-	-	(2,415)
<b>Net cash provided by (used in) operating activities</b>	<b>(52,778)</b>	<b>123,628</b>	<b>(1,458,753)</b>	<b>(216,810)</b>	<b>(93,302)</b>	<b>(1,652,198)</b>

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Current investments received (Paid)	(5,266)	359,115	(1,181,512)	(5,266)	48,606	(921,512)
Cash paid for other long-term investment	-	(730,000)	-	-	(730,000)	-
Cash paid for investment property	-	-	-	-	-	(878)
Cash paid for purchase of investment in subsidiary	(90,500)	-	-	(90,500)	-	-
Cash received from sales of property, plant, equipment and leasehold rights	-	184	65	-	37	15
Cash paid for property, plant, equipment and leasehold rights	(13,477)	(60,647)	(72,992)	(586)	(599)	(181)
Cash paid for intangible assets	(180)	(876)	(83)	-	-	-
Cash paid for short-term loans	-	(719,000)	-	(341,460)	(1,035,593)	(578,992)
Cash received from short-term loans	76,513	230,342	-	599,264	1,208,272	91,846
Cash received from interest income	47,683	108,665	42,766	49,061	96,620	39,277
<b>Net cash provided by (used in) investing activities</b>	<b>14,773</b>	<b>(812,217)</b>	<b>(1,211,756)</b>	<b>210,513</b>	<b>(412,657)</b>	<b>(1,370,425)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Cash paid for long-term loans	(3,622)	(50,139)	(130,189)	-	-	(30,000)
Cash received for short-term loans	(101)	-	-	-	-	-
Cash paid for decrease liabilities that occurs from lease agreements	(4,871)	(2,495)	(3,725)	-	(776)	(997)
Interest paid	(1,292)	(3,866)	(10,050)	-	(13)	(1,252)
Cash received from capital increase	-	507	3,565,005	-	507	3,565,005
<b>Net cash used in financing activities</b>	<b>(9,886)</b>	<b>(55,993)</b>	<b>3,421,041</b>	<b>-</b>	<b>(282)</b>	<b>3,532,756</b>
<b>Cash and cash equivalents net decrease</b>	<b>(47,891)</b>	<b>(744,582)</b>	<b>750,532</b>	<b>(6,297)</b>	<b>(506,241)</b>	<b>510,133</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>84,088</b>	<b>828,670</b>	<b>78,138</b>	<b>10,547</b>	<b>516,788</b>	<b>6,655</b>
<b>Cash and equivalents in subsidiary</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,459</b>	<b>84,088</b>	<b>828,670</b>	<b>4,250</b>	<b>10,547</b>	<b>516,788</b>



AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
<b>Supplemental disclosure of cash flows information :</b>						
<b>Non cash transactions</b>						
1) During the year, interest capitalized to inventories	-	3,667	2,064	-	-	464
2) Purchase of fixed assets by						
- Liabilities under finance lease contracts	-	-	-	-	-	-
- Cash payment	(13,477)	(60,647)	(72,992)	(586)	(599)	(181)
Total	(13,477)	(60,647)	(72,992)	(586)	(599)	(181)
3) During the year, the Company a transfer condominium units for payment to subsidiary. (note 12)						
- Deposits for purchases of condominium units	-	10,076	-	-	10,076	-
- Interest received from default	-	38,405	-	-	38,405	-
Total	-	48,481	-	-	48,481	-
4) During the year, the Company a transfer condominium units for payment to subsidiary. (note 13)	-	-	-	-	29,806	-
5) During the year, the Company transferred property, plant and equipment to inventory. (note 14.1)	4,579	-	-	-	-	-
6) During the year, the Company transferred property, plant and equipment to intangible assets	5	-	-	-	-	-
7) During the year, the Company purchased investment to subsidiary by borrow from the parent Company among Baht 125.48 million						
- Payment for shares	90,500	-	-	90,500	-	-
- Promissory note	34,980	-	-	34,980	-	-
	125,480	-	-	125,480	-	-

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

	Consolidated Financial Statements									
	Other components of shareholders' equity									
	Other comprehensive									
	income									
Issued	Premium	Premium on	Discount from			Gains on	Total other	Total		Total
and Paid-up	(Discount) on	Common Shares from	Increase in			re-measurements of	components of	shareholders'	Non-Controlling	Share holders
Share Capital	Shares	Capital Reduction	Shareholding	Deficit		defined benefit plans	shareholders' equity	equity of the	Interests	equity-net
			in Subsidiary					Company		
Balance as at January 1, 2017	6,337,341	4	153,537	(47,939)	(6,250,916)	-	-	192,027	-	192,027
Increase in share capital	36,320,000	(32,754,995)	-	-	-	-	-	3,565,005	-	3,565,005
Total comprehensive loss for the year	-	-	-	-	(164,706)	-	-	(164,706)	-	(164,706)
Balance as at December 31, 2017	42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	-	-	3,592,326	-	3,592,326
Balance as at January 1, 2018	42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	-	-	3,592,326	-	3,592,326
Increase in share capital	5,064	(4,557)	-	-	-	-	-	507	-	507
Total comprehensive income for the period	-	-	-	-	74,887	-	-	74,887	-	74,887
Balance as at December 31, 2018	42,662,405	(32,759,548)	153,537	(47,939)	(6,340,735)	-	-	3,667,720	-	3,667,720
Balance as at January 1, 2019	42,662,405	(32,759,548)	153,537	(47,939)	(6,340,735)	-	-	3,667,720	-	3,667,720
Non - controlling interests	-	-	-	-	-	-	-	-	211	211
Total comprehensive income for the period	-	-	-	-	(186,342)	(2,114)	(2,114)	(188,456)	(28)	(188,484)
Transferred to retained earnings	-	-	-	-	(2,114)	2,114	2,114	-	-	-
Balance as at December 31, 2019	42,662,405	(32,759,548)	153,537	(47,939)	(6,529,191)	-	-	3,479,264	183	3,479,447

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017 - 2019

(Unit: Thousand Baht)

	Separate Financial Statements						
	Issued and Paid-up Share Capital	Premium (Discount) on Shares	Premium on Common Shares from Capital Reduction	Deficit	Other components of shareholders' equity		
					Other comprehensive income		Total Share holders equity-net
					Gains on re-measurements of defined benefit plans	Total other components of shareholders' equity	
Balance as at January 1, 2017	6,337,341	4	153,537	(6,245,771)	-	-	245,111
Increase in share capital	36,320,000	(32,754,995)	-	-	-	-	3,565,005
Total comprehensive loss for the year	-	-	-	(256,607)	-	-	(256,607)
Balance as at December 31, 2017	42,657,341	(32,754,991)	153,537	(6,502,378)	-	-	3,553,509
Balance as at January 1, 2018	42,657,341	(32,754,991)	153,537	(6,502,378)	-	-	3,553,509
Increase in share capital	5,064	(4,557)	-	-	-	-	507
Total comprehensive income for the period	-	-	-	16,292	-	-	16,292
Balance as at December 31, 2018	42,662,405	(32,759,548)	153,537	(6,486,086)	-	-	3,570,308
Balance as at January 1, 2019	42,662,405	(32,759,548)	153,537	(6,486,086)	-	-	3,570,308
Total comprehensive income for the period	-	-	-	(254,646)	(1,494)	(1,494)	(256,140)
Transferred to retained earnings	-	-	-	(1,494)	1,494	1,494	-
Balance as at December 31, 2019	42,662,405	(32,759,548)	153,537	(6,742,226)	-	-	3,314,168

## 13.2 Financial Ratios

Key Financial Ratios as at 31 December 2017 – 2019.

Financial Ratios		2019	2018	2017
<b>LIQUIDITY RATIO</b>				
Current ratio	(time)	1.13	1.21	1.45
Quick ratio	(time)	0.52	0.52	0.73
Cash flow ratio	(time)	(0.01)	0.03	(0.30)
Accounts receivable turnover ratio	(time)	4.30	4.10	4.51
Average collection period	(day)	84.88	89.02	80.93
Inventory Turnover ratio	(time)	0.28	0.19	0.22
Average sale period	(day)	1,303.57	1,921.05	1,659.09
Payable turnover ratio	(time)	1.78	1.42	2.42
Repayment period	(day)	205.06	257.04	150.83
Cash Cycle	(day)	1,183.40	1,753.03	1,589.20
<b>PROFITABILITY RATIO</b>				
Gross profit margin	(%)	9.33	14.53	6.56
Operating profit margin	(%)	(28.85)	9.08	(18.29)
Other income ratio	(%)	17.32	36.80	16.60
Cash to profitability	(%)	N/A	165.24	N/A
Net profit margin	(%)	(23.99)	9.08	(21.51)
Return on equity	(%)	(5.22)	2.06	(8.70)
<b>EFFICIENCY RATIO</b>				
Return on assets	(%)	(2.67)	1.07	(2.68)
Return on fixed assets	(%)	(8.40)	13.51	(6.42)
Assets turnover	(time)	0.11	0.12	0.12
<b>FINANCIAL POLICY RATIO</b>				
Debt to Equity ratio	(time)	0.97	0.94	0.93
Interest coverage ratio	(time)	N/A	3.42	N/A
Debt service coverage ratio	(time)	N/A	0.08	N/A
Dividend payout ratio	(%)	N/A	N/A	N/A

## 14. Management Discussion and Analysis

### 14.1 Overview

#### 1) Summary of operations and the factors that result in significant changes

AQ Estate Public Company Limited (herein after called “the Company”) was incorporated in Thailand and was registered as a public company in the year 1993. The Company undertakes its business in Thailand and is engaged mainly in property development and sales. The Company changes its registered office to be located at No.102, Rim Klong Bang Kapi Road, Bang Kapi Sub-District, Huay Kwang District, Bangkok, Thailand.

#### Status of the Company

- a) On August 26, 2015, the Supreme Court’s Criminal Division for Persons Holding Political Positions (“the Supreme Court”) sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Company Limited (“Golden”) (the 19th defendant) and K & V SRS Garden Home Company Limited (“Garden Home”) the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of land net of commission fee on sales would be Baht 8,924.30 million and in year 2016. The management expects that the forced sale value of land would be Bath 5,800 million. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position (“Supreme Court”), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so, the Enforcement Officer has rescinded the sale of collateral under the order of the Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the

Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times on June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the fourth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each time but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt form the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018, On October 17, 2018, the public auction and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Bidders has filed an application for the postponement of the period of payment to be on February 1, 2019. The properties sold at the auction were divided into 3 groups as follows:

The first group was the criminal cases of Persons Holding Political Positions in decided case No. Aor Mor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was Bath 4,019.62 million. The buyer had placed the deposit of Bath 201 million. The remaining would be paid within February 1, 2019 and on January 24, 2019, the buyer paid Bath 3,818.62 million.

The second group was the civil suit in decided case No. 4007/2009 and undecided case No. Tho.59/2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden), the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of Bath 1,261.02 million, deposit of Bath 65 million, the remaining amount must be paid Bath 1,196.02 million. The petitioner, K&V SRS Company Limited held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on January 24, 2019 to such petition, and the court made an appointment to hear civil court order on March 20, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition. Later, on June 17, 2019, Golden Technology Industrial Park Company Limited filed an appeal against the court's order and the petitioner submitted an appeal to the Court on August 5, 2019.

The third group was the case of Central Bankruptcy Court in decided case No. L. 1249/2012. The property sold at auction from this case of 1,868-3-97.72 rai and land ownership belongs to K&V SRS Company Limited. The auction buyer purchased price of Bath 3,633.43 million, deposit of Bath 182.50 million, the remaining amount must be paid Bath 3,450.93 million within February 1, 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follow.

1. Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on March 5, 2019. The case result was dismissed by the court.
2. Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and to

suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition. Later, on March 20, 2019, K&V SRS Garden Home Company Limited, the petitioner filed an appeal. Later on April 23, 2019, the official receiver, the objector No. 1, filed an objection to the appeal requesting the appeal and on May 2, 2019, Krung Thai Bank Public Company Limited, the objector No. 2 filed an appeal against the appeal which the Central Bankruptcy Court ordered the appointment of the Court of Appeals for Special Cases dated September 3, 2019. Court denied such appeal, the preliminary case result was terminated by the court.

3. Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to temporarily suspend enforcement on February 4, 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on April 25, 2019 and April 26, 2019. The court appointed the witness examination on May 14, 2019. The case result was dismissed by the court.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting (1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company of Baht 197.62 million which Grand Computer and Communication Company Limited (the 22nd defendant) paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.
- c) On October 16, 2015, the Company, "Golden" and Progress Property Management Company Limited ("Progress") a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no



cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of "Garden Home" and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition, the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore, the officer will report to the court to lift this bankruptcy case according.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement (the "Agreement") dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing Agreement is for the Company to have the right to manage for the 3rd Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay

for the damages to the Bank. However, after the date of the Agreement in October 2015, there has not been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3rd Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3rd Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P. 240/ 2018, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mention conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. The court read the verdict on March 18, 2019 the court therefore ordered to dismiss the petition.

Subsequently, on June 17, 2019, the plaintiff appealed the judgment and on July 18, 2019, the three defendants filed a petition, the case is still pending in the courts.

On August 3, 2018, according to Case No. P.4393/2018, AQ Estate Public Company Limited sue Golden Technology Industrial Park Company Limited and Progress Property Company Limited (co-defendant) to be a civil case, to refund advance which AQ has paid reservation according to the property management agreement, amounting of Baht 74,999,995. On August 6, 2019, the co-defendant filed a petition to postpone the case, claiming that the Golden company was sued by the Krung Thai Bank in bankruptcy cases. The bankruptcy court will consider on August 20, 2019. Therefor the civil court has agreed to wait for the outcome of the bankruptcy case and then postponed the appointment to hear the results on September 17, 2019. Later, the Krung Thai Bank bankruptcy case of discontinued Golden Technology Industrial Park Company Limited, so the civil case will be continuing. The courts meeting schedule the hearing date on May 26-27, 2020, May 28, 2020, cross - claim on May 29, 2020. The appointment to hear the judgment on July 29, 2020.

- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the

Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016, such default loans amounting to Baht 26.72 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporary suspended all credit facilities. At the present, the Company paid loans from financial institutions in full.

The board of direction meeting No. 12/2016, dated October 13, 2016, acknowledged that the company submitted the regent of debt restructure to one bank. The Company was non-performing land additional pledge value Baht 1,000 million. And complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However, the company in waiting bank approved. In additions the meeting acknowledged that the surveyor reported that there are one hundred and seventy- seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No. 15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount ( approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Golden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti -Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Golden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has enter the debt restructuring as civil black case number Tor.268/2006 in whole amount, under the condition of Por-Kor-Sor.007/2017 dated on January 5, 2017 within April 2017. (2) The Company has following the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number. Aor-Mor.55/2015 and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017. If there have non proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be enough for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Company Limited), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for acting instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions

receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Company Limited. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2006, Red Case No. Tor.2687/2007) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht 8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it makes another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018 and the court granted the appeal. The Court of Appeals adheres to the Court of First Instance Currently, Golden Technology Industrial Park Co., Ltd. was accused as the 1st defendant. The petition has been filed. The case is currently being considered with the judgment of Supreme Court.

As disclosed in Note 18 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12, 2017 to July 14, 2017 and Baht 1,925 million on July 17, 2017 to July 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2019 as follows:

	(Unit: Million Baht)
Compensation as per Court sentence	10,004.47
<u>Add</u> Necessary expenses for selling land as per a contract for the asset management	128.88
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00

	(Unit: Million Baht)
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	3,057.62

\* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht 5,800 million. (In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively).

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. (Incidentally, the exactly amount of the company's obligation may be changed up or down, depending on the auction price to be auctioned in the future).

On October 17, 2018 the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company cannot reverse its provisioning provision. It is waiting for the bidder to pay the remaining price. The maturity date is February 1, 2019 and on January 24, 2019 buyer paid amount Baht 3,818.62 million. Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- e) On September 25, 2019, AQ Estate Public Company Limited sued Krung Thai Bank Public Company Limited (the 1st defendant) and others, totaling 13 persons to be a civil case, financial statements revision for 1st quarter 2019 of Krung Thai Bank to claim the refund 3,898,704,840 Baht to pay for damages in lawsuit of the Supreme Court's Criminal Division for persons Holding Political Positions (according to Black Case No. Aor-Mor. 3/2012, according to Red Case No. Aor-Mor. 55/2015), if the defendant fails to comply with payment of damages amount. The court are meeting of settlement of issue and define prosecution guidelines or the courts meeting schedule the hearing date on November 18, 2019. All defendants filed a request for an extension of time to file a statement given on February 9, 2020. The lawyer has comment to the court should be consider trend and judgment for conditional in contract on August 10, 2018. The Court scheduled on April 27, 2020.

## Utilization of capital increase fund

The Company received the proceeds from allotment of new ordinary shares to private placement as approval by the Extraordinary General Meeting of Shareholders No. 1/2017 on 30 June 2017 that has allocated and offering of new 100,000 million ordinary shares to the private placement. The Company has increased capital of THB 72,640 million at the price of THB 0.05 per share, totaling THB 3,632 million. The total expenses and fees were THB 63.73 million. The capital increase after deducting expenses amounted to THB 3,568.27 million. Details of the utilization of capital increase fund as follows:

The proceeds from the capital increase	3,568.27	Million Baht
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### Deduct Utilization of capital increase as of 31 December 2019

1) Payment following the judgment of KTB	(1,635.74)	Million Baht
2) Development of AQ ARBOR, Chonburi, Chiangmai, Rangsit	(65.00)	Million Baht
3) Invested in hotel business	(121.00)	Million Baht
4) Development of AQ ALIX	(26.00)	Million Baht
5) Working capital	(236.23)	Million Baht
Remaining capital increase fund as of 31 December 2019	<u>1,484.30</u>	<u>Million Baht</u>

The remaining capital increase amount THB 1,484.30 million was invested in BFixed the bill of exchange and loan.

## 2) Industry and economic conditions that affect the operation

### 2.1) Economic conditions in 2019

The Office of the National Economic and Social Development Board reported that the Thai economy in 2019 expanded by 2.4 percent, compared with 4.2 percent in 2018. Export value declined by 3.2 percent and private consumption and total investment grew by 4.5 and 2.2 percent respectively. Headline inflation averaged 0.7 percent and the current account recorded a surplus of 6.8 percent of GDP. The Thai economy in 2019 expanded slower than previously projected mainly due to.

- (1) the slower-than-expected export growth reflected in the values of exports in the third quarter which started to show improving sign but was still slower than in the previous estimation due mainly to the intensified trade measures and the uncertainty of US – China trade negotiations throughout the third quarter which caused producers and exporters in the supply chain to continue slowing their production and trade activities.
- (2) the lower-than-assumed disbursement rate of Stated-owned Enterprises (SOEs) capita budget which led to pubic investment in the third quarter to expand at slower rate than

previously expected and was consistent with some delays of key infrastructure projects for example a high-speed train from Bangkok to Nakhon Ratchasima.

- (3) temporary effects from an adjustment in domestic car market due to shift in a new car model, together with shutdowns of some oil refinery plants. Combining with the sluggish recovery of export, manufacturing sector thus declined faster than expected. Consequently, those factors had led the Thai economy, lower than in the projection.

## 2.2) Sales of property business

Krungsri Research reported that The total new housing units fell in 3Q19 relative to the same period a year earlier. The take-up rate for new housing projects also continued to slow on a combination of the softening of the economy that has pulled down consumer purchasing power and the tightening of LTV rules.

Through 4Q19, the housing market in the BMR is likely to remain sluggish due to (i) the continuing weakness of the Thai and global economies, which is pulling down the purchasing power of Thai and foreign buyers, and (ii) the revision of the LTV rules, which is continuing to have an impact on the purchasing decisions of buyers. Meanwhile, developers are likely to postpone launching new projects while they wait to see how the market develops and are instead trying to run down their existing stocks of housing, in particular for buyers at the lower-mid to lower ends of the market, i.e. those looking at housing priced below THB 3 m, where 50% of the oversupply of housing in the BMR is found. Nevertheless, the market will be boosted by government measures to reduce the transfer and mortgage fees of transaction value for those purchasing houses with a value not over THB 3 m (effective December 1, 2019). For all of 2019, sales of housing in the BMR are forecast to fall by 15.9% (the worst performance in 4 years), following a rise of 16.6% in 2018.

## 2.3) Hotel business

Krungsri Research reported that in 3Q19, the hotel industry performance was largely unchanged from a year ago. There were stronger arrivals from Asia, especially China, Lao PDR and India, but domestic tourism was subdued in line with the slowing domestic economy. The hotel industry will continue to grow in 2019 but at a slower rate than in 2018. Foreign markets will be pressured by the slowing global economy and strong baht (the strongest currency in the region), while the weak domestic economy will weigh on Thai tourism.

- For full-year 2019, foreign tourist arrivals is expected to grow by 4-5% to 39.7-40.0 million. Growth will be especially strong in 4Q19 (peak tourist season for Thailand); the nation expects to welcome 10.4 million visitors in the last quarter of the year, representing 7%



YoY growth. By individual markets, Chinese arrivals are expected to continue to rise, the ASEAN market would grow given strong regional economies and cross-border tourism, and the Indian market would grow driven by the Thai government's promotional efforts (e.g. tourism roadshows in major Indian cities and fee waiver for VOA). The Ministry of Tourism & Sports estimates that in 2019, foreign tourist receipts would grow by 5% YoY to THB2.2trn (compared to +2.5% in 2018).

- ☐ Domestic tourism will see slower growth in 2019 because of weaker economic conditions, but the headwinds will be partly offset by government measures to stimulate the sector. They include measures to promote tourism in secondary cities and Chim-Shop-Chai to encourage tourism spending in upcountry, especially in the last quarter of the year. Krungsri Research estimates that in 2019, Thais would make a total of 168-170 million domestic trips (+2%) and generate THB1.1trn in tourism spending, up 6.0% (slowing down from 8.3% in 2018).
- ☐ In 2019, average occupancy rate is estimated at 71.5%, similar to 71.4% recorded in 2018. It will be challenging for operators to raise room rates given the large supply of accommodation in many locations and rising competition from the increasing popularity of alternative accommodation (private apartments and condominiums that offer day rates, guesthouses, and online booking platforms such as Airbnb). Hence, RevPAR is likely to remain unchanged from 2018.

### 3) C sign posted on AQ securities by the SET

C sign posted on AQ securities by the Stock Exchange of Thailand because shareholders' equity < 50% of paid-up capital for the following financial statements.

- ☐ Financial Statements Quarter 1 Ending 31 March 2019
- ☐ Financial Statements Quarter 2 Ending 30 June 2019
- ☐ Financial Statements Quarter 3 Ending 30 Sep 2019
- ☐ Financial Statement Yearly 2019 Ending 31 Dec 2019

Reference is made to the public presentation by AQ Estate Plc. for the correction of the "C" sign from the case that the Company's equities fell below 50% of the paid-up capital of annual financial statement Y2019 ending 31 December 2019, held on 12 March 2020 at 10.00 am. at Alix Bangkok Hotel, Building B, Meeting room on 2nd Fl., 31 Soi Soonvijai 7, New Petchburi Road, Bangkok, Huay Kwang, Bangkok. The Company would like to summarize the result from the meeting as follows:

The large amount of net loss of the Company was the result from the reserve for liabilities of 3,057.62 million Baht that the Supreme Court's Criminal Division for Persons Holding Political Position ordered the Company to jointly pay for damages to Krungthai Bank in the amount of 10,004.47 million Baht. The Company made the payment of 1,635.74 million Baht and the remaining liabilities is 8,368.73 million Baht.

**Plan for correction:** The sale of the collateralized land of 4,300 rai by the public auction and the auction price of the land was set by the Appraisal committee at 8,914.07 million Baht which is greater than the remaining amount of liabilities to be paid by the Company. On 17 October 2018, the 1st schedule of the public auction, the auction winner purchased the collateralized land at 8,914.07 million Baht and put the deposit of 448.50 million Baht with the Legal Execution Office. The payment of the remaining of the purchase price was granted the extension to 1 February 2019. On 24 January 2019, the auction winner paid in amount of 3,819 million baht of auctioned property in the first group. The auctioned property in the second group was the ownership of Golden Company and the auctioned land in the third group was the ownership of K&V SRS Garden Home which Golden Company Limited holding 99.97% of shares, has been placed to guaranteed debt to Golden Company Limited. The K&V SRS Garden Home Company Limited filed the petition to revoke property sale by claiming 4 unlawful sales and the court ordered 4 dismissal cases. At present, the petitioner filed an appeal against one case which is in the waiting process for appeal results.

At present, the auction winner purchased such land which had filed the court case to pay the remaining case upon completion at 4,646.57 million baht after the remaining payment completely and Krung Thai Bank received payment successfully. Therefore, the reserve for liabilities would be deducted with the retained loss and the retained loss would be 3,471.57 million baht and the total equities would be 6,536.89 million Baht. The total equities, when compared to the paid-up capital netted off the discount on shares of 9,902.86 million Baht, would be 65.99% which is greater than 50% according to the regulation and therefore the Company would be able to correct the "C" sign.

On 25 September 2019, AQ Estate Public Company Limited (the plaintiff) made a prosecution to Krung Thai Bank Public Company Limited (the defendant) in a civil case requesting Krung Thai Bank to change its first quarter financial statements for the year 2019, taking the proceeds from land auction for collateral amounting to Baht 3,898.70 million to record as damages in cases of the Supreme Court's Criminal Division for Persons Holding Political Positions. The court has set the date for litigation guidelines or prosecution witnesses on 18 November 2019. All defendants filed a request for an extension of time to file a statement given on 24 February 2020. On 24 February 2020, 13 defendants have applied for an

extension of time to file a further 30 days. The court allowed to postpone the settlement of issues on 27 April 2020.

The Board of Director agreed to await the outcome of civil case as mentioned above. If such case progression, the company will report its progress to shareholders and investors to acknowledge through the SET system further.

**4) Change in key accounting policy**

In 2019, the Company did not change its accounting policy. However, significant accounting policies for the preparation of consolidated and separate financial statements. Details are in Note 5 to the financial statements.

**5) Auditor show qualified opinion with an emphasis of matters**

Mr. Jadesada Hungsapruet, ertified Public Accountant, Registration No. 3759 from Karin Audit Company Limited show qualified opinion with an emphasis of matters on the Financial statements for the year ended 31 December 2019 as follows.

Qualified Opinion

I have audited the financial statements of AQ Estate Public Company Limited and its subsidiaries, and of AQ Estate Public Company Limited which comprise the consolidated and separate statement of financial position as at December 31, 2019, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

- (1) As discussed in Note 18.2 to the financial statements, the Company engaged an independent appraiser to appraise such leasehold right, using Income Approach, the discounted value of leasehold right is Baht 275 million. This method is calculated using the discounted cash flows of the revenues for the year of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016. The Company entered into the contract with a non-related party to transfer a leasehold right

of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. On February 5, 2015, the indirect subsidiary company entered into a letter of intent with a foreign company for entering into a hotel management agreement. However, on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on September 22, 2016, then refunded partial deposit payment of US 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumption that the Company's the credit facilities were suspended from various financial institutions and there was material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1 to the financial statements. The market information of comparative land of same size and condition was limited and there was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income as at December 31, 2019, amounting to Baht 153.73 million. However, there are limitations by circumstances; I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of rental rate to determine the fair value because such appraisal is under unusual assumption as discussed above which has significant uncertainty when such situation will be resolved. In addition, the indirect subsidiary has no rental rate actually occurred at the present and no market price of rental rate basing the same size of area to be compared with the rental rate on such leasehold right as the area is very huge, which these factors may have material effects to the assessment of fair value of such leasehold right.

- (2) As discussed in Note 14.2 to the financial statements, the Company estimated liability to former shareholders of Villa Nakarin Co., Ltd. Which was presented under non-current liabilities in the consolidated and separate statements of financial position as at December 31, 2019, amounting to Baht 46.17 million. However, based on the current situation of the Company, which has material uncertainty on ability to continue its operation as a going concern, resulted in inability to prepare the

correct and appropriate estimated income of project by using the current market situation. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such estimated liability.

- (3) As discussed in Note 9 to financial statement as at December 31, 2019, the Company has investment in bills of exchange of a company amount of Baht 1,072.16 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on December 31, 2019. As the analysis of such company's debt on February 18, 2019, the Company believe that the authorizer and the final shareholder's asset of such company is Baht 2,093.06 million. Which is over than amount of such company's bills of exchange, and the Company's management believe that able to receive by whole amount, so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for the year ended 2018 which was not audited by auditor, as at December 2018 total assets was amount of US Dollar 170.43 million, and shareholders' equity was amount of US Dollar 113.69 million. The Company has not received other the financial statement. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.
- (4) As discussed in Note 11 to financial statement as at December 31, 2019, the Company has loans to a company amount of Baht 412.14 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on December 31, 2019 and has postponed being March 31, 2020. The Company has considered financial statement as at December 31, 2018, issued to government; shareholders' equity was amount of Baht 164.82 million. However, Company's management believes that able to receive by whole amount, so the Company does not record for allowance for doubtful debt. In addition, as such Company's financial statement, its temporary stopped the construction due to the adjusted plat form and it's must get approval from a government. Such Company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able to use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I

have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### Emphasis of matter

Without change in qualifying my opinion as above, I draw attention to note that;

(1) As discussed in Note 1 to the financial statements that, On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower (the 19th defendant) and the subsidiary of the 19th defendant have mortgaged their land. On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The Company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017)
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the Company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million and in May 2017, the management expects that the forced sale value of such land would be Bath 5,800 million. References to independent appraisers,

the Company has recorded the liabilities, according to the judgment of Supreme Court Criminal Division of Political Position Holders, less estimated value of collateral to be sold as mentioned above and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. Incidentally, the exactly amount of the company's obligation may be changed up or down depending on the auction price to be auctioned in the future. On October 17, 2018, the Company sold auction of the said collateral property. The successful bidder won auction at a price of Baht 8,914.07 million and the bidder can extend the payment period to February 1, 2019. The properties sold at the auction were divided into 3 groups as follows:

The first group was the criminal cases of Persons Holding Political Positions in decided case No. Aor-Mor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was Baht 4,019.62 million. The buyer had placed the deposit of Baht 201 million. The remaining would be paid within February 1, 2019 and on January 24, 2019; the buyer paid Baht 3,818.62 million.

The second group was the civil suit in decided case No. 4007/ 2009 and undecided case No. Tho. 59/ 2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden), the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of Baht 1,261.02 million, deposit of Baht 65 million, the remaining amount must be paid Baht 1,196.02 million. The petitioner, K&V SRS Co., Ltd., held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on January 24, 2019 to such petition and the court made an appointment to hear civil court order on March 20, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition. Later, on June 17, 2019, Golden Technology Industrial Park Company Limited filed an appeal against the court's order and the petitioner submitted an appeal to the Court on August 5, 2019.

The third group was the case of Central Bankruptcy Court in decided case No. L. 1249/2012. The property sold at auction from this case of 1,868-3-97.72 rai and land ownership belongs to K&V SRS Company Limited. The auction buyer purchased price of Baht 3,633.43 million, deposit of Baht 182.50 million, the remaining amount must be paid Baht 3,450.93 million within February 1, 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follow.

1. Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on March 5, 2019. The case result was dismissed by the court.
2. Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition. Later, on March 20, 2019, K&V SRS Garden Home Company Limited, the petitioner filed an appeal. Later on April 23, 2019, the official receiver ,the objector No. 1, filed an objection to the appeal requesting the appeal and on May 2, 2019, Krung Thai Bank Public Company Limited, the objector No. 2 filed an appeal against the appeal which the Central Bankruptcy Court ordered the appointment of the Court of Appeals for Special Cases dated September 3, 2019, the preliminary case result was terminated by the court.
3. Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to the temporarily suspend enforcement on February 4, 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on 25 and April 26, 2019. On April 25, 2019 the court appointed the witness examination on May 14, 2019.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.



- (2) As disclosed in Note 9 and 11 to the financial statements, as per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5 - 6 per annum to maturity date August 11-17, 2017 and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding six months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculation and on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the Company's Board of Directors No. 3/2018, On March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No. 19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 % per annum to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No. 6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange. However, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.6 million and Baht 204.4 million, interest rate 6.0 % per annum and 5.5 % per annum and loan and interest repayment date on December 28, 2018. (Note 11)

According to the resolution of the Board of Directors' meeting No. 6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018 total

3 bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5 % per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 2 bills amounting to Baht 447.39 million and Baht 41.26 million, discount rate of 5.5% and 6% per annum, respectively no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 2 bills amounting to Baht 445.15 million and Baht 14.86 million, discount rate of 5.5% and 6% per annum, respectively no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than April 30, 2019.

According to the resolution of the Board of Directors' meeting No.4/2019 dated April 25, 2019, the Company has approved to extend the period of bills of exchange due within April 30, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than June 30, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019 the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50% per annum to be August 31, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019, the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum no more than September 30, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019 the Company has approved to extend the period of bills of exchange due within August 31, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50% per annum to be December 31, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019, the Company has approved to extend the period of bills of exchange due within September 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum no more than December 31, 2019.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 1 bills amount of Baht 412.14 million, discount rate of 6 % per annum to be March 31, 2020.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50 % per annum to be March 31, 2020.

## 6) Progress on the execution of Supreme Court of Criminal Division for Politicians

### Progress on 11 March 2019

The auction of mortgaged property at the price of THB 8,914.07 million on 17 October 2018. The properties sold at the auction were divided into 3 groups as follows.

1. The first group was the criminal cases of Persons Holding Political Positions in decided case No. AuMor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was THB 4,019.62 million. The buyer had placed the deposit of THB 201 million. The remaining would be paid within 1 February 2019 and on 24 January 2019, the buyer paid THB 3,818.62 million.

2. The second group was the civil suit in decided case No.4007/2009 and undecided case No. Tho. 59/ 2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden) , the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of THB 1,261.02 million, deposit of THB 65 million, the remaining amount must be paid THB 1,196.02 million. The petitioner, K&V RS Co. , Ltd. , held by Golden 99.97% , filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on 24 January 2019 to such petition, and the court made an appointment to hear civil court order on 20 March, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition.
  
3. The third group was the case of Central Bankruptcy Court in decided case No. L.1249/2012. The property sold at auction from this case of 1,868-3- 97.72 rai and land ownership belongs to K&V RS Company Limited. The auction buyer purchased price of THB 3,633.43 million, deposit of THB 182.50 million, the remaining amount must be paid THB 3,450.93 million within 1 February 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follows.
  - 3.1 Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on 5 March 2019. The case result was dismissed by the court.
  
  - 3.2 Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden

Company unlawful and to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition.

- 3.3 Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to the temporarily suspend enforcement on 4 February 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on 25 and 26 April 2019.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of THB 4,646.95 million.

#### Progress on 29 August 2019

The Board of Director meeting No. 8/2019 approved to make the prosecution to Krung Thai Bank Public Company Limited and the Executive Committee of Krung Thai Bank Public Company Limited (Board of Directors) to take the proceeds from land auction of Golden Technology Industry Company Real Park Company Limited in the amount of 3,898.70 million baht to pay for damages in lawsuit of the Supreme Court's Criminal Division for Persons Holding Political Positions or financial statements revision for 1 st quarter 2019 of Krung Thai Bank to bring such amount as the principle payment of Golden Technology Industrial Park Company Limited in such civil case in order to provide a practical guide on the public auction according to bank regulations or to claim the refund of 3,898.70 million baht and / or other damages. The company requests lawyer to send a notice to Krung Thai Bank for correcting the accounting record and bring the amount of 3,898.70 million baht to pay the principle within 15 days from bank receiving such notice. In case of overdue such period, the company will file a civil suit as requested by Board of Directors.

#### **7) Progress on deposit of bill of exchange and loans**

As AQ Estate Plc. (AQ) increased and allotted the shares to the private placement on July 2017 for the amount of 3,632 million Baht in order to use the increased capital to pay debt to Krungthai Bank Plc. (KTB) according to the order from the Supreme Court's Criminal Division for Persons Holding Political Position and it has already paid for 1,636 million Baht and the remaining increased capital is 1,996 million Baht. During the same period, the Board of Directors approved for the investment in the bill of exchange (B/E) for 1,600 million Baht and empowered the Board of Executive Directors to consider the investment

in debt instruments in the companies that have good financial status with the limit of each investment of not greater than 500 million Baht and it can roll the B/E of the companies which have already approved by the Board of Directors. The Board of Executive Directors has the power to consider the investment in the corporate bonds of the companies which have clear source of fund to repay and low risk and to consider the extension of the investment for 15-30 days of each period in order for the Company to redeem the fund to pay for debt in time. The Company has invested in the B/E of 5 companies and when due, it has extended the investment in B/E every time.

As of 31 December 2019, the remaining capital increase amount THB 1,484.30 million was invested in BFixed the bill of exchange and loan with details as follows.

Total	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
1	Krungthai land development Co., Ltd.)	Loan		31-Mar-20	6	412,144,693.51
2	Planet Energy Holding Pte.,Ltd (PEH)	PLN001/2020	31-Dec-19	31-Mar-20	6.5	420,376,984.22
		PLN002/2020	31-Dec-19	31-Mar-20	6.5	254,646,797.01
		PLN003/2020	31-Dec-19	31-Mar-20	6.5	59,527,822.67
		PLN004/2020	31-Dec-19	31-Mar-20	6.5	96,579,142.41
		PLN005/2020	31-Dec-19	31-Mar-20	6.5	85,674,592.00
		PLN006/2020	31-Dec-19	31-Mar-20	6.5	75,296,505.00
		PLN007/2020	31-Dec-19	31-Mar-20	6.5	69,762,134.47
		PLN008/2020	31-Dec-19	31-Mar-20	6.5	10,296,032.72
	Total					1,484,304,704.01

Return on bills of exchange and loans as of December 31, 2019. The details are as follows.

No.	Company	Return on Investment (Baht)
1	Krung Thai Land Development Co., Ltd.	69,081,938.38
2	Thai Filatex Public Co., Ltd.	12,899,136.97
3	Vintage Engineering Public Co., Ltd.	16,716,725.95
4	Planet Energy Holdings Pte. Ltd.	134,401,237.05
5	East Coast Furnitech Public Co., Ltd.	7,147,894.28
Total		240,246,932.63

## 14.2 Operating results and profitability

AQ Estate Public Company Limited and its subsidiaries have an operating result for the year 2019 with a net loss of (186.37) million Baht. In the same period of the year 2018, the Company's net profit was 74.89 million Baht. It changed from the year 2018 (261.26) million Baht which changed more than 20% by the following reasons:

### Revenues

In Thousand Baht	2019	Changed (%)	2018	Changed (%)	2017
Revenues from sales of property	489,368	22.40	399,816	(25.81)	538,908
Income from hotel business	131,411	30.46	100,727	22.50	82,226
Revenues from property rental operations and related services	21,451	4.61	20,506	16.91	17,540
Total revenues from sales and services	642,230	23.26	521,049	(18.42)	638,674
Other income	134,574	(55.64)	303,379	138.66	127,120
Total revenues	776,804	(5.78)	824,428	7.66	765,794

### 1) Revenues from sales and services

Revenues from sales and services of the company and its subsidiaries amounted to Baht 642.23 million for the year 2019, compared with amounting to Baht 521.05 million in 2018 for the period then ended, an increase of Baht 121.18 million or 23.26 % due to the following reasons:

- ☐ Revenues from sale of property was Baht 489.37 million. In the year 2018 amounted to Baht 399.82 million, an increase of Baht 89.55 million or 22.40%, mainly due to the increase in single house sales.
- ☐ Revenues from hotel operations and services of the company and its subsidiaries amounted to Baht 131.41 million for the year 2019. In the year 2018 amounted to Baht 100.73 million for the period then ended, an increase of Baht 30.68 million or 30.46% due to the better performance of the hotels in Chiang Mai and the subsidiary opened the Alix hotel service, Soi Soonwijai and hotels in Koh Tao, resulting in more revenues.
- ☐ Revenues from property rental operations and related services are 21.45 million Baht. In the year 2018, there were 20.51 million Baht. It slightly increased from the same period of the year 2018 of 0.95 million Baht or 4.61%.

### 2) Other income

Other incomes of the Company and its subsidiaries for the year 2019 were 134.57 million Baht, which decreased from the year 2018 (168.81) million Baht. Mostly decreased because, in the year 2018,

there were other incomes from the reversal of allowance for impairment of inventories 94.81 million Baht and interest income from the default of 38.41 million Baht, while in the year 2019 there is no such transaction with details as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Management fee income	11,641	9,773	19,800	22,100
Interest income	95,036	105,837	217,462	239,073
Revenue from doubtful debt refunded	-	-	24,807	43,881
Realized gain of short-term investments	-	1,360	-	-
Rental income	4,039	4,127	14,536	15,417
Revenue from sale of merchandises in convenient store	12,017	11,369	-	-
Others	11,841	170,913	1,696	94,791
Total	134,574	303,379	278,301	415,262

On June 29, 2018 the Company recorded a default interest of Baht 38.41 million from Kamala Inthanin Co., Ltd. Since the Subsidiary has received transfer of assets (apartments) to pay debts.

### Expenses

In Thousand Baht	2019	Changed (%)	2018	Changed (%)	2017
Costs of property sold	(371,891)	35.62	(274,206)	(35.20)	(423,190)
Costs of service from hotel business	(199,772)	23.78	(161,398)	(0.80)	(162,695)
Cost of property rental operations and related services	(10,666)	9.81	(9,713)	(10.78)	(10,886)
Total cost of sales and services	(582,329)	30.77	(445,317)	(25.38)	(596,771)
Distribution costs	(45,327)	20.27	(37,689)	(25.73)	(50,747)
Administrative expenses	(334,447)	25.45	(266,603)	4.98	(253,955)
Other expenses	-	-	-	-	(4,408)
Finance cost	(1,331)	878.68	(136)	(99.20)	(16,951)
Tax income (expenses)	260	27.45	204	(102.66)	(7,668)
Total expenses	(963,174)	28.50	(749,541)	(19.45)	(930,500)

#### 1) Cost of sales and services

Cost of sales and services in the year 2019 was 582.33 million Baht compared to the same period of the year 2018 was 445.32 million Baht, it increased of 137.01 million Baht, representing 30.77%, divided into.



(1) Costs of property sold was 75.99% of revenues from sales of property. The cost ratio increased from the last year at 68.58% because the increase in costs of property sold in the year 2019 from promotions to stimulate sales in economic recession.

(2) Costs of service from hotel business was 152.02% of revenues from the hotel business. Cost ratio decreased from last year at 160.23% because revenues from the hotel business increased by 30.46% from the last year. As a result of Hotel in Chiang Mai has improved performance and the subsidiary opened the Alix Hotel, Soi Soonvijai, and hotel at Koh Tao.

(3) Cost of property rental operations and related services were 49.72% of revenues from property rental operations and related services. Cost ratio increased from last year at 47.37%.

## 2) Distribution costs

The Company and its subsidiaries had distribution costs of 45.33 million Baht, increased by 7.64 million Baht from the last year, or 20.27%, following the increase in sales of detached houses.

## 3) Administrative expenses

The Company and its subsidiaries had administrative expenses of 334.45 million Baht, increased by 67.84 million Baht from the last year or 25.45% because of the increase in personnel expenses and litigation expenses.

## 4) Finance cost

The Company and its subsidiaries had finance costs of 1.33 million Baht, increased by 1.20 million Baht from the last year because, in the year 2019, the Company and its subsidiaries had short-term loans from financial institutions.

## 6) Income tax income (expense)

The Company and its subsidiaries had an income tax income of 0.26 million Baht, increased by 0.55 million Baht from the last year or 27.45% as Thai Accounting Standard No. 12 (revised 2014) Income Tax.

PROFITABILITY RATIO		2019	2018	2017
Gross profit margin	(%)	9.33	14.53	6.56
Operating profit margin	(%)	(28.85)	9.08	(18.29)
Other income ratio	(%)	17.32	36.80	16.60
Cash to profitability	(%)	N/A	165.24	N/A
Net profit margin	(%)	(23.99)	9.08	(21.51)
Return on equity	(%)	(5.22)	2.06	(8.70)

Gross profit margin 9.33% , decreased from 2018 which had a gross profit margin of 14.53% because the cost of sales and services increased by 30.77% from the last year due to the Company's promotions to stimulate sales in the economic recession in the year 2019.

The operating profit margin was (28.85) % , which decreased from 2018 which had an operating profit margin of 9.08% . The main reason was in the year 2019, the Company and its subsidiaries had administrative expenses of 334.45 million Baht, increased by 67.84 million Baht from the last year or 25.45% because of the increase in personnel expenses and litigation expenses.

Other profit margin 17.32% , decreased from 2018 which had other profit rate 36.80% because the Company and its subsidiaries had other incomes decreased from the year 2018 by ( 168.81) million Baht. Mostly decreased because, in the year 2018, there were other incomes from the reversal of allowance for impairment of inventories 94.81 million Baht and interest income from the default of 38.41 million Baht, while in the year 2019 there is no such transaction.

The net profit margin was (23.99)% and the return on equity was (5.22)%, which decreased from the last year. As a result of the year 2019, the Company had an operating loss (186.37) million Baht due to decreased gross profit and other incomes while the administrative expenses increased.

### 14.3 Ability to manage assets

#### 1) Receivables Management

In the year 2019, the Company had trade receivables and other current receivables of 177.36 million Baht, increased by 56.27 million Baht or 46.47% . Consisting of trade accounts receivable-net of 11.15 million Baht and other receivables - net of 166.21 million Baht and overdue over 12 months of 5.83 million Baht, increased by 4.69 million Baht from the last year.

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts. The AQ Estate Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables with details as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Other companies – net				
- Trade account receivables – net	11,154	9,348	-	-
- Other receivables – net	166,205	111,738	70,627	24,995
Total	177,359	121,086	70,627	24,995
Related companies – net (Note 3)				
- Trade account receivables – net	-	-	243,217	243,217
- Other receivables – net	-	-	861,788	956,899
Total	-	-	1,105,005	1,200,116
Trade account and other account receivables – net	177,359	121,086	1,175,632	1,225,111

The aging analyses of trade and other account receivables - other companies as at December 31, 2019 and 2018 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Trade account receivables - other companies				
Within credit term	-	-	-	-
Overdue				
- Not over 3 months	3,210	3,926	-	-
- Over 3 months to 6 months	808	2,240	-	-
- Over 6 months to 12 months	1,533	2,096	-	-
- Over 12 months	5,831	1,140	-	-
Total trade account receivables	11,382	9,402	-	-
Less Allowance for doubtful accounts	(228)	(54)	-	-
Net	11,154	9,348	-	-
Other current receivables				
Other receivables	7,052	7,533	660	689
Revenue department receivables	34,342	37,821	-	-
Advance payment for construction	42,857	44,325	20,158	21,151
Accrued interest receivables	47,002	250	46,984	211
Prepaid expenses (Note 10.1)	13,607	6,631	2,143	2,139
Deposit of land (Note 10.2)	5,000	-	-	-
Others	17,713	16,546	2,050	2,173

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Total	167,573	113,106	71,995	26,363
<u>Less</u> Allowance for doubtful accounts	(1,368)	(1,368)	(1,368)	(1,368)
Net	166,205	111,738	70,627	24,995
Trade account and other receivables related companies (Note 7)	-	-	1,105,005	1,200,116
Trade account and other receivables net	177,359	121,086	1,175,632	1,225,111

#### Prepaid expenses (Partial)

As at January 30, 2019 subsidiary contract for certain land and structures thereon with a non-related person (according to the resolution of the Board of Directors' Meeting No. 13/2018 held on November 28, 2018), the period of 24 years. Since January 1, 2019 to December 31, 2042 amount of Baht 73,105,263.18.

These contracts are repayable in 10 equal monthly installments were as follows:

Rental	Land (Baht)	Structures (Baht)	Total (Baht)
1 <sup>st</sup> January 30, 2019	15,000,000.00	15,000,000.00	30,000,000.00
2 <sup>nd</sup> May 30, 2019	-	1,157,894.74	1,157,894.74
3 <sup>rd</sup> November 30, 2019	-	1,157,894.74	1,157,894.74
4 <sup>th</sup> January 30, 2020	10,000,000.00	10,000,000.00	20,000,000.00
5 <sup>th</sup> May 30, 2020	-	1,157,894.74	1,157,894.74
6 <sup>th</sup> November 30, 2020	-	1,157,894.74	1,157,894.74
7 <sup>th</sup> January 30, 2021	7,500,000.00	7,500,000.00	15,000,000.00
8 <sup>th</sup> May 30, 2021	-	1,157,894.74	1,157,894.74
9 <sup>th</sup> November 30, 2021	-	1,157,894.74	1,157,894.74
10 <sup>th</sup> January 30, 2022	1,157,894.74	-	1,157,894.74
Total	33,657,894.74	39,447,368.44	73,105,263.18

On April 19, 2019, with non - relate party according to the resolution of the Board of Directors' Meeting No. 3/2019 held on April 10, 2019, subsidiary contract for certain land and structures thereon, the period of 24 years since April 19, 2019 to April 18, 2043 term of payment as follow;

- (1) The initial fee-net Baht 30 million. First paid Baht 15 million on April 19, 2019 and the remaining balance of baht 15 million on May 30, 2019
- (2) 1st – 10th net Baht 200,000 per month
- (3) 11th – 20th net Baht 220,000 per month
- (4) 21st – 24th net Front & Fee Baht 4,000,000, and net Baht 242,000 per month

Total Baht 99,493,591 in the period 24 years, average Baht 4,145,566.32 per year.

### Deposit of land

On May 21, 2019, subsidiary (Thanon property Co.,Ltd) contract for deposit of land with a non-related person amount of 1 chanot square 1 ngan 35 square wah, agree to pay deposit for purchase land Baht 5 million term in 3 periods as follow ;

- (1) 1st amount Baht 1 million. On the date of signing contact.
- (2) 2nd amount Baht 1 million. Paid within May 31, 2019
- (3) 3rd amount Bath 3 million. Paid within June 30, 2019

According to the resolution of the Board of Directors' meeting No. 1/2020 the Company has approved a subsidiary company to purchase land Amounting to Baht 108 million, terms of payment transactions on payment of baht 6 million remaining after deducting the deposit remaining baht 97 million. a subsidiaries gradual repayment period of 1 year.

Since January 1, 2020 to February 27, 2020 a subsidiary already pay the additional land amounting to Baht 28 million as of December 31, 2019 a subsidiary already had land deposit amounting to Baht 5 million following the contract.

### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

## 2) **Inventory and deterioration or obsolescence**

In the year 2019, the Company had net inventories of 1,962.17 million Baht, decreased (304.27) million Baht or decreased (13.42)% compared to the last year.

### Inventory Valuation

- ☐ Inventories of real estate business are valued at the lower of cost by using specific method or net realizable value.
- ☐ Inventories of service business are values at the lower of cost by using the moving average method or net realizable value.

- ☐ Cost of inventory for real estate business comprises all cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.
- ☐ Cost of service business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.
- ☐ Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.
- ☐ The AQ Estate Group provides an allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.
- ☐ The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Details are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
<u>Inventories in real estate business</u>				
Cost	2,156,305	2,506,736	1,116,806	1,191,433
Less: allowance of declining value	(289,937)	(335,495)	(70,013)	(79,324)
Net	1,866,368	2,171,241	1,046,793	1,112,109
Inventories in food and beverage business	14,304	12,472	-	-
Total	1,880,672	2,183,713	1,046,793	1,112,109
<u>Land held for development</u>				
Balance as at January 1,	180,586	180,586	139,779	139,779
Addition	-	-	-	-
Balance as at December 31,	180,586	180,586	139,779	139,779
Allowance for declining value	(99,086)	(97,858)	(93,779)	(93,779)
Land held for development-net	81,500	82,728	46,000	46,000
Total inventories - net	1,962,172	2,266,441	1,092,793	1,158,109

As at December 31, 2019 and 2018, the partial of land held for development at cost amount of Baht 5.02 million with net book value amount of Baht 5.02 million are pledged at the Court for litigation.

During the year ended December 31, 2019, the AQ Estate Group have following movements in real estate under development.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2019	2,171,241	1,112,109
Recorded cost of construction and utility cost during the year	62,439	20,567
Transferred to be cost of goods sold during the year	(417,449)	(95,194)
Write-down of merchandises recognized as a part of cost of sales during the year	45,558	9,311
Transfer in (out) from property, plant and equipment	4,579	-
Balance as at December 31, 2019	1,866,368	1,046,793

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2019 are summarized below.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2019	335,495	79,324
<u>Less</u> Reversal of allowance of diminution in value of inventories	(45,558)	(9,311)
Balance as at December 31, 2019	289,937	70,013

In 2018, the Company has hired many independent appraisers. The appraisal value appraised in real estate under development by analyzing market value and cost method and revealed that some real estate under development net book values are exceeding the appraisal value appraised.

As at December 31, 2019, the reversal of allowance of diminution in value of inventories amount of Baht 288.61 million in Consolidated Financial Statements and amount of Baht 70.01 million in Separate Financial Statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 24.2 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Loans from financial institution				
(Note 24.2)	268,881	263,249	-	-
Pledged at Court for litigation	-	6,892	-	6,892
Total	268,881	270,141	-	6,892

On April 28, 2016 and May 18, 2016, the Company has entered into the Commission Fee and the Sole Agency with a local non - related company to sell collateral land of the lawsuit as discussed in Note 1. The commission fee is 2.5% of the total agreed purchase price and the sole agent fee is 1.5% of the total agreed purchase price but not over than amount of Baht 150 million. Such company will receive the payment of those fees only when successfully sale of such land. However, on June 16, 2016 this company changed the payment term of sole agent fee by asking the Company to make a payment on a monthly basis amount of Baht 1.50 million per month for 4 months since June to September 2016, totaling Baht 6.0 million. Total monthly sole agent fee is considered as a part of sole agent fee to be paid to such company.

On October 27, 2016 the company issued the letter one contractor to terminate one construction contract effective on November 1, 2016. As at September 30, 2016 the Company still had a commitment with respect to the construction contract of Baht 453.41 million. On November 16, 2016 the contractor asked for pending advance payment of Baht 80,013,403.32 (balance as at July 31, 2016) which would be treated as payments for the following items.

1. Construction works in August 2016 amount of Baht 35,867,382.16
2. Construction works in September 2016 amount of Baht 29,763,708.64
3. Accumulated retentions until September 2016 amount of Baht 11,360,420.10
4. Additional works amount of Baht 3,052,667.74

The contractor provided the details of expenses including materials, dismantling expenses, and etc. The amount of Baht 23.44 million and claimed for loss compensation amount of Baht 70.42 million. Presently, the Company is in the process of works inspection and negotiates with the contractor. Currently under trial.

However, based on the results of works inspection, the Company will pay for Clause 2 amount of Baht 28,986,169.66 only. The pending advance will be used for net offsetting with the items in Clause 1 and 2.

Clause 3 amount of Baht 11,321,543.15, the Company has not yet considered this item.

Clause 4 amount of Baht 3,052,667.74, the Company has assigned a working team to assess the actual value of such additional works.

The Company has been sued in addition; the board of directors had a resolution to refund reservation fees for customers who want to terminate the reservation contracts of the project.



On October 1, 2018, the subsidiary was sued by Mctric Public Company Limited, a contractor in the property development project that the company requested to stop construction, undecided case No. Por. 5671/2018, in case of breach of contract of work, claim for damages. According to the date of February 4, 2019, which is the day for settlement of issues and set the prosecution date or witness examination of the plaintiff. The court has already queried both parties and then both parties agreed with allowing the court to submit expressions to the Mediation and Conciliation Center of the Civil Court and a mediation appointment was on July 11, 2019, and on the day of the appointment, the court examined the indictment and testimony and then determined the issue of the dispute as follows: 1. Does the plaintiff have the power to sue? 2. Did the defendant breach the contract? 3. Did The plaintiff correctly request to terminate the contract by legal? 4. The defendant is liable to pay damages to the plaintiff. The parties have requested to postpone the mediation again on August 26, 2019. Both cannot reach an agreement, the courts meeting schedule the hearing date on March 24-26, 27 and 31 March 2020. The appointment to hear the judgment on May 29, 2020.

The subsidiary was sued by Mctric Public Company Limited. undecided Case No. Por. 1726/2019. amount sued Baht 37,665,617.72 (Shasa Retreat Hotel Soonvijai project), the day for settlement of issues on July 22, 2019 and that day. The court has examined the expression and it appears that the testimony and counterclaims have not been submitted to the plaintiff. The plaintiff has not submitted a statement to resolve the counterclaim. Therefore, unable to point out problems, so to postpone the appointment of the new day for settlement of issues on September 23, 2019. The case, the defendant are counterclaims to the plaintiff to get payment amount of Baht 108,202,728.48 with interest 15% per annum for amount of Baht 106,663,506.56. Both cannot reach an agreement, the courts meeting schedule the hearing date on May 20-22 and May 26-27, 2020. The appointment to hear the judgment on July 29, 2020.

And undecided case No. Por. 1727/2019, amount sued Baht 25,470,331.32 (Shasa Retreat Hotel Soonvijai project), the day for settlement of issues on July 22, 2019, and that day, the plaintiff's lawyer filed a petition requesting the court to mediate this case together with the undecided case No. 5617/2018 and undecided case No. Por 1726/2019. The plaintiff's lawyer stated that he requested to submit a statement to resolve within 30 days. The court then allowed the plaintiff to submit a statement to resolve the counterclaim within August 21, 2019 and to postpone the day for settlement of issues on October 7, 2019. Both cannot reach an agreement, the courts meeting schedule the hearing date on April 28-30, 2020, 1 and 5 March 2020. The appointment to hear the judgment on July 8, 2020.

### 3) Current investments

In the year 2019, the Company had Current investments of 1,072.16 million Baht, increased by 5.27 million Baht or 0.49% compared to the last year with details as follows.

	Rate of interest (% per annum)		(Unit : Thousand Baht)			
			Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018	2019	2018
Bill of exchange	6.5	6.5	1,072,160	1,066,894	1,072,160	1,066,894
Investment in Open ended Fund						
As at January 1,				290,509		-
Purchase during the year			-	445,791	-	-
Disposal during the year			-	(736,300)	-	-
Unrealized gain(loss) on revaluation of investments			-	-	-	-
As at December 31,			-	-	-	-
Total			<u>1,072,160</u>	<u>1,066,894</u>	<u>1,072,160</u>	<u>1,066,894</u>

Detail of outstanding bills as at December 31, 2019

(Unit: Thousand Baht)				
Consolidated Financial Statements / Separate Financial Statements				
Name	No.	Due Date	Amount	Date of payment after the period
Planet Energy Holdings Pte., Ltd.	PLN001/2020	March 31, 2020	420,377	-
Planet Energy Holdings Pte., Ltd.	PLN002/2020	March 31, 2020	254,647	-
Planet Energy Holdings Pte., Ltd.	PLN003/2020	March 31, 2020	59,528	-
Planet Energy Holdings Pte., Ltd.	PLN004/2020	March 31, 2020	96,579	-
Planet Energy Holdings Pte., Ltd.	PLN005/2020	March 31, 2020	85,675	-
Planet Energy Holdings Pte., Ltd.	PLN006/2020	March 31, 2020	75,296	-
Planet Energy Holdings Pte., Ltd.	PLN007/2020	March 31, 2020	69,762	-
Planet Energy Holdings Pte., Ltd.	PLN008/2020	March 31, 2020	10,296	-
Total			<u>1,072,160</u>	

According to the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5.0 - 6.0 per annum to maturity date August

11-17, 2017. The Company has renewed the bond issuance period of Baht 1,600 million until the end of November 2017 (according to the resolution of the Board of Directors Meeting No. 14/2017) and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange for not exceeding 6 months Fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculate on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the resolution of the Board of Directors No. 3/2018, on March 21, 2018 resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return that effective on March 22, 2018. The Company received the securities of net amount after deduction fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No. 19/2017 held on September 18, 2017 the Board approved the subsidiary to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 percent per annum to maturity date February 28, 2018 and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No. 6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange. However, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.60 million and Baht 204.40 million, interest rate 6.0 % per annum and 5.5 % per annum respectively, and loan and interest repayment date on December 28, 2018. (Note 11)

According to the resolution of the Board of Directors' meeting No. 6/2018 dated June 30, 2018 the Company has approved to extend the period of bills of exchange due within April to July 2018, total 3 bills amount of Baht 118.46 million for 6 months discount rate of 6.5% per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No. 8/2018 dated August 14, 2018 the Company has approved to extend the period of bills of exchange due within August and September 2018,

total 7 bills amount of Baht 1,027.57 million, interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No. 13/2018 dated November 28, 2018 the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amount of Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019 the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No. 2/2019 dated February 28, 2019 the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No. 6/2019 dated July 1, 2019 the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be August 31, 2019.

According to the resolution of the Board of Directors' meeting No. 8/2019 dated August 29, 2019 the Company has approved to extend the period of bills of exchange due within August 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be December 31, 2019.

According to the resolution of the Board of Directors' meeting No. 2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be March 31, 2020.

#### 4) Investments in subsidiaries

Investments in subsidiaries as at December 31, 2019 and 2018 were as follows:

	Paid-up Share Capital (Million Baht)	Percentage of Ownership (%)		(Unit: Thousand Baht)	
				Separate Financial Statements	
				Cost Method	
		2019	2018	2019	2018
Allied Technologies International Co., Ltd.	100	99.90	99.90	100,315	100,315
Thanont Property Co., Ltd.	25	99.80	99.80	23,612	23,612
AQ property management Co., Ltd.	1	99.93	99.93	1,000	1,000
AQ Marketing Services Co., Ltd.	1	99.94	99.94	1,000	1,000
AQ Village Co., Ltd.	1	99.94	99.94	999	999
Free Zone Asset Co., Ltd.	1	99.98	99.98	42,105	42,105
Aquarius Estate Co., Ltd.	54	99.99	99.99	480,998	480,998
Villa Nakarin Co., Ltd.	270	99.99	99.99	170,232	170,232
The Tarna Align Resort Co., Ltd.	139	99.82	-	125,480	-
Total				945,741	820,261
Less Allowance for impairment of investments				(820,261)	(820,261)
Net				125,480	-

#### INVESTMENT IN SUBSIDIARY (AQUARIUS ESTATE CO., LTD.)

On July 12, 2013 the Company has acquired a business of Aquarius Estate Co., Ltd. which was unanimously approved by the Board of Directors' Meeting no. 7/2013 held on June 25, 2013 from former shareholder by 85 percent of the share capital of Aquarius Estate Co., Ltd. in value of Baht 400 million. The Company has paid the shares on July 11, 2013 at amount of Baht 54 million and the rest was paid on July 19, 2013 at amount of Baht 346 million. Aquarius Estate Co., Ltd. has invested in shares in Aquarius Hotel and Resort Co., Ltd. by 100 percent of the share capital in value of Baht 1 million. As at the acquisition date, net book value of assets net from liability of indirect subsidiary company is lower than investment amount of Baht 0.28 million.

On February 11, 2014 the Company obtained additional control of Aquarius Estate Co., Ltd. (Aquarius) a real estate trading company by acquiring 15% of the shares and voting interests in the company at total amount of Baht 81.00 million. As a result, the Group's equity interest in Aquarius increased from 85% to 99.99%. The Company paid for the shares on February 12, 2014.

Taking control of Aquarius will enable the Group to have efficiency in management control.

## INVESTMENT IN SUBSIDIARY (VILLA NAKARIN CO., LTD.)

The Board of Directors' meeting No. 9/2014 held on September 26, 2014 has approved the investment in Villa Nakarin Co., Ltd. amount of 2.70 million shares with totaling approximately amount of Baht 170 million or price per share of Baht 62.96 from a former shareholder representing 99.99% of the total paid-up shares. Costs consisted of first payment at Baht 124.06 million and the compensation from operation result afterwards the Company. Agreed to pay the compensation to the seller at 80% of profit after deducting cost of goods sold, selling and administrative expenses as specified in the agreement. Which shall be determined when the project is completed and sold or not more than 30 months commencing from the agreement date. Due to on March 31, 2017 (At present during under negotiation extend for a while.) The management of the Company has estimated such compensation to former shareholders of at amount of Baht 46.17 million. On October 1, 2014 the Company paid for the shares at amount of Baht 119.79 million and recorded liabilities at amount of Baht 50.44 million registered to transfer of shares with the Ministry of Commerce on October 6, 2014.

The Company recorded acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	(Unit: Thousand Baht)
Cash paid	119,786
Provision for indemnity guarantee	4,278
Estimate liabilities payable to former shareholders	46,168
Total Consideration transferred	170,232

The carrying amount of assets and liabilities that consideration transferred to the Company as at the assets acquisition date are as bellows:

	(Unit: Thousand Baht)		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
<b>Assets</b>			
Cash and cash equivalents	30,092	-	30,092
Other account receivables	23,102	-	23,102
Inventories	424,000	(61,477)	362,523
Other current assets	695	-	695
Assets held for sale	30,000	-	30,000
Restricted deposit with bank	4,697	-	4,697
Equipment	13	-	13
Total assets	512,599	(61,477)	451,122

	(Unit: Thousand Baht)		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
<b>Liabilities</b>			
Trade account payables	72,760	-	72,760
Advances received from customers	30,000	-	30,000
Other current liabilities	6,250	-	6,250
Long - term loans from financial institution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets-net	231,709	(61,477)	170,232

#### Investment in subsidiary (The Tarna Align Resort Co., Ltd.)

On September 2, 2019, the company acquired the business of The Tarna Align Resort Co., Ltd. Following according to the resolution of the Board of Director's meeting No. 8/2019 dated August 29, 2019 from ex shareholder in proportion 99.82 percent of authorized capital in The Tarna Align Resort Co., Ltd. Which calculated value among of Baht 125.48 million. The subsidiary paid deposit of share on July 11, 2019 amount of Baht 63.00 million and the reminder among of Baht 62.48 million the company take to promissory note to buyer that is 6 months the end of March 3, 2020 without interest.

Since October 1, 2019 until February 12, 2020, the Company has made payment for ordinary share from promissory note in above among of Baht 30.50 million.

The detail of value asset from new acquisition are following:

	(Unit: Thousand Baht)
Cash and cash equivalents	262
Trade accounts and other current receivable	809
Inventories	482
Long - term loans	10,538
Plant, equipment	162,834
Intangible assets	14,358
Bank overdrafts and short - term borrowings from financial institutions	(2,981)
Trade accounts and other current payable	(10,407)
Long - term debts	(53,042)
Deferred tax liabilities	(4,107)
Short - term loans	(1,091)

	(Unit: Thousand Baht)
Acquisition of asset	117,655
Non - controlling interests	(211)
Net - Acquisition of asset	117,444
Goodwill	8,036
Consideration for acquisition subsidiary	125,480
Less: Cash and cash equivalents of the acquired subsidiary	(262)
Consideration for acquisition of subsidiary, net	125,218

Impairment testing of goodwill. The estimated amount to be recovered is lower than the carrying amount, the company recognized impairment losses in the consolidated amount of Baht 8.04 million.

#### 5) Key component of other assets

In 2019 the Company had the key component of other assets (excluding current investments, trade accounts receivable and other current receivables, and inventories – net) as consolidated financial statements ended December 31, 2019 as follows.

In Thousand Baht	2019	Changed (%)	2018	Changed (%)	2017
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	36,459	(56.64)	84,088	(89.85)	828,670
Short-term loans	412,145	(15.66)	488,658	-	-
Current tax assets	53,750	7.93	49,800	3.72	48,012
Other - current assets	2,140	-	-	-	-
<b>NON-CURRENT ASSETS</b>					
Other long - term investments	900,000	-	900,000	-	-
Trade accounts and other non - current receivable	59,319	319.66	14,135	177.21	5,099
Long - term loans	2,426	-	-	-	-
Investments property	119,523	(5.43)	126,386	(10.40)	141,051
Property, plant, equipment and leasehold rights	1,224,038	5.11	1,164,584	(1.29)	1,179,751
Intangible assets	15,360	491.68	2,596	(19.50)	3,225
Deferred tax assets	353	-	353	-	353
Other non - current assets	827,919	0.18	826,424	(0.83)	833,375

#### Current assets

##### ☐ Cash and cash equivalents

In 2019, the Company had cash and cash equivalents of Baht 36.46 million decreased of Baht (47.63) million or decreased (56.64)% compared to the last year with details as follows:



	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash	1,235	2,063	218	212
Cash at bank - savings accounts	22,557	70,051	837	10,298
Cash at bank - current accounts	5,494	4,234	3,195	37
Cash at bank - fixed accounts	7,173	7,740	-	-
Total	36,459	84,088	4,250	10,547

Saving deposit is subject to bank's floating interest rate.

#### ☐ Short-term loans

The Company and its subsidiaries had short-term loans of 412.15 million Baht, decreased from the last year (76.51) million Baht or decreased (15.66)% with details as follows.

(Unit: Thousand Baht)					
Consolidated Financial Statement			Separate Financial Statement		
Name	Type of contract	Due Date	Amount	Date of payment after the period	Amount of payment after the period
Krungthai Land Development Company Limited	Short – term loans	March 31, 2020	412,145	-	-
Total			412,145		-

#### ☐ Current tax assets

The Company and its subsidiaries had current tax assets of 53.75 million Baht, increased by 3.95 million Baht from the last year or 7.93%.

#### ☐ Other - current assets

The Company and its subsidiaries had other current assets of 2.14 million Baht, increased from the last year which is advance payment for a lawsuit in whole amount. On September 26, 2019 to January 10, 2020, The Civil Execution Department has notified attachment of a claim to four banks in 9 deposit accounts of the Company totaling Baht 69.40 million, according to the Criminal Division for Persons Holding Political Position of The Supreme Court has an execution. And on October 15, 2019, some banks have already suspense account amount of Baht 2.14 million.

## Non-current assets

### ☐ Other long-term investments

The Company and its subsidiaries had other long-term investments of 900 million Baht, increased from the previous year in whole amount. On September 3, 2018 the company entered into the agreement to buy and sell ordinary shares of a non-related person. The company has objective to purchase and acquire the ordinary share not less than 1.5 million shares, total amount non exceed baht 900 million. As at December 31, 2019 the company paid for the shares of baht 896 million the remaining balance of baht 4 million is due on June 30, 2019. That identify under the account "trade account payable and other current payable" in statement of financial position.

On December 3, 2018 seller transferred the shares to the company. Seller informed the company that its purchased price was 1,500,000 shares (baht 600 per shares). The company received the letter to confirm that no profit on shares' selling therefore the company did not withhold income tax from the share purchase transaction.

### ☐ Trade accounts and other non - current receivable

The Company and its subsidiaries had trade and other non-current receivables 59.59 million Baht, increased 45.18 million Baht or 319.66% from the last year which is a transactions with related parties.

### ☐ Long - term loans

The Company and its subsidiaries had long-term loans of 2.43 million Baht, which increased from the last year. It is a long – term loan to the third party and acquisition of an investment in a subsidiary, a total of 40.54 million Baht. Currently in the process of execution because the defendant refused to comply with the contract. The Company has already set an allowance for the doubtful debt of 38.11 million Baht.

### ☐ Investments property

The Company and its subsidiaries had investment properties of 119.52 million Baht, decreased from the last year (6.86) million Baht or (5.43)%, with the following details:

	(Unit: Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Land and building - Krisada Doi	-	-	270,440	276,087
Leasehold right on warehouse - Bangkok Free Trade Zone	119,523	126,386	-	-
Total	119,523	126,386	270,440	276,087

## ☐ Property, plant, equipment and leasehold rights

The Company and its subsidiaries had property, plant, equipment and leasehold rights of 1,224.04 million Baht, decreased from the previous year 59.45 million Baht or 5.11% with details as stated in Note to the financial statements article 18.

(1) Property, plant and equipment in the amount of Baht 1,148.73, consisting of land 295.11 million Baht, buildings and building improvements of Baht 690.09 million, Sport club and others of Baht 9.59 million, Furniture, fixtures and office equipment and vehicles of Baht 55.83 million and Asset under installation of Baht 98.12 million.

(2) Leasehold rights-net of Baht 75.30 million as at December 31, 2019, leasehold rights consist of.

	(Unit: Thousand Baht)	
	Consolidated	
	Financial Statements	
	2019	2018
<b>Leasehold rights of land</b>		
A) Leasehold right of land in Koh Larn, Chonburi	67,569	70,852
B) Leasehold right of land in project the Malibu Beach Resort-Koh Samui	-	15,408
C) Leasehold right of land in project Alix Bangkok Hotel (Formerly named "Shasa Retreat Hotel")	7,735	8,046
<b>Total</b>	<b>75,304</b>	<b>94,306</b>

## ☐ Intangible assets

The Company and its subsidiaries had intangible assets of Baht 15.36 million, increased from the previous year 12.76 million Baht or 491.68%, which was increased from leasehold rights from investment in a subsidiary.

## ☐ Deferred tax assets

The Company and its subsidiaries had deferred tax assets of Baht 0.35 million, unchanged from the previous year. As at December 31, 2019 and 2018, the AQ Estate Group did not recognize deferred income tax assets for a temporary difference item, use tax deducton. and certain temporary differences totaling Baht 1,597.30 million and Baht 1,638.76 million, respectively ( for the separate amount of Baht 1,640.86 million and Baht 1,584.39 million, respectively) since it is not probable that future taxable profit will be available against which the AQ Estate Group and the Company can utilize the benefit therefore.

## ☐ Other non - current assets

The Company and its subsidiaries had other non-current assets of Baht 827.92 million, increased from the previous year 1.50 million Baht or 0.18%. As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Restricted deposits with banks	94,382	89,922	50,471	51,382
Property, plant and construction in progress	727,813	729,874	-	-
Withholding taxes	5,724	6,628	-	-
Total	827,919	826,424	50,471	51,382

### Restricted deposits with banks

Restricted deposits with banks are fixed deposits with certain banks that have been pledged as collaterals for letters of guarantee issued by the banks.

### Property, plant and construction in progress

Other non - current assets of the subsidiary land that delayed construction in Phuket and projects under construction that delayed the construction of the project at Rattana Thibet present by cost in the consolidated financial statement, As at December 31, 2019 amount of Baht 295.57 million and amount of Baht 432.24 million respectively, As at December 31, 2018 amount of Baht 295.57 million and Baht 434.30 million respectively (appraised value based on reports of the independent appraise in the year 2018, using value Market method amount of Baht 348.20 million and Baht 434.30 million) respectively.

EFFICIENCY RATIO		2019	2018	2017
Return on assets	(%)	(2.67)	1.07	(2.68)
Return on fixed assets	(%)	(8.40)	13.51	(6.42)
Assets turnover	(times)	0.11	0.12	0.12

Return on assets was (2.67)% and return on fixed assets was (8.40)% decreased from 2018. Because in the year 2019, the Company had a net loss (186.37) million Baht from a decrease in gross profit and other income while the administrative expenses increased.

The asset turnover was 0.11 times, slightly decreased from the year 2018 because the total revenue decreased from the previous year.

## 14.4 liquidity and Suitability of Capital Structure

### 1) Sources and uses of funds

In 2019 the Company's capital structure was cash from investing activities consisting of cash received from short-term loans and interest income with details of sources and utilization for the year 2019 as follows.

In Thousand Baht	2019	Changed (%)	2018	Changed (%)	2017
Net cash from (used in) operating activities	(52,778)	(142.69)	123,628	(108.47)	(1,458,753)
Net cash from (used in) investing activities	14,773	(101.82)	(812,217)	(32.97)	(1,211,756)
Net cash from (used in) financing activities	(9,886)	(82.34)	(55,993)	(101.64)	3,421,041
Net increase (decrease) in cash and cash equivalents	(47,891)	(93.57)	(744,582)	(199.21)	750,532
Cash and cash equivalents at beginning of the period	84,088	(89.85)	828,670	960.52	78,138
Cash and equivalents in subsidiary	262	-	-	-	-
Cash and cash equivalents at end of the period	36,459	(56.64)	84,088	(89.85)	828,670

- ☐ Net cash used in operating activities was (52.78) million Baht, while in 2018, net cash received from operating activities was 123.63 million Baht. Most of the changes were from cash payment for trade and other payables.
- ☐ Net cash received from investing activities was 14.77 million Baht, while in 2018, net cash used in investing activities was (812.22) million Baht. Most of it comes from cash received from short-term loans of Baht 76.51 million, and interest income 47.68 million Baht. Besides, it used in current investments paid (5.27) million Baht, purchase of investment in subsidiary (90.50) million Baht, paid for property, plant, equipment and leasehold rights of (13.48) million Baht, and paid for intangible assets (0.18) million Baht.
- ☐ Net cash used in financing activities was (9.89) million Baht while in 2018, net cash used in financing activities was (55.99) million Baht. Because in the year 2019, the Company has paid the long-term loans and interest expenses decreased from the year 2018.

### 2) Investment expenditure

In 2019 the Company had investment expenditure of Baht (109.42) million from current investments paid (5.27) million Baht, purchase of investment in subsidiary (90.50) million Baht, paid for property, plant, equipment and leasehold rights of (13.48) million Baht, and paid for intangible assets (0.18) million Baht.

### 3) Suitability of Capital Structure

LIQUIDITY RATIO		2019	2018	2017
Current ratio	(time)	1.13	1.21	1.45
Quick ratio	(time)	0.52	0.52	0.73
Cash flow ratio	(time)	(0.01)	0.03	(0.30)
Accounts receivable turnover ratio	(time)	4.30	4.10	4.51
Average collection period	(days)	84.88	89.02	80.93
Inventory Turnover ratio	(time)	0.28	0.19	0.22
Average sale period	(days)	1,303.57	1,921.05	1,659.09
Payable turnover ratio	(time)	1.78	1.42	2.42
Repayment period	(days)	205.06	257.04	150.83
Cash Cycle	(days)	1,183.40	1,753.03	1,589.20

Current ratio was 1.13 times, decreased from the previous year. It shows that the Company has current assets consisting of cash, receivables and inventories more than short-term liabilities. However, in the year 2019, the Company and its subsidiaries had flexibility in short-term debt repayment, decreased from the previous year.

Quick ratio was 0.52 times, unchanged from the previous year. It reflecting the true liquidity that the Company had assets that can convert to cash (cash, temporary investments, accounts receivable, and short-term loans) less than short-term liabilities. Cash flow ratio was (0.01) times decreased from 0.03 times in the previous year, indicating that the Company had insufficient cash flow from operating activities to repay short-term debts.

Accounts receivable turnover ratio was 4.30 times, with an average collection period of 84.88 days shows that the Company can collect money from credit sales, faster than the year 2018. Because in the year 2019 the Company had increased revenue from sales and services.

Inventory Turnover ratio was 0.28 times with an average sale period of 1,303.57 days, indicating that the Company can sell products faster than 2018. Because in the year 2019, the Company had increased sales of detached houses and increased cost of real estate sales from promotions to boost sales during the sluggish economy.

Payable turnover ratio was 1.78 times and the repayment period was 205.06 days, shorter than the year 2018 with a repayment period of 257.04 days. Because in the year 2019, the Company had higher cost of sales and services.

The Company's cash cycle decreased to 1,183.40 days compared to the previous year. Mainly due to the shortened average sale period.

#### 4) Ability to repayment

In 2019, the Company and its subsidiaries had total liabilities of Baht 3,385.68 million decreased from the last year with total liabilities of Baht 3,443.73 million or decreased of Baht (58.05) million or (1.69)%. Most of the liabilities are from provision for litigation of Baht 2,997.29 million.

As discussed in Note 1, on November 16, 2015, the Board approved the management of the Company estimated compensation on such damage and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2015 at amount of Baht 1,630.50 million (net of the collateral value). As the actual compensation will substantially depend on the Company's ability to sell such collateral land at the estimated price. During of 2016 the company recorded additional permutation of Baht 3,056.20 million per selling this pledged land. The Company paid damages to Krung Thai Bank amounting to Baht 1,635.74 million and during of year end, 2017 to December 31, 2019 the company recorded additional of Baht 6.66 million per selling this land.

At present, the Company's capital structure is cash received from investing activities to use as working capital for business operation and settle the judgment debt. From the past operation, the Company can repay the debt under conditions and have enough ability to repay.

FINANCIAL POLICY RATIO		2019	2018	2017
Debt to Equity ratio	(time)	0.97	0.94	0.93
Interest coverage ratio	(time)	N/A	3.42	N/A
Debt service coverage ratio	(time)	N/A	0.08	N/A
Dividend payout ratio	(%)	N/A	N/A	N/A

The primary objective of the AQ Estate Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2019 and 2018, the AQ Estate Group's debt-to-equity ratio was 0.97 and 0.94, respectively (and of the separate of financial statement's debt-to-equity ratio was 0.99 and 0.95, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2019.

Interest coverage ratio and debt service coverage ratio can not calculated because in the year 2019, the Company and its subsidiaries had negative cash flow from operating activities.

## 14.5 Liabilities obligations and off balance sheet liabilities management

The Company had commitments and contingent liabilities which disclose in notes to the financial statements article 34 of the financial statements 2019 as follows.

### 1) BANK GUARANTEES

As at December 31, 2019 and 2018, the AQ Estate Group had obligations under bank guarantees approximately Baht 95.01 million and Baht 89.50 million, respectively, (The Company: Baht 47.62 million and Baht 47.62 million, respectively), which concerning obligation under normal businesses. The bank guarantees are collateralized by the Company's fixed deposits with the banks and also guaranteed by directors of the AQ Estate Group.

### 2) COMMITMENTS AND CONTINGENT LIABILITIES

2.1) As at December 31, 2019 and 2018, the AQ Estate Group had outstanding litigation claims from customers and creditors for breaching of the agreements to buy and to sell, the hire of work agreements and repayments retention for a total amount of Baht 13.38 million and Baht 13.38 million, respectively. The outcome of these litigations could not presently be determined. In addition, the AQ Estate Group are in the process of negotiating with certain customers claiming for repayments of cash paid in advance to the AQ Estate Group. The AQ Estate Group, however, believes that the provisions made in the accounts are adequate to cover any damage for such litigation. As the existing-shareholder of indirect - subsidiary also guaranteed for the contingent liability of the indirect subsidiary at approximately Baht 0.33 million.

2.2) As at December 31, 2019, the AQ Estate Group had 1 lawsuits filed against the defendant and claimed damages. The marketing consultant alleged that the contract breach. The amount of compensation and compensation amount of Baht 0.89 million are not yet known. Currently, the case is in the process of being considered. By appointment or testimony.

### 3) COMMITMENT

3.1) The AQ Estate Group had pledged fixed deposits with bank and most of their inventories, which represent immovable properties for sale, construction in progress and land and buildings as collaterals for credit facilities granted by financial institutions.



- 3.2) As at December 31, 2019 and 2018, the AQ Estate Group had commitments under construction contracts amount of Baht 759.29 million and Baht 781.75 million, respectively. (The Company : Baht 125.95 million and Baht 137.58 million, respectively), which were utilities and condominium units construction and hotel amount of Baht 512.55 million and houses construction amount of Baht 246.74 million (December 31, 2018 : utilities and condominium units construction and hotel amount of Baht 494.53 million and houses construction amounting to Baht 287.22 million) and of the Company, utilities and condominium units construction amounting to Baht 23.99 million and houses construction amount of Baht 101.96 million (December 31, 2018 : utilities and condominium units construction amount of Baht 25.84 million and houses construction amount of Baht 112.17 million).

As at December 31, 2019 and December 31, 2018, total contract price amount of Baht 1,771.33 million and Baht 1,799.57 million, respectively, and of the Company amount of Baht 330.77 million and Baht 339.75 million, respectively.

- 3.3) As at December 31, 2019 and 2018, the AQ Estate Group has entered into several operating lease. The terms of the agreements are generally between 26 years 5 months to 30 years. The future minimum payments required under these non-cancellable operating leases were as follows:

	(Unit: Thousand Baht)	
	2019	2018
Payable with in less than 1 year	4,295	4,126
Payable within 1- 5 years	18,857	18,198
Payable over 5 years	78,550	83,296
Total	101,702	105,620

- 3.4) As at December 31, 2019 and 2018, a subsidiary company (Aquarius Estate Co., Ltd.) had sub - lease commitment under sub-lease contract with a non – related party to pay for land rental for the period of 30 years remaining contract 24 years 9 months 21 days at Baht 14.68 million and period of 25 years 9 months 21 days at amount of Baht 15.17 million, respectively.
- 3.5) As at December 31, 2019 subsidiary Contract for certain land and structures thereon with a non-related person, the period of 24 years since January 1, 2019 to December 31, 2042 amount of Baht 73.11 million, paid 32.31 million, the remaining amount of Bath 40.80 million (Note 10)
- 3.6) As at December 31, 2019 subsidiary Contract for certain land and structures thereon with a non-related person, the period of 24 years since April 19, 2019 to April 18, 2043 amount of Baht 99.49 million, paid 33.26 million, the remaining amount of Bath 66.23 million (Note 10)

- 3.7) As at December 31, 2019 the subsidiary has commitment in respect of land lease agreement with a non-related person, the period of 30 years since March 1, 2014 to February 29, 2044, amount of Baht 0.25 million, paid 0.05 million, the remaining amount of Bath 0.20 million, remaining contract 24 years 2 months.

## 14.6 Factors that affect the operating results in future

### 1) Economic outlook for the year 2020

The National Economic and Social Development Board forecasted that the Thai economy has experienced increasing numbers of challenges for the rest of 2020 including (i) the drought condition that may put additional impacts on the agricultural sector, (ii) the slow and fragile global growth that can limit expansions of manufacturing production and export sectors, (iii) the COVID-19 outbreak that affects the tourism and other related service sectors, and (iv) the delay in the budgeting process for FY2020 which tends to lower the contribution from public expenditure and also limit the fiscal impacts in the first half of the year. Nevertheless, in the base case scenario, it is expected that limitations from the delayed budgetary process will end in the first quarter while the COVID-19 outbreak will subside within the second half. The economy will thus recover to a normal trend in the second half of the year. Under such conditions, it is expected that the economic growth would return to its normal pace in the second half of the year 2020, supported by (i) the recovery in global economy, which, in turn, causes the export and manufacturing sectors to resume their expansions at a low pace, (ii) the satisfactory expansion in domestic demand, (iii) supports from government measures, and (iv) the unusual low growth base during the last quarter of 2019.

#### 1.1 Expansion in the range of 1.5 - 2.5%

The Thai economy in 2020 is projected to expand in the range of 1.5 - 2.5 percent (with the midpoint of 2.0 percent), compared with 2.4 percent in 2019. Headline inflation is estimated to lie within the range of 0.4 - 1.4 percent and the current account is anticipated to record a surplus of 5.3 percent of GDP. The Thai economy in 2020 is likely to be confronted with additional limitations and risk factors including: (i) the drought condition that is likely to significantly impact agricultural production; (ii) the outbreak of COVID-19 in China and other countries particularly in the region which has affected the tourism and related sector; and (iii) the delay of budgeting process. These factors will directly affect the economic growth.

## 1.2 The drought condition

On January 31st, 2020 of the usable storage level of all dams across the country stood at 18,359 million cubic meters (25.9 percent of total reservoirs capacity), lower than at 27,813 million cubic meters (39.3 percent of total reservoirs capacity) in 2019, the lowest level in 4 years. This condition is comparable with the severe drought in 2015-2016 which had the usable storage level at the same period of 2015 at 19,733 million cubic meters (23.2 percent of total reservoirs capacity), down from 24,876 million cubic meters (35.4 percent of total reservoirs capacity) in 2014. The reduction of usable water was a major factor to the 6.5-percent contraction in agricultural sector in 2015. Although the effect of water deficiency on the agricultural sector and overall economy remains highly uncertain depending on the amount of rainfall level in the remaining of the year, the recent forecast by the Thai Meteorological Department suggests that the precipitation rate in 2020 will be lower than the average level, and hence the drought condition in 2020 is more likely to be more pronounced and more severe than expected. This drought possibility was not vividly noticeable during the previous projection. Hence, this downward revision is already taking this risk into the account.

## 1.3 The outbreak of COVID-19

The outbreak of COVID-19 which tends to put a significant impact on Thailand's tourism sector. A number of foreign tourists already decreased by 33.3 percent since the Chinese government implemented the travel ban for Chinese tour group to travel abroad (January 24th - February 13th, 2020). Chinese tourists, in particular, declined by 76.2 percent from the same period last year. Nevertheless, there remains high uncertainties on the impacts both the direct impact to tourist reduction together with the impact to the transportation and supply chain disruptions due to the temporary suspension of manufacturing plants and other businesses in China and the indirect impact through the slowdown of the Chinese and the global economy. The magnitude of impact will depend mainly on contagion duration, intensification of the outbreak, as well as government measures to tackle with the COVID-19 epidemic. Nonetheless, in the baseline assumption, the estimation of the impact of COVID-19 outbreak on tourism sector was based on the replication of lengths, pattern, and affect from the SARs outbreak during 2003. Accordingly, the number of COVID-19 infections in China is expected to reach its peak in March and the Chinese government will lift the travel ban for Chinese tourist to travel abroad in early May (4 months after the World Health Organization (WHO) declared the global health emergency on the COVID-19 outbreak on January 30th, 2020). Under this baseline assumption, the number of foreign tourists in the first quarter is expected to decrease by 31.5 percent<sup>8</sup> including Chinese and other nationalities decreased by 50.5 percent and 23.8 percent respectively while it is expected that the impact will subside in the second quarter with a contraction of 4.2 percent in which that the Chinese tourists will decline by 20.1 percent, on

the other hand, tourists from other nationalities will increase by 2.1. Henceforth, the revenue from foreign tourists in 2020 is likely to be lower than 2019 by 150 billion baht, and lower than the previous assumption by 230 billion Baht. Meanwhile, the impact from the supply chain disruption and suspended transportation in China tend to be limited as most operation resumption took place within February 17th, 2020.

#### 1.4 The delay of FY2020 budgeting process

The delay of FY2020 budgeting process: In the base case, the FY2020 annual government budget is expected to be disbursed within early April, delaying from February as expected in the previous assumption. Moreover, the disbursement rate of capital budget in the first quarter of FY2020 was lower than expected. Consequently, the disbursement rates of the government capital budget and state-owned enterprises' capital budget were revised down to 65.0 percent and 75.0 percent respectively.

The budget disbursement assumptions are as follows: (i) the FY2020 annual budget disbursement rate of 91.2 percent of the overall budget, downwardly revised from 92.0 percent in the previous projection due to the delay of budgetary process. In this projection, the FY2020 government annual budget is expected to be able to start disbursement in early April 2020, compared to the assumption of the previous projection that expected in February 2020. Moreover, the budget disbursement in the first quarter of FY2020 was also lower than expectation. Specifically, the FY2020 disbursement rates for the current and capital budgets are expected at 98.0 percent and 65.0 percent respectively, comparing with 98.0 percent and 70.0 percent of the previous assumptions; (ii) carry-over budget disbursement of 70.0 percent, revised downwardly from 73.0 percent in the previous forecast; and (iii) state-owned enterprises' capital budget disbursement of 75.0 percent, revised downwardly from 80.0 percent in the previous projection.

## 2) **Sales of property business**

Krungsri Research reported that in 2019-2021, large property developers in BMR are likely to grow steadily continue to enjoy solid levels of growth. Small-and medium-sized operators will; however, encounter both stiff competition on the steadily increasing cost of land for development, which is becoming more difficult to find, especially in the heart of Bangkok. Developers will therefore tend to engage in joint ventures or mergers with both Thai real estate operators and foreign investors as a way of building competitiveness and the effect of this will then be to change the structure of the real estate market, which would shift from the current situation, where one large developer controls a significant market share to a situation where developers increasingly work in partnerships with other operators. In addition, in the coming period, the sector will employ a greater level of high technology in its construction operations, and this will help to build trust in businesses in the real estate market.

- ☐ Income for large developers will continue to grow, as these players are able better to adjust themselves to changing circumstances and because they enjoy advantages over small- and medium-sized players in almost all areas, though especially with regard to their lower costs of financing. This arises from the fact that most large players are able to raise capital through the stock market, in addition to their being able to invest in assembling land banks of sites with potential for future development thanks to their strong financial footing.
- ☐ Small- and medium-sized developers will face greater levels of difficulty and will see their market share shrink because, relative to large players, smaller operators lack the flexibility to adjust their business activities and this in turn reduces their competitiveness. Some smaller developers may also face limitations on their capital and lenders may be stricter about agreeing to new loans, with the result that some players run may face risk from liquidity squeeze.

As for trends in the development of condominiums in the BMR, projects in the center of Bangkok and along rapid mass transit lines will mostly be undertaken by large developers that have the requisite capacity in project management, marketing and financing, together with access to land for development. Mid- and small-sized players will focus more on developing low-rise condominiums (i.e. those with eight or fewer floors) in less potential area in BMR which are less popular than detached housing and townhouses in the same location.

### 3) Hotel business

In 2019-2021, hotels in the most important tourist areas are forecast to continue to register growth, supported by increasing levels of domestic and international tourism. Large operators will be able to maintain their current levels of income, while SMEs will have to contend with rising competition.

- ☐ Hotels in the major tourist areas of Bangkok, Pattaya and Phuket: Within this group, businesses should be able to maintain healthy profits as occupancy rates are expected to stay high at 75-80%. Both large operators (Thai and foreign) and smaller ones are likely to continue to invest in hotel accommodation at all segments of the market to meet growing consumer demand.
- ☐ Hotels in regional centers and other important tourist provinces (Chiang Mai, Chiang Rai, Phitsanulok, Kanchanaburi, Chonburi, Rayong, Chachoengsao, Nakhon Ratchasima, Khon Kaen, Udon Thani, Ubon Ratchathani, Phetchaburi, Prachuap Kirikhan, Songkhla, Krabi, Phang-gna and Surat Thani (Koh Samui), most of which focus on the domestic

market: For players in this group, it should be possible to maintain profits at a similar level to last year. This is because these areas will benefit from: (i) a greater level of economic activity which will increase regional inter-connection; (ii) the expansion of existing sites/development of new sites, which will encourage business tourism and promote investment in hotels in these areas; and (iii) the development of infrastructure (for example, building new motorways and expanding regional airports) that will make travel in the region more convenient and help to spread tourism-related travel to other tourist sites and to regional centers. These moves will tend to be more relevant to domestic tourists than to international arrivals and should help to keep hotel occupancy rates at 67-70%.

- ☐ Hotels in other provinces: Turnover for these players are expected to soften amid excess supply of accommodation, the bulk from SMEs, while customers for these hotels generally only traveling for business or are en route to another province. As such, visitors generally only stay for a short period of time and use hotel services to only a limited extent, and thus on average, they spend only fairly small amounts of money. Occupancy rates are also low for these hotels.
- ☐ However, hotels in all areas will have to contend with rising competition because of the steadily rising supply of both traditional hotels and alternative accommodation. This would make it challenging to raise room rates, although operators in major tourist destinations such as Bangkok, Pattaya and Phuket, as well as those in regional centers and other tourist areas, will have an advantage in terms of greater potential for growth and greater demand for accommodation, relative to hotels in less noteworthy provinces. Because of this, the former group will also enjoy higher occupancy rates than the latter.

#### 4) Property rental operations and related services business

##### Retail space

Krungsri Research reported that in 2019-2021, players in the retail space sector should see steady growth in their businesses, supported by rising demand for and the continuing development of retail projects by operators as they seek to meet customer demand that can be completed in a single space. However, the level of competition in the sector will tend to rise and this might put a limit on profitability, and so the forecast is for business performance to be at moderate levels.

- ☐ Operators with retail space: The forecast for this group is for solid growth in income. Players with a presence in the market benefit from the obstacles (including high

investment costs) which are in the way of new entrants. Therefore, such existing players dominate the market, enjoying advantages in terms of their financial strength and cumulative landbanks in potential areas. Because it is difficult to expand to new sites downtown, operators in central Bangkok will put their efforts into modernizing these retail spaces in order to better meet the needs arising from the wide variety of lifestyles of their customer base. This will then tend to increase rental rates.

- Operators of community malls: Income is forecast to rise steadily on anticipated growth in consumption. New supply will tend to expand at a slowing rate following high cumulative supply in the preceding seven years. This situation was caused by the relatively low barriers to entry to the market, itself a result of the typically small size of community malls and accompanying relatively low investment costs and the fact that it was fairly easy to find sites suitable for development, especially in cheaper areas on the outskirts of Bangkok or in surrounding areas. As a result, occupancy rates are tending to improve, especially in sites in CBD that have greater potential. However, the number of new players continuing to rise and this is stoking greater levels of competition.

#### Warehouse space

Krungsri Research reported that between 2019 and 2021, despite continuing demand for warehouse space to rent from the agricultural, industrial, retail and service sectors, businesses are forecast to experience depressed conditions. A continuing expansion in supply may trigger a glut of warehousing space in some locations. In this situation, competition on price will intensify and operators will find it very difficult to raise rents.

- General-purpose warehousing: The modern warehousing segment will tend to grow as major players from the real estate and industrial estates sectors increase their investments in this area. This will then raise the level of price competition that operators will have to deal with and in some locations, they will find that the room to increase rents will be limited. This will be a problem that will particularly affect SMEs and providers of traditional warehousing services, some of which will in addition face the risk of losing market share as their customers increasingly look to warehousing operations to supply a more comprehensive range of additional services beyond the simple act of providing space for the storage of goods. This change in consumer expectations will force operators to speed up the revision of their services and may encourage them to enter into partnerships or to make joint investments with large Thai or international companies. Doing so would then allow them to build competitiveness of their businesses and provide

a full range of modern warehouse services, thus allowing them to build additional income over the long-term.

- ☐ Chilled and frozen warehousing (cold storage units): Demand for rented temperature-controlled storage space will likely soften in line with the export direction of the food processing sector, while pressure from the over-supply of space will weaken suppliers' position relative to their customers and so turnover is forecast to fall.
- ☐ Storage space for cereal crops (silos): The terminating of demand from the government for the storage of rice combined with the continuing sizeable over-supply of storage space following the ending of the rice pledging scheme will put pressure on operators to compete more fiercely.



## 15. Report of Audit Committee

The Company established the Audit Committee, consisting of the expert, which is independent of the Managements and has the qualifications determined by the Stock Exchange of Thailand. The Company's current Audit Committee has 3 members consist of Mr. A Sachdev is the Chairman of the Audit Committee and 2 members are Miss Papasorn Mongkholmafai and Mr. Kitnarong Tirakachorn.

In the year 2019, the Audit Committee held meetings of 5 times to perform its duties as assigned by the Board of Directors independently. There are no restrictions on the information and the cooperation of the Company as well. Under the requirements of the stock exchange of Thailand. Each meeting invitation by participating managers discusses the agenda as well as relevant as there has been consultation with management and the internal auditors and the external auditors, as appropriate. The meeting with the external auditor is independent of the Executive meeting of the Company.

The Audit Committee supports the Board of Directors to implement the responsibility to be a success. The track and encourage good governance. The performance and operation of the Audit Committee with a mission summarized as follows.

1. **Control Environment** The Company has determined that there is an environment of good internal control. The organizational structure and clear lines of command right. Including targeting business and measurable success indicators (Key Performance Indicators: KPI) to evaluate the efficiency of operations following the goals of the organization. Including the rules Charts and manual operation of the system is written as a guide for practitioners.

The Company also cultivated, executives and employees of the company are aware of good corporate governance by the assigned policy is good governance. Business Ethics: business with honesty, the facts about the quality of the goods. Do the contracts or agreements that have been negotiated with the client, then the production of the goods or services are provided by quality, regardless of the impact on customers. Product pricing, fair, and not create environmental pollution, wastewater, Toxic air Product or service quality, By planting trees to create shade with residents. Provide a club. Gym, swimming pool, and the other to provide residents with recreational, perfect health and happy life. The company also has responsibility for the project within the community and social activities of the community.

The Board of directors, all employees must also have a code of conduct for shareholders. By duties with integrity. Use your skills and abilities to the full. To manage the assets of any loss or depreciation. Non-benefits for themselves or others from duty. Status report and results of operations of the

Company to complete the Questionnaire. It also requires ethics for customers. The need to clarify the terms and conditions of products and services. Ad with the correct information. The company also promotes the training of all staff on an annual basis. To know about the product. The service is great, so is customer satisfaction. And a step in the construction of the Company.

2. **Risk Assessment** The importance of risk management, which is regarded as an important mechanism and management tools that will make the organization achieve the objectives and targets defined. By the risk management policy, which focuses on the development of the risk management system according to the guidelines of good governance (Good Corporate Governance) without the company having to consider the issues and risks. Employment in construction, and high-concept and direction. Solutions to control and reduce risk by allowing multiple contractors to come to tender for construction work in each category which has a Board of Directors, purchasing/procurement, as the administrator, and consider action. Consists of executives from each Division, including the internal audit department. Both these contractors are selected for their experience, the expertise required. In the past, the portfolio quality. Personnel in the operation and the low price of the Company's budget.
3. **Control Activity** The Management policies, measures and methods to be used in practical applications and when reviewing the performance of various departments within the organization. Operators have to comply with both internal and external organizations, such as laws, regulations, orders, standards, policies, plans, and how the company has set. Most of the units are now operational efficiency is the approval authority to review the reconciliation of the audited results of operations, "but sometimes the job potential errors up. This was mainly caused by the mistakes of others (Human Error) when it is detected, then the operators will continue to improve and fix it immediately. If the error is serious, the operators will be punished by heavy measures and rules of the company. In recent years, the project has employees who do not comply with the rules, resulting in errors that cause damage to the company. Therefore punish out as well as have issued a warning to the project manager with the book as supervisors.
4. **Information and Communication** The Company has to focus on information systems and data communication. Promote and develop continuously. So that the information is accurate and current. The performance of individual units has used the system Oracle to assist in the control of responsibility. This system has the function of classification work that can cross-check each other in the same department and between departments. So in practice, it cannot work only one person which is to reduce the risk in operation, such as payment system cannot pay again. As well as all of the check as a check payable by the recipient, and identified with A/C PAYEE ONLY. The company also has an annual budget to control costs. Using the system Oracle in budget control makes each unit

cannot be used over budget. When any agencies need to use more budget to do with the approval and explain why you want to use it. The information technology has also brought the document storage system Alfresco used as channels of communication within the organization to publish the policy. Regulations, orders, and guide the practice. As well as information thoroughly the entire organization.

5. **Monitoring** The Company has to provide a system of internal control, covering all the aspects such as accounting and financial operations. The practice of law/regulations. And take care of the property. The internal audit tracking performance as the goal. Report to the Committee. The external auditor with the audit committee of the company every quarter. The financial audit of the company under the accounting standards adopted by general and under the standard office of the Securities and Exchange Commission. (SEC) as well as the Stock Exchange.
6. **Consider the External Auditor in the year 2019.** In the past year, the Audit Committee is satisfied with the result of the auditors who know. Professional and get suggestions about the internal control system and risk as well as operational independence.

In summary, the Audit Committee's duties as assigned by the Board of Directors, using abilities fully and act independently. There are no restrictions on all news from the Committee. Executives, employees and related persons

The Audit Committee is confident that the company is committed to developing, operating system updates are continuously improved which will have a push for the organization to have a good management system is based on the principles of good corporate governance Transparency in the work. And maintain the interests of the people involved all parties.



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Mr. A Sachdev

Chairman of Audit Committee

## 16. Report of the Board of Directors' Responsibility in Financial Statements

The Company's Board of Directors is responsible for financial statements of AQ Estate Public Company Limited and its subsidiaries, including the financial information that appears within their annual reports. The financial statements have been prepared according to generally accepted accounting standards. An appropriate accounting policy has been selected, applied and consistently adhered to under cautious consideration. In addition, an effective internal control system has been set up. Material information has been adequately disclosed in the Notes to the Financial Statements. These are implemented for benefits of shareholders and investors, with an aim to create confidence in the Company's financial statements, to take care and keep good maintenance of the Company's assets, and to prevent dishonest acts or any irregular operations of material substance.

The financial statements of the Company and its subsidiaries have been audited by Mr. Jadesada Hungsapruet, the Certified Public Accountant from Karin Audit Company Limited who has been certified by the Securities and Exchange Commission. The Company has provided information and various documents to the auditor to enable him to conduct the audit and express his opinion in accordance with generally accepted auditing standards. The auditor's opinion appears in the Report of the Certified Public Accountant within the Annual Report.

The Company's Board of Directors appointed the Audit Committee to be responsible for reviewing the Company's accounting policies, quality of financial reports, internal control system, internal audit system and risk management system. The opinion of the Audit Committee on this matter appears in the Audit Committee's Report within the Annual Report.

The Company's Board of Directors believes that the Company's overall internal control system is at satisfactory level. Financial statements of AQ Estate Public Company Limited and its subsidiaries as at 31 December 2019 substantially portray the Company's financial position, operating performance and cash flow in an accurate and reasonable manner and comply with generally accepted accounting principles and related laws and regulations.


  
 (Mr. Michael Alexander William Fernandez)

Director


  
 (Dr. Sutthad Chankingthong)

Director


  
 (Dr. Ranchana Rajatanavin)

Director

## 17. Independent Auditor's Report

To the Shareholders of AQ Estate Public Company Limited

### Qualified Opinion

I have audited the financial statements of AQ Estate Public Company Limited and its subsidiaries, and of AQ Estate Public Company Limited which comprise the consolidated and separate statement of financial position as at December 31, 2019, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Qualified Opinion

- (1) As discussed in Note 18.2 to the financial statements, the Company engaged an independent appraiser to appraise such leasehold right, using Income Approach, the discounted value of leasehold right is Baht 275 million. This method is calculated using the discounted cash flows of the revenues for the year of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016, the Company entered into the contract with a non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. On February 5, 2015, the indirect subsidiary company entered into a letter of intent with a foreign company for entering into a hotel management agreement. However, on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on September 22, 2016, then refunded partial deposit payment of US 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present

value to be Baht 79.40 million. Such appraisal was based on the assumption that the Company's credit facilities were suspended from various financial institutions and there was material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1 to the financial statements. The market information of comparative land of same size and condition was limited and there was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income as at December 31, 2019, amounting to Baht 153.73 million. However, there are limitations by circumstances; I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of rental rate to determine the fair value because such appraisal is under unusual assumption as discussed above which has significant uncertainty when such situation will be resolved. In addition, the indirect subsidiary has no rental rate actually occurred at the present and no market price of rental rate basing the same size of area to be compared with the rental rate on such leasehold right as the area is very huge, which these factors may have material effects to the assessment of fair value of such leasehold right.

- (2) As discussed in Note 14.2 to the financial statements, the Company estimated liability to former shareholders of Villa Nakarin Co., Ltd. Which was presented under non-current liabilities in the consolidated and separate statements of financial position as at December 31, 2019, amounting to Baht 46.17 million. However, based on the current situation of the Company, which has material uncertainty on ability to continue its operation as a going concern, resulted in inability to prepare the correct and appropriate estimated income of project by using the current market situation. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such estimated liability.
- (3) As discussed in Note 9 to financial statement as at December 31, 2019, the Company has investment in bills of exchange of a company amount of Baht 1,072.16 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on December 31, 2019. As the analysis of such company's debt on February 18, 2019, the Company believe that the authorizer and the final shareholder's asset of such company is Baht 2,093.06 million. Which is over than amount of such company's bills of exchange, and the Company's management believe that able to receive by whole amount, so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for the year ended 2018 which was not audited by

auditor, as at December 2018 total assets was amount of US Dollar 170.43 million, and shareholders' equity was amount of US Dollar 113.69 million. The Company has not received other the financial statement. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

- (4) As discussed in Note 11 to financial statement as at December 31, 2019, the Company has loans to a company amount of Baht 412.14 million. Such transaction has continued changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on December 31, 2019 and has postponed being March 31, 2020. The Company has considered financial statement as at December 31, 2018, issued to government; shareholders' equity was amount of Baht 164.82 million. However, Company's management believes that able to receive by whole amount, so the Company does not record for allowance for doubtful debt. In addition, as such Company's financial statement, its temporary stopped the construction due to the adjusted plat form and it's must get approval from a government. Such Company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able to use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, I have determined the matter described below to be the key audit matters to be communicated in my report.

Cost of property development for sale and considering the adequacy of allowance for diminution in valueRisk

The Group has to determine the expected net realizable value of inventories. As disclosed in Note 12 to the financial statements, there are indications of impairment in accordance with Thai Financial Reporting Standards. This impairment test has significant implications for audits. The Group's net book value before less allowance for diminution in value of inventories as of December 31, 2019, was Baht 2,156 million, representing 31.41% of total assets, and also the process of the management must be very discretionary and depending on the assumptions, which can change according to economic conditions and competition in the market.

Auditor's Risk Response

My key audit procedures included testing the incremental costing that should be recorded as cost of inventory by checking the relevant accounting records, review basis of allowance for diminution in value of inventories, the consistency of the criteria used, analysis detail of sales items after the date of the financial statements to compare with the cost of each project cost, review the estimated recoverable amount provided by the management or the independent appraiser.

Impairment of Property, Plant and EquipmentRisk

The Group has to perform impairment test of property, plant and equipment as described in the Note 18 to the financial statements if there is an indication of impairment in accordance with Thai Financial Reporting Standards. The impairment test is significant to the audit. As at December 31, 2019, the Group had a net book value of property, plant and equipment before allowance for impairment of Baht 1,234 million, representing 17.98% of total asset. Moreover, the assessment process of management is complicated and required more judgment, and also the assessment is subject to assumptions that may change according to economic situation and future market conditions.

Auditor's Risk Response

My key audit procedures included using an expert to assess assumptions. I focused on the sufficiency of data disclosure of the Group in relation to the assumptions that are the most important to sensitivity of impairment test and also have significant impact to recoverable amounts of property, plant and equipment.



### Provision of contingent liabilities from lawsuit

#### Risk

The Group has disclosed the policy on contingent liabilities in accordance with the law or other liabilities, as Note 23 to the financial statements. I considered estimation of legal liabilities or other contingent liabilities was a significant risk in the audit. As at December 31, 2019, the Group had a net book value of Baht 2,997 million, representing 88.53% of total liabilities. The assessment process of management is required more judgment, and also is subject to assumptions that can be changed based on the forced sales value of the collateral.

#### Auditor's Risk Response

My key audit procedures included testing the estimate of damages from a court case, testing the increase in cost accounting records which is necessary to sell the collateral land under the property management contract with examining the accounting documents related, testing the expected costs may be incurred from the sale of the land as collateral by estimating of selling price on the forced sales value of the land collateral. The estimated selling price of collateral land is provided by the management by independent appraisers to evaluate sales force. I have evaluated reliably and appropriately on consideration of provision of contingent liabilities from lawsuit.

#### **Emphasis of matter**

Without change in qualifying my opinion as above, I draw attention to note that;

- (1) As discussed in Note 1 to the financial statements that, On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower (the 19th defendant) and the subsidiary of the 19th defendant have mortgaged their land. On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The Company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017)
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the Company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million and in May 2017, the management expects that the forced sale value of such land would be Baht 5,800 million. References to independent appraisers, the Company has recorded the liabilities, according to the judgment of Supreme Court Criminal Division of Political Position Holders, less estimated value of collateral to be sold as mentioned above and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. Incidentally, the exactly amount of the company's obligation may be changed up or down depending on the auction price to be auctioned in the future. On October 17, 2018, the Company sold auction of the said collateral property. The successful bidder won auction at a price of Baht 8,914.07 million and the bidder can extend the payment period to February 1, 2019. The properties sold at the auction were divided into 3 groups as follows:

The first group was the criminal cases of Persons Holding Political Positions in decided case No. Aor-Mor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was Baht 4,019.62 million. The buyer had placed the deposit of Baht 201 million. The remaining would be paid within February 1, 2019 and on January 24, 2019; the buyer paid Baht 3,818.62 million.

The second group was the civil suit in decided case No. 4007/ 2009 and undecided case No. Tho. 59/ 2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden), the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of Baht 1,261.02 million, deposit of Baht 65 million,

the remaining amount must be paid Baht 1,196.02 million. The petitioner, K&V SRS Co., Ltd., held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on January 24, 2019 to such petition and the court made an appointment to hear civil court order on March 20, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result dismissed petition. Later, on June 17, 2019, Golden Technology Industrial Park Company Limited filed an appeal against the court's order and the petitioner submitted an appeal to the Court on August 5, 2019.

The third group was the case of Central Bankruptcy Court in decided case No. L. 1249/2012. The property sold at auction from this case of 1,868-3-97.72 rai and land ownership belongs to K&V SRS Company Limited. The auction buyer purchased price of Baht 3,633.43 million, deposit of Baht 182.50 million, the remaining amount must be paid Baht 3,450.93 million within February 1, 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follow.

1. Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on March 5, 2019. The case result was dismissed by the court.
2. Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition. Later, on March 20, 2019, K&V SRS Garden Home Company Limited, the petitioner filed an appeal. Later on April 23, 2019, the official receiver, the objector No. 1, filed an objection to the appeal requesting

the appeal and on May 2, 2019, Krung Thai Bank Public Company Limited, the objector No. 2 filed an appeal against the appeal which the Central Bankruptcy Court ordered the appointment of the Court of Appeals for Special Cases dated September 3, 2019, the preliminary case result was terminated by the court.

3. Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to temporarily suspend enforcement on February 4, 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on 25 and April 26, 2019. On April 25, 2019 the court appointed the witness examination on May 14, 2019.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- (2) As disclosed in Note 9 and 11 to the financial statements, as per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5 - 6 per annum to maturity date August 11-17, 2017 and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding six months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculation and on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the Company's Board of Directors No. 3/2018, On March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No. 19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 % per annum

to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No. 6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange. However, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.6 million and Baht 204.4 million, interest rate 6.0 % per annum and 5.5 % per annum and loan and interest repayment date on December 28, 2018. (Note 11)

According to the resolution of the Board of Directors' meeting No. 6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018 total 3 bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5 % per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 2 bills amounting to Baht 447.39 million and Baht 41.26 million, discount rate of 5.5% and 6% per annum, respectively no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2018, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019,

total 2 bills amounting to Baht 445.15 million and Baht 14.86 million, discount rate of 5.5% and 6% per annum, respectively no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than April 30, 2019.

According to the resolution of the Board of Directors' meeting No.4/2019 dated April 25, 2019, the Company has approved to extend the period of bills of exchange due within April 30, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than June 30, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019 the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50% per annum to be August 31, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019, the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum no more than September 30, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019 the Company has approved to extend the period of bills of exchange due within August 31, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50% per annum to be December 31, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019, the Company has approved to extend the period of bills of exchange due within September 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum no more than December 31, 2019.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 1 bills amount of Baht 412.14 million, discount rate of 6 % per annum to be March 31, 2020.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 8 bills amount of Baht 1,072.16 million, discount rate of 6.50 % per annum to be March 31, 2020.

## Other Information

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

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

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

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruek

(Mr. Jadesada Hungsapruek)

Certified Public Accountant, Registration No. 3759

Karin Audit Company Limited

Bangkok

February 27, 2020

## 18. Financial Statements and Notes

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		As at December 31,	As at December 31,	As at December 31,	As at December 31,
	Notes	2019	2018	2019	2018
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	36,459	84,088	4,250	10,547
Current investments	9	1,072,160	1,066,894	1,072,160	1,066,894
Trade accounts and other current receivable	10	177,359	121,086	1,175,632	1,225,111
Short-term loans	11	412,145	488,658	1,833,254	2,223,648
Inventories	12	1,962,172	2,266,441	1,092,793	1,158,109
Current tax assets		53,750	49,800	32,182	29,858
Other - current assets	13	2,140	-	2,140	-
<b>Total current assets</b>		<b>3,716,185</b>	<b>4,076,967</b>	<b>5,212,411</b>	<b>5,714,167</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	14	-	-	125,480	-
Other long - term investments	15	900,000	900,000	900,000	900,000
Trade accounts and other non - current receivable		59,319	14,135	1,160	1,333
Long - term loans	16	2,426	-	-	-
Investments property	17	119,523	126,386	270,440	276,087
Property, plant, equipment and leasehold rights	18.1,18.2	1,224,038	1,164,584	25,189	29,661
Goodwill	14.3	-	-	-	-
Intangible assets	19	15,360	2,596	25	944
Deferred tax assets	20	353	353	-	-
Other non - current assets	21	827,919	826,424	50,471	51,382
<b>Total non current assets</b>		<b>3,148,938</b>	<b>3,034,478</b>	<b>1,372,765</b>	<b>1,259,407</b>
<b>TOTAL ASSETS</b>		<b>6,865,123</b>	<b>7,111,445</b>	<b>6,585,176</b>	<b>6,973,574</b>

The accompanying notes to financial statements are an integral part of the financial statements.

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		As at December 31,	As at December 31,	As at December 31,	As at December 31,
Notes		2019	2018	2019	2018
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short - term borrowings from financial institutions		2,994	-	-	-
Trade accounts and other current payable	22	271,014	379,505	230,874	365,508
Current portion of long - term debts	1, 24	17,001	5,287	1,053	1,033
Short - term loans		990	-	-	-
Current provisions for employee benefits	25	1,209	381	786	381
Other current provisions	1, 23	2,997,292	2,996,061	2,988,932	2,988,681
<b>Total current liabilities</b>		<b>3,290,500</b>	<b>3,381,234</b>	<b>3,221,645</b>	<b>3,355,603</b>
<b>NON CURRENT LIABILITIES</b>					
Long - term debts	1, 24	33,058	203	-	-
Trade accounts and other non current payable		2,485	2,449	-	-
Deferred tax liabilities		6,292	2,445	-	-
Non current provisions for employee benefits	25	4,370	1,841	3,195	1,495
Other non current provisions		48,971	55,553	46,168	46,168
<b>Total non current liabilities</b>		<b>95,176</b>	<b>62,491</b>	<b>49,363</b>	<b>47,663</b>
<b>TOTAL LIABILITIES</b>		<b>3,385,676</b>	<b>3,443,725</b>	<b>3,271,008</b>	<b>3,403,266</b>
<b>SHAREHOLDERS EQUITY</b>					
Share capital	26				
- Authorized share capital					
294,012.03 million common share, Baht 0.50 par value		147,006,013	147,006,013	147,006,013	147,006,013
- Issued and paid up					
85,324.81 million common shares, Baht 0.50 per share		42,662,405	42,662,405	42,662,405	42,662,405
Discount on common shares		(32,759,548)	(32,759,548)	(32,759,548)	(32,759,548)
Premium on common shares from capital reduction		153,537	153,537	153,537	153,537
Discount from decrease in shareholding in subsidiary		(47,939)	(47,939)	-	-
Deficit		(6,529,191)	(6,340,735)	(6,742,226)	(6,486,086)
Other components of shareholders' equity		-	-	-	-
<b>Total shareholders' equity of parent - net</b>		<b>3,479,264</b>	<b>3,667,720</b>	<b>3,314,168</b>	<b>3,570,308</b>
Non - controlling interests		183	-	-	-
<b>Total shareholders equity - net</b>		<b>3,479,447</b>	<b>3,667,720</b>	<b>3,314,168</b>	<b>3,570,308</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>		<b>6,865,123</b>	<b>7,111,445</b>	<b>6,585,176</b>	<b>6,973,574</b>

The accompanying notes to financial statements are an integral part of the financial statements.

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
<b>REVENUES</b>					
Revenues from sales of property		489,368	399,816	113,501	68,217
Revenues from hotel business		131,411	100,727	-	-
Revenues from property rental operations and related services		21,451	20,506	-	-
<b>Total revenues</b>		<b>642,230</b>	<b>521,049</b>	<b>113,501</b>	<b>68,217</b>
<b>COSTS</b>					
Costs of property sold		(371,891)	(274,206)	(85,883)	(51,423)
Costs of service from hotel business		(199,772)	(161,398)	-	-
Cost of property rental operations and related services		(10,666)	(9,713)	-	-
<b>Total cost</b>		<b>(582,329)</b>	<b>(445,317)</b>	<b>(85,883)</b>	<b>(51,423)</b>
<b>Gross profit</b>		<b>59,901</b>	<b>75,732</b>	<b>27,618</b>	<b>16,794</b>
Other income	27	134,574	303,379	278,300	415,262
<b>Profit before expenses</b>		<b>194,475</b>	<b>379,111</b>	<b>305,918</b>	<b>432,056</b>
Distribution costs		(45,327)	(37,689)	(18,594)	(16,786)
Administrative expenses		(334,447)	(266,603)	(541,950)	(398,944)
<b>Total expenses</b>		<b>(379,774)</b>	<b>(304,292)</b>	<b>(560,544)</b>	<b>(415,730)</b>
<b>Profit(loss) before financial cost and income tax</b>		<b>(185,299)</b>	<b>74,819</b>	<b>(254,626)</b>	<b>16,326</b>
Finance cost		(1,331)	(136)	(20)	(34)
<b>Profit(loss) before income tax</b>		<b>(186,630)</b>	<b>74,683</b>	<b>(254,646)</b>	<b>16,292</b>
Tax income		260	204	-	-
<b>Profit(loss) for the year</b>		<b>(186,370)</b>	<b>74,887</b>	<b>(254,646)</b>	<b>16,292</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified in profit or loss later					
Loss from the measurement of new					
values of defined employee benefits		(2,114)	-	(1,494)	-
<b>Total items that will not be reclassified in profit or loss later</b>		<b>(2,114)</b>	<b>-</b>	<b>(1,494)</b>	<b>-</b>
<b>Other comprehensive income for the period - Net tax</b>		<b>(2,114)</b>	<b>-</b>	<b>(1,494)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(188,484)</b>	<b>74,887</b>	<b>(256,140)</b>	<b>16,292</b>
<b>Profit(loss) for the period attributable to :</b>					
Owners of the parent		(186,342)	74,887	(254,646)	16,292
Non - controlling interest		(28)	-	-	-
		<b>(186,370)</b>	<b>74,887</b>	<b>(254,646)</b>	<b>16,292</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		(188,456)	74,887	(256,140)	16,292
Non - controlling interests		(28)	-	-	-
<b>Total comprehensive income for the period</b>		<b>(188,484)</b>	<b>74,887</b>	<b>(256,140)</b>	<b>16,292</b>
<b>Basic profit(loss) per share : Owners of the parent</b>					
(equivalent to par value of Baht 0.50 per share)	31	(0.0022)	0.0009	(0.0030)	0.0002
<b>Weighted average number of shares</b>					
(In Thousand Shares)					
		<b>85,324,811</b>	<b>85,316,210</b>	<b>85,324,811</b>	<b>85,316,210</b>

The accompanying notes to financial statements are an integral part of the financial statements.

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Thousand Baht)										
Consolidated Financial Statements										
Note	Issued and Paid-up Share Capital	Premium (Discount) on Shares	Premium on Common Shares from Capital Reduction	Discount from Increase in Shareholding in Subsidiary	Deficit	Other components of shareholders' equity		Total shareholders' equity of the Company	Non-Controlling Interests	Total Share holders equity-net
						Other comprehensive income Gains on remeasurements of defined benefit plans	Total other components of shareholders' equity			
Balance as at January 1, 2018	42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	-	-	3,592,326	-	3,592,326
Increase in share capital 26	5,064	(4,557)	-	-	-	-	-	507	-	507
Total comprehensive income for the period	-	-	-	-	74,887	-	-	74,887	-	74,887
Balance as at December 31, 2018	42,662,405	(32,759,548)	153,537	(47,939)	(6,340,735)	-	-	3,667,720	-	3,667,720
Balance as at January 1, 2019	42,662,405	(32,759,548)	153,537	(47,939)	(6,340,735)	-	-	3,667,720	-	3,667,720
Non - controlling interests 14.3	-	-	-	-	-	-	-	-	211	211
Total comprehensive income for the period	-	-	-	-	(186,342)	(2,114)	(2,114)	(188,456)	(28)	(188,484)
Transferred to retained earnings	-	-	-	-	(2,114)	2,114	2,114	-	-	-
Balance as at December 31, 2019	42,662,405	(32,759,548)	153,537	(47,939)	(6,529,191)	-	-	3,479,264	183	3,479,447

The accompanying notes to financial statements are an integral part of the financial statements.

## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Thousand Baht)

## Separate Financial Statements

		Issued and Paid-up Share Capital	Premium (Discount) on Shares	Premium on Common Shares from Capital Reduction	Deficit	Other components of shareholders' equity		Total Share holders equity-net
						Other comprehensive income Gains on remeasurements of defined benefit plans	Total other components of shareholders' equity	
Balance as at January 1, 2018		42,657,341	(32,754,991)	153,537	(6,502,378)	-	-	3,553,509
Increase in share capital	26	5,064	(4,557)	-	-	-	-	507
Total comprehensive income for the period		-	-	-	16,292	-	-	16,292
Balance as at December 31, 2018		42,662,405	(32,759,548)	153,537	(6,486,086)	-	-	3,570,308
Balance as at January 1, 2019		42,662,405	(32,759,548)	153,537	(6,486,086)	-	-	3,570,308
Total comprehensive income for the period		-	-	-	(254,646)	(1,494)	(1,494)	(256,140)
Transferred to retained earnings		-	-	-	(1,494)	1,494	1,494	-
Balance as at December 31, 2019		42,662,405	(32,759,548)	153,537	(6,742,226)	-	-	3,314,168

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) for the year		(186,370)	74,887	(254,646)	16,292
Adjustments of reconcile net profit (loss) to cash recieved (paid)					
Adjusted tax income		(260)	(204)	-	-
Adjusted financial cost		1,331	136	20	34
Adjusted interest income		(95,036)	(105,837)	(217,462)	(239,073)
Adjusted trade accounts and other current receivables (increase) decrease		(8,388)	15,442	(4,107)	(6,366)
Adjusted trade accounts and other non-current receivable (increase) decrease		(45,784)	(252)	156	300
Adjusted inventories decrease		306,301	275,211	74,627	33,139
Adjusted other current assets increase		(2,140)	-	(2,140)	-
Adjusted other non current assets (increase) decrease		(2,401)	(715)	912	(371)
Adjusted trade accounts and other current payable decrease		(159,774)	(13,959)	(164,030)	(15,436)
Depreciation, losses and amortization		86,037	83,417	11,622	13,445
Adjusted Bank overdrafts and short - term borrowings from financial institutions		13	-	-	-
Adjusted bad debt and doubtful debts		8,887	1,056	348,698	200,887
Adjusted provision for liabilities		287	362	251	251
Adjusted with provision for liabilities damages from lawsuits		1,655	2,858	675	2,858
Adjustment with loss from impairment of goodwill		8,036	-	-	-
Adjusted provisions for employee benefits		1,984	364	1,296	295
Adjustment with default interest payment		-	(38,405)	-	(38,405)
Adjustment with other income		(1,395)	(15,373)	(379)	(40)
Adjusted for Loss on disposal of non current asset		-	3,307	-	90
Adjusted by Reversal of allowance of diminution in value in inventories		3,028	(151,102)	(9,311)	(59,435)
Adjusted with amortization expenses		5,254	-	17	-
Adjusted for Loss on disposal of property, plant, equipment and leasehold rights		34,878	-	-	-
Payment of employee benefits		(741)	-	(685)	-
Total adjustment of reconcile net profit (loss)		(44,598)	131,193	(214,486)	(91,535)
Cash provided by (used in) operating activities					
Cash paid for income tax		(8,180)	(7,565)	(2,324)	(1,767)
Net cash provided by (used in) operating activities		(52,778)	123,628	(216,810)	(93,302)

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES					
Current investments received (Paid)		(5,266)	359,115	(5,266)	48,606
Cash paid for other long-term investment		-	(730,000)	-	(730,000)
Cash paid for purchase of investment in subsidiary	14.3	(90,500)	-	(90,500)	-
Cash received from sales of property, plant, equipment and leasehold rights		-	184	-	37
Cash paid for property, plant, equipment and leasehold rights		(13,477)	(60,647)	(586)	(599)
Cash paid for intangible assets		(180)	(876)	-	-
Cash paid for short-term loans		-	(719,000)	(341,460)	(1,035,593)
Cash received from short-term loans		76,513	230,342	599,264	1,208,272
Cash received from interest income		47,683	108,665	49,061	96,620
Net cash provided by (used in) investing activities		14,773	(812,217)	210,513	(412,657)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for long-term loans		(3,622)	(50,139)	-	-
Cash received for short-term loans		(101)	-	-	-
Cash paid for decrease liabilities that occurs from lease agreements		(4,871)	(2,495)	-	(776)
Interest paid		(1,292)	(3,866)	-	(13)
Cash received from capital increase		-	507	-	507
Net cash used in financing activities		(9,886)	(55,993)	-	(282)
Cash and cash equivalents net decrease		(47,891)	(744,582)	(6,297)	(506,241)
Cash and cash equivalents at beginning of the period		84,088	828,670	10,547	516,788
Cash and equivalents in subsidiary	14.3	262	-	-	-
Cash and cash equivalents at end of the period		36,459	84,088	4,250	10,547
Supplemental disclosure of cash flows information :					
Non cash transactions					
1) During the year, interest capitalized to inventories		-	3,667	-	-
2) Purchase of fixed assets by					
- Liabilities under finance lease contracts		-	-	-	-
- Cash payment		(13,477)	(60,647)	(586)	(599)
Total		(13,477)	(60,647)	(586)	(599)
3) During the year, the Company a transfer condominium units for payment to subsidiary. (note 12)					
- Deposits for purchases of condominium units		-	10,076	-	10,076
- Interest received from default		-	38,405	-	38,405
Total		-	48,481	-	48,481
4) During the year,the Company a transfer condominium units for payment to subsidiary. (note 13)		-	-	-	29,806
5) During the year, the Company transferred property, plan and equipment to inventory. (note 14.1)		4,579	-	-	-
6) During the year, the Company transferred property, plan and equipment to intangible assets		5	-	-	-
7) During the year, the Company purchased investment to subsidiary by borrow from the parent Company among Baht 125.48 million	14.3				
- Payment for shares		90,500	-	90,500	-
- Promissory note		34,980	-	34,980	-
		125,480	-	125,480	-

The accompanying notes to financial statements are an integral part of the financial statements.



## AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

## 1. GENERAL

AQ Estate Public Company Limited (herein after called “the Company”) was incorporated in Thailand and was registered as a public company in the year 1993. The Company undertakes its business in Thailand and is engaged mainly in property development and sales. The Company changes its registered office to be located at No.102, Rim Klong Bang Kapi Road, Bang Kapi Sub-District, Huay Kwang District, Bangkok, Thailand.

**Status of the Company**

- a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions (“the Supreme Court”) sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20<sup>th</sup> defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18<sup>th</sup> to 27<sup>th</sup> defendants were claimed that they jointly coordinated and supported the 1<sup>st</sup> to 17<sup>th</sup> defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20<sup>th</sup> defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25<sup>th</sup> and the 26<sup>th</sup> defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Company Limited (“Golden”) (the 19<sup>th</sup> defendant) and K & V SRS Garden Home Company Limited (“Garden Home”) the subsidiary of the 19<sup>th</sup> defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of land net of commission fee on sales would be Baht 8,924.30 million and in year 2016. The management expects that the forced sale value of land would be Bath 5,800 million. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position (“Supreme Court”), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so, the Enforcement Officer has rescinded the sale of collateral under the order of the Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on

March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times on June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the fourth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each time but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt from the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May 15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018. On October 17, 2018, the public auction and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Bidders has filed an application for the postponement of the period of payment to be on February 1, 2019. The properties sold at the auction were divided into 3 groups as follows:

The first group was the criminal cases of Persons Holding Political Positions in decided case No. Aor Mor.55/2015 by confiscating of land auction of Golden Technology Industrial Park Company Limited at total of 1,768 rai. The value property of auction buyer was Bath 4,019.62 million. The buyer had placed the deposit of Bath 201 million. The remaining would be paid within February 1, 2019 and on January 24, 2019, the buyer paid Bath 3,818.62 million.

The second group was the civil suit in decided case No.4007/2009 and undecided case No. Tho.59/2018. Krisadamahanakorn Public Company was the plaintiff prosecuted Golden Technology Industrial Park (Golden), the defendant on land deposit. The land of this case seized at auctioned property for sale in the amount of 659-3-60 rai, land ownership belongs to the Golden Company. The auction buyer purchased price of Bath 1,261.02 million, deposit of Bath 65 million, the remaining amount must be paid Bath 1,196.02 million. The petitioner, K&V SRS Company Limited held by Golden 99.97%, filed the request to revoke auction by claiming that the auction was unlawful. The Company filed the objection on January 24, 2019 to such petition, and the court made an appointment to hear civil court order on March 20, 2019. The court sentenced that the petitioner was only Golden Company shareholder. The petitioner therefore did not become stakeholder in the case. In addition, the petition to revoke auction in this case concerning or affecting the petitioner which was the judgment debtor in middle bankruptcy case. The petitioner claimed that the petitioner could not repay debt to the creditor completely and were damaged thereby deemed to defend the debtor property. When the petitioner was sentenced by court to be bankrupt, the power to defend lawsuit regarding property of petitioner was the authority of official receiver only. The petitioner had no authority to file petition in the case. The trial court result

dismissed petition. Later, on June 17, 2019, Golden Technology Industrial Park Company Limited filed an appeal against the court's order and the petitioner submitted an appeal to the Court on August 5, 2019.

The third group was the case of Central Bankruptcy Court in decided case No. L. 1249/2012. The property sold at auction from this case of 1,868-3-97.72 rai and land ownership belongs to K&V SRS Company Limited. The auction buyer purchased price of Bath 3,633.43 million, deposit of Bath 182.50 million, the remaining amount must be paid Bath 3,450.93 million within February 1, 2019. K&V filed the objection, causing the buyer to submit such matter to court against the petition of K&V Company, which was between the three objections and divided as follow.

1. Undecided case No. SL.365/2018 regarding the revocation order, the official receiver had ordered the title deed to 610, area 18 rai 83 square wah from the auction, which was part of Ms. Charoen Yukongtham in the ratio of 800.66 and proceeded to sell the auction. In this case the petitioner had applied for revocation as the auction unlawful. The court accepted the petition as objection and called the Golden Company as the third objector, then completed the examination witnesses and made the appointment to hear order on March 5, 2019. The case result was dismissed by the court.
2. Central Bankruptcy Court in undecided case No. SL. 388/2018, the petitioner filed claiming that bring the property of petitioner was sold together with land Golden Company unlawful and to suspend temporarily the auction. The court had ordered the petition and attached documents to the petition. In the event that was no legal reason to suspend the auction, according to petition. The court therefore ordered to dismiss the petition. Later, on March 20, 2019, K&V SRS Garden Home Company Limited, the petitioner filed an appeal. Later on April 23, 2019, the official receiver ,the objector No. 1, filed an objection to the appeal requesting the appeal and on May 2, 2019, Krung Thai Bank Public Company Limited, the objector No. 2 filed an appeal against the appeal which the Central Bankruptcy Court ordered the appointment of the Court of Appeals for Special Cases dated September 3, 2019. Court denied such appeal, the preliminary case result was terminated by the court.
3. Undecided case No. SL.438/2018 regarding the revocation auction of the second debtor's land (K&V SRS Garden Home Company Limited). In this case, the objector had submitted the request to revoke as unlawful auction and requested to the temporarily suspend enforcement on February 4, 2019. The court ordered the company attorneys, the stakeholders (Golden Company) and called the second objector which will appoint witnesses on April 25, 2019 and April 26, 2019. The court appointed the witness examination on May 14, 2019. The case result was dismissed by the court.

Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Bath 4,646.95 million.

- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting ( 1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company

of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company of Baht 197.62 million which Grand Computer and Communication Company Limited (the 22<sup>nd</sup> defendant) paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.

- c) On October 16, 2015, the Company, “Golden” and Progress Property Management Company Limited (“Progress”) a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of “Garden Home” and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition, the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore, the officer will report to the court to lift this bankruptcy case according.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement (the “Agreement”) dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing

Agreement is for the Company to have the right to manage for the 3<sup>rd</sup> Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay for the damages to the Bank. However, after the date of the Agreement in October 2015, there has not been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3<sup>rd</sup> Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3<sup>rd</sup> Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P.240/2018, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mention conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. The court read the verdict on March 18, 2019 the court therefore ordered to dismiss the petition.

Subsequently, on June 17, 2019, the plaintiff appealed the judgment and on July 18, 2019, the three defendants filed a petition, the case is still pending in the courts.

On August 3, 2018, according to Case No. P.4393/2018, AQ Estate Public Company Limited sue Golden Technology Industrial Park Company Limited and Progress Property Company Limited (co-defendant) to be a civil case, to refund advance which AQ has paid reservation according to the property management agreement, amounting of Baht 74,999,995. On August 6, 2019, the co-defendant filed a petition to postpone the case, claiming that the Golden company was sued by the Krung Thai Bank in bankruptcy cases. The bankruptcy court will consider on August 20, 2019. Therefor the civil court has agreed to wait for the outcome of the bankruptcy case and then postponed the appointment to hear the results on September 17, 2019. Later, the Krung Thai Bank bankruptcy case of discontinued Golden Technology Industrial Park Company Limited, so the civil case will be continuing. The courts meeting schedule the hearing date on May 26-27, 2020, May 28, 2020, cross - claim on May 29, 2020. The appointment to hear the judgment on July 29, 2020.

- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016, such default loans amounting to Baht 26.72 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present,

all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporary suspended all credit facilities. At the present, the Company paid loans from financial institutions in full.

The board of direction meeting No. 12/2016, dated October 13, 2016, acknowledged that the company submitted the regent of debt restructure to one bank. The Company was non-performing land additional pledge value Baht 1,000 million. And complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However, the company in waiting bank approved. In additions the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No. 15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Golden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti -Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Golden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has enter the debt restructuring as civil black case number Tor.268/2006 in whole amount, under the condition of Por-Kor-Sor.007/2017 dated on January 5, 2017 within April 2017. (2) The Company has following the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number. Aor-Mor.55/2015 and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017. If there have non proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be enough for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).

2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Company Limited), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for acting instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Company Limited. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2006, Red Case No. Tor.2687/2007) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht 8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it makes another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018 and the court granted the appeal. The Court of



Appeals adheres to the Court of First Instance Currently, Golden Technology Industrial Park Co., Ltd. was accused as the 1st defendant. The petition has been filed. The case is currently being considered with the judgment of Supreme Court.

As disclosed in Note 18 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12, 2017 to July 14, 2017 and Baht 1,925 million on July 17, 2017 to July 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2019 as follows:

	(Unit: Million Baht)
Compensation as per Court sentence	10,004.47
Necessary expenses for selling land as per a contract for the asset	
<u>Add</u> management	128.88
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	<u>3,057.62</u>

\* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht 5,800 million. (In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively).

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. (Incidentally, the exactly amount of the company's obligation may be changed up or down, depending on the auction price to be auctioned in the future).

On October 17, 2018 the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company cannot reverse its provisioning provision. It is waiting for the bidder to pay the remaining price. The maturity date is February 1, 2019 and on January 24, 2019 buyer paid amount Baht 3,818.62 million. Currently, the buyer of collateral land had submitted the court matter to be paid the remaining amount upon completion in the amount of Baht 4,646.95 million.

- e) On September 25, 2019, AQ Estate Public Company Limited sued Krung Thai Bank Public Company Limited (the 1st defendant) and others, totaling 13 persons to be a civil case, financial statements revision for 1st quarter 2019 of Krung Thai Bank to claim the refund 3,898,704,840 Baht to pay for damages in lawsuit of the Supreme Court's Criminal Division for persons Holding Political Positions (according to Black Case No. Aor-Mor. 3/2012, according to Red Case No. Aor-Mor. 55/2015), if the defendant fails to comply with payment of



damages amount. The court are meeting of settlement of issue and define prosecution guidelines or the courts meeting schedule the hearing date on November 18, 2019. All defendants filed a request for an extension of time to file a statement given on February 9, 2020. The lawyer has comment to the court should be consider trend and judgment for conditional in contract on August 10, 2018. The Court scheduled on April 27, 2020.

## 2. BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

The consolidated financial statements include the accounts of AQ Estate Public Company Limited and the following direct and indirect subsidiaries for which more than 50% of capital shares with voting right are owned by the Company:

The consolidated financial statements include the financial statements of the AQ Estate Group as follows:

			Proportionate of Share (%)	
		Type of Holding	December 31, 2019	December 31, 2018
Subsidiaries				
AQ Village Co., Ltd.	Recreational services and provides hotel and resort	Direct	99.94	99.94
AQ Marketing Service Co., Ltd.	Sale management services	Direct	99.94	99.94
AQ Property Management Co., Ltd.	Management of commercial space	Direct	99.93	99.93
Allied Technologies International Co., Ltd.	Real estate trading	Direct	99.90	99.90
Thanont Property Co., Ltd.	Real estate trading	Direct	99.80	99.80
Free Zone Asset Co., Ltd.	Real estate for rent and services	Direct	99.98	99.98
Aquarius Estate Co., Ltd.	To sell, acquire, provide services and operate in real estate	Direct	99.99	99.99
Villa Nakarin Co., Ltd.	Real estate trading	Direct	99.99	99.99
The Tarna Align Resort Co., Ltd.	Hotel services	Direct	99.82	-
Vitoonthanakorn Co., Ltd. (Subsidiary held through Thanont Property Co., Ltd.)	Real estate trading	Indirect	99.99	99.99
Baan Chidthara Co., Ltd. (Subsidiary held through AQ Village Co., Ltd.)	Recreational services and provides hotel and resort	Indirect	99.99	99.99
Aquarius Hotel & Resort Co., Ltd. (Subsidiary held through Aquarius Estate Co., Ltd.)	To sell, acquire, provide service and operate in real estate	Indirect	99.99	99.99

Significant transactions among the AQ Estate Group have been eliminated in these consolidated financial statements.

The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.

Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of comprehensive income and under equity in the consolidated statements of financial position.

### 3. BASIS FINANCIAL STATEMENTS PREPARATION

These company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the securities and Exchange commission under the securities and Exchange Act B.E. 2535.

For the convenience of readers, the financial statements were translated into English from the statutory financial statements in Thai which are issued for the domestic purpose.

The financial statements have been prepared on the historical cost basis. (except where otherwise disclosed in the accounting policies).

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. (Unless otherwise stated, e.g. nearest thousand or million)

### 4. FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT YEAR

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

## 5. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020.

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

### TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 122.32 million and the Company only approximately Baht 18.50 million and the Group's liabilities by approximately Baht 233.72 million and the Company only approximately Baht 23.16 million.

## 6. SIGNIFICANT ACCOUNTING POLICIES

### Cash and Cash Equivalents

Cash on hand is kept for general use purpose within the AQ Estate Group. Cash equivalents are savings deposits and current accounts, highly liquid investments that are readily convertible to known amount of cash that are subject to an insignificant risk of change in value.

### Short-term Investments

Current investments consist of fixed deposit and open-ended fund temporary investments which are classified in the statement of financial positions as trading securities and carried at their fair values. The fair value of open-ended fund is calculated by net asset value of the fund as at the statement of financial position date.

Realized gains and losses from the sales of trading securities and unrealized gain and loss on the changes in fair values are recognized in statements of comprehensive income.

### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts.

The AQ Estate Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

### Inventory Valuation

Inventories of real estate business are valued at the lower of cost by using specific method or net realizable value.

Inventories of service business are values at the lower of cost by using the moving average method or net realizable value.

Cost of inventory for real estate business comprises all cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

Cost of service business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

The AQ Estate Group provides an allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

**Assets Held for Sale**

Assets held for sale are stated at the lower of cost or net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

**Land Held for Future Development**

Land held for future development are stated at the lower of cost or net realisable value.

Land held for future development represents land for future development which includes cost of land, costs of land development and related interest as referred to above.

The AQ Estate Group recognize impairment loss if there are circumstances indicating that the recoverable amounts may be less than the net book values.

**Investments in Shares**

Investments in non-marketable equity securities, which The AQ Estate Group holds as other investments, are valued at cost net of allowance for impairment loss.

Investments in subsidiaries and associates in the separate financial statements of The AQ Estate Group are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

The cost of investments disposed of during the year is determined by the weighted average method (if any).

**Investment Property**

Investment property is property, including property held under an operating lease which would otherwise qualify as investment property, which is held to earn rental income, for capital appreciation or for both.

Investment property is measured initially at cost and subsequently measured at fair value. However, managements will review the fair value to reflect market conditions at the end of the reporting period. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted. Any change in fair value is recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

**Property, Plant and Equipment**

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the

accounts and any gain or loss resulting from their disposal is included in the statements of comprehensive income.

#### Depreciation

The AQ Estate Group depreciates their Buildings and equipment by the straight-line method over the following estimated useful lives:

	Years
Buildings and building improvements	3, 5 - 48
Sport club and others	5, 20
Furniture, fixtures and office equipment	3 - 5, 20
Vehicles	5

#### Leasehold Rights

Leasehold rights are stated at cost less accumulated amortization and allowance for loss on impairment of assets. Leasehold rights are amortized based on the following of lease term ;

	Years
Leasehold right of land in KohLarn, Chonburi	27.33
Leasehold right of land in project Alix Bangkok Hotel (Previous name "Shasa Retreat Hotel)	30
Leasehold right of land in project the Malibu Beach Resort – Koh Samui	7.56

#### Intangible Assets

Intangible assets that are acquired by the AQ Estate Group are stated at cost less accumulated amortization and allowance for loss on impairment of assets.

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives are as follows:

	Years
Software licenses	5
Franchise contract	5

#### Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the AQ Estate Group's cash generating units (or group of cash-generating units) that are expected to benefit from

the synergies of the combination. The AQ Estate Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

**Impairment of Assets**

The AQ Estate Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the AQ Estate Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statements of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

**Accounting estimates**

Preparation of financial statements in conformity with Thai Financial Reporting Standards required the management to make several estimation and assumption which affected the amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

**Provision**

A provision is recognized when the AQ Estate Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

**Provision for Employee Retirement Benefit**

The AQ Estate Group's employee retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. The AQ Estate Group recognizes gains or losses on the settlement of pension benefits when the curtailment or settlement occurs. Actuarial gains or losses are

recognized immediately to other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

#### **Use of Judgments and Estimates**

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Use of judgment*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the AQ Estate Group has de facto control over an investee
- Lease classification

##### *Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Valuation of investment properties
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments

#### **Revenues and Expenses Recognition**

The AQ Estate Group recognized revenue from sales of residential condominium units and land and buildings when the construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

Revenue from the sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the condition due, associated costs, the probable return of goods or the continuing management involvement with the goods.



Rental income is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Service income is recognized when services are provided.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income are recorded based on an accrual basis.

Expenses are recorded based on an accrual basis.

#### **Construction Contracts**

The AQ Estate Group recognizes revenue from construction contracts by the percentage of completion method. The percentage of completion is computed based on the estimation by the AQ Estate Group's project engineer together with the consideration of actual cost of work performed and the estimated total cost of the project. The estimated total cost is determined by The AQ Estate Group's project engineers or its responsible person, which is subject to change. The related actual costs are taken up as incurred on an accrual basis. Expected loss on each project is provided and charged as expense in the period when the estimated total costs of the project exceed its total contracted income.

#### **Costs of Land and Houses Sold and Residential Condominium Units Sold**

Costs of land and houses sold and residential condominium units sold consist of cost of land, land improvement, design fees, public utilities, constructions and direct related interest and other related cost.

In determining the costs of land and houses sold and residential condominium units sold the AQ Estate Group's, total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and residential condominium units sold on the basis of the salable price and area.

The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognized when the ownerships have been transferred.

#### **Repair and Maintenance**

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

#### **Finance Lease**

Leases in terms of which the AQ Estate Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

**Operating Lease**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

**Finance Costs**

Interest expenses and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

**Income Taxes**

The income tax charge is based on profit for the period and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the AQ Estate Group expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the AQ Estate Group re-assesses unrecognized deferred tax assets. The AQ Estate Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The AQ Estate Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets,

**Gain (Loss) per Share Attributable to Owners of the Parent**

Gain (Loss) per share attributable to owners of the parent is determined by dividing gain (loss) for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are

required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 7. TRANSACTIONS WITH RELATED PARTIES

A significant portion of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated financial statements are determined at the price as stipulated in the agreement or mutual negotiation (Some of the transactions are supported by contracts and some are not supported, some areas of businesses and advertising management services, which are the specific services, do not have referenced market price), which basis may be different from those determined for transactions with unrelated companies.

Key management personnel mean persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the AQ Estate Group.

The significant transactions between the AQ Estate Group and their related parties for each of the years ended December 31, 2019 and 2018 are as follows:

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2019	2018	2019	2018
Management fee income	Direct and indirect subsidiaries	Year 2019 Baht 4.95 million per quarter, year 2018 Baht 5.53 million per quarter.	-	-	19,800	22,100

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2019	2018	2019	2018
Land rental income	Direct subsidiary	Year 2019 Baht 3.00 million per quarter, year 2018 Bath 3.00 million per quarter.	-	-	12,000	12,000
Vehicles rental income	Direct subsidiary	Baht 5,000 per month	-	-	60	60
Telephone income	Direct subsidiary	Actual charge	-	-	236	208
Electricity income	Direct subsidiary	Actual charge	-	-	181	-
Interest income	Direct subsidiary	Interest rate MLR per annum	-	-	123,847	144,941
Sales management services	Direct subsidiary	3% of sales	-	-	4,218	3,777
Utilities expenses	Direct subsidiary	Negotiated agreement	-	-	1,790	2,024
Vehicles Rental	Direct and indirect subsidiaries	Year 2019 Baht 19,000 per month, Year 2018 Baht 10,000 per month.	-	-	228	228
Space Rental	Direct and indirect subsidiaries	Baht 0.16 million per month.	-	-	1,907	1,907
Management project (Included in the cost of project under development)	Direct subsidiary	Negotiated agreement	-	-	211	34
Electricity Bill	Indirect subsidiaries	Actual charge	-	-	1,075	-
Water Bill	Indirect subsidiaries	Actual charge	-	-	165	-
Sales of condominium unit	Director	Market price	-	3,751	-	-

The balances with related parties as at December 31, 2019 and 2018 are as follows:

(Unit: Thousand Baht)

		Separate Financial Statements			
		Balance as at December 31, 2018	Increase	(Decrease)	Balance as at December 31, 2019
	Relationship				
<u>Other account receivables and advances to subsidiary companies - net</u>					
Allied Technologies International Co., Ltd.	Direct subsidiary	52,216	4,900	-	57,116
AQ Village Co., Ltd.	Direct subsidiary	57,568	14,160	(10,560)	61,168
Thanont Property Co., Ltd.	Direct subsidiary	85,375	856	-	86,231
Free Zone Assets Co., Ltd.	Direct subsidiary	4,494	-	(642)	3,852
Aquarius Estate Co., Ltd.	Direct subsidiary	4,815	224	(10)	5,029
	Indirect		856	(6,848)	1,284
Vitoonthanakorn Co., Ltd.	subsidiary	7,276			
Villa Nakarin Co., Ltd.	Direct subsidiary	19,260	5,136	-	24,396
	Indirect		214	(8,292)	1,017
Baan Chidthara Co., Ltd.	subsidiary	9,095			
	Indirect		2,589	(7,725)	5,457
Aquarius Hotel & Resort Co., Ltd.	subsidiary	10,593			
AQ Marketing Service Co., Ltd.	Direct subsidiary	7,704	2,671	(745)	9,630
AQ Property Management Co., Ltd.	Direct subsidiary	7,704	2,949	(361)	10,292
Total		266,100	34,555	(35,183)	265,472
Less Allowance for doubtful accounts		(34,631)	-	13,127	(21,504)
Net		231,469	34,555	(22,056)	243,968
<u>Short - term loans to subsidiary companies - net</u>					
AQ Marketing Service Co., Ltd.	Direct subsidiary	290,652	26,933	(13,603)	303,982
Thanont Property Co., Ltd.	Direct subsidiary	486,396	34,875	(195,873)	325,398
AQ Village Co., Ltd.	Direct subsidiary	619,782	27,724	(4,045)	643,461
Allied Technologies International Co., Ltd.	Direct subsidiary	233,931	88,322	(181,137)	141,116
AQ Property Management Co., Ltd.	Direct subsidiary	120,169	13,413	(12,890)	120,692
Free Zone Assets Co., Ltd.	Direct subsidiary	107,210	12,222	(9,270)	110,162
Aquarius Estate Co., Ltd.	Direct subsidiary	1,260,646	94,533	(69,245)	1,285,934
Villa Nakarin Co., Ltd.	Direct subsidiary	332,053	35,197	(77,948)	289,302
The Tarna Align Resort Co., Ltd.	Direct subsidiary	-	8,241	-	8,241
Total		3,450,839	341,460	(564,011)	3,228,288
Less Allowance for doubtful accounts		(1,674,589)	(144,269)	11,679	(1,807,179)
Net		1,776,250	197,191	(552,332)	1,421,109

The Company and subsidiaries mutually agree to charge interest rate 2.5% per annum and MLR per annum on loans for use in normal operations.

The aging analyses of trade account receivables, other account receivables, advance to subsidiaries companies, loans and interest receivables from subsidiary companies as at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Separate Financial Statements	
	December 31, 2019	December 31, 2018
Overdue not over 1 year	499,346	701,581
Overdue more than 1 year	4,280,928	4,180,245
Total	4,780,274	4,881,826
Less Allowance for doubtful accounts	(2,254,160)	(1,905,460)
Net	2,526,114	2,976,366

The Company provides allowance for doubtful accounts for such transactions by considering historical collection experience for each account receivable and will reverse the allowance to “Bad debt recoveries” upon collection.

		(Unit: Thousand Baht)	
		Separate Financial Statements	
		2019	2018
<u>Trade account payables - subsidiary company</u>	<u>Relationship</u>		
Allied Technologies International Co., Ltd.	Direct subsidiary	37,083	37,083
<u>Other account payables - subsidiary companies</u>			
AQ Marketing Service Co., Ltd.	Direct subsidiary	60,350	54,703
AQ Property Management Co., Ltd.	Direct subsidiary	13,644	15,153
Vitoonthanakorn Co., Ltd	Indirect subsidiary	76	89
Allied Technologies International Co., Ltd.	Direct subsidiary	1,795	1,795
Thanont Property Co., Ltd.	Direct subsidiary	7,887	7,903
AQ Village Co., Ltd.	Direct subsidiary	240	240
Total		83,992	79,883
<u>Accrued interest expenses - subsidiary companies</u>			
<u>(Shown under trade accounts and other current payable)</u>			
Thanont Property Co., Ltd.	Direct subsidiary	24,854	24,854

## Guarantee

As at December 31, 2019 and 2018 the company doesn't have guarantee on the subsidiaries credit facilities.

The monetary remuneration of executives, which is a related party transaction for each of the years ended December 31, 2019 and 2018 are as follows:

Type of compensation	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Salary and compensation	19,245	15,837	19,245	15,837
Meeting Allowance	204	462	204	462
Advisory	-	3,232	-	3,232
Total	19,449	19,531	19,449	19,531

## 8. CASH AND CASH EQUIVALENTS

As at December 31, 2019 and 2018 as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash	1,235	2,063	218	212
Cash at bank - savings accounts	22,557	70,051	837	10,298
Cash at bank - current accounts	5,494	4,234	3,195	37
Cash at bank - fixed accounts	7,173	7,740	-	-
Total	36,459	84,088	4,250	10,547

Saving deposit is subject to bank's floating interest rate.

## 9. SHORT - TERM INVESTMENTS

As at December 31, 2019 and 2018 as follows:

	Rate of interest (% per annum)		(Unit : Thousand Baht)			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	2019	2018	2019	2018	2019	2018
Bill of exchange	6.5	6.5	1,072,160	1,066,894	1,072,160	1,066,894
Investment in						
Open ended Fund						
As at January 1,				290,509		-
Purchase during the			-		-	
year				445,791		-
Disposal during the year			-	(736,300)	-	-
Unrealized gain(loss)						
on revaluation of						
investments			-	-	-	-
As at December 31,			-	-	-	-
Total			1,072,160	1,066,894	1,072,160	1,066,894

Detail of outstanding bills as at December 31, 2019

(Unit: Thousand Baht)

Consolidated Financial Statements / Separate Financial Statements				
Name	No.	Due Date	Amount	Date of payment after the period
Planet Energy Holdings Pte., Ltd.	PLN001/2020	March 31, 2020	420,377	-
Planet Energy Holdings Pte., Ltd.	PLN002/2020	March 31, 2020	254,647	-
Planet Energy Holdings Pte., Ltd.	PLN003/2020	March 31, 2020	59,528	-
Planet Energy Holdings Pte., Ltd.	PLN004/2020	March 31, 2020	96,579	-
Planet Energy Holdings Pte., Ltd.	PLN005/2020	March 31, 2020	85,675	-
Planet Energy Holdings Pte., Ltd.	PLN006/2020	March 31, 2020	75,296	-
Planet Energy Holdings Pte., Ltd.	PLN007/2020	March 31, 2020	69,762	-
Planet Energy Holdings Pte., Ltd.	PLN008/2020	March 31, 2020	10,296	-
Total			1,072,160	

According to the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5.0 - 6.0 per annum to maturity date August 11-17, 2017. The Company has renewed the bond issuance period of Baht 1,600 million until the end of November 2017 (according to the resolution of the Board of Directors Meeting No. 14/2017) and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No.15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange for not exceeding 6 months Fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculate on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the resolution of the Board of Directors No.3/2018, on March 21, 2018 resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return that effective on March 22, 2018. The Company received the securities of net amount after deduction fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No.19/2017 held on September 18, 2017 the Board approved the subsidiary to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 percent per annum to maturity date February 28, 2018 and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).



According to the resolution of the Board of Directors' Meeting No.6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange. However, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.60 million and Baht 204.40 million, interest rate 6.0 % per annum and 5.5 % per annum respectively, and loan and interest repayment date on December 28, 2018. (Note 11)

According to the resolution of the Board of Directors' meeting No.6/2018 dated June 30, 2018 the Company has approved to extend the period of bills of exchange due within April to July 2018, total 3 bills amount of Baht 118.46 million for 6 months discount rate of 6.5% per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018 the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amount of Baht 1,027.57 million, interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018 the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amount of Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No.1/2019 dated January 31, 2019 the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019 the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019 the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be August 31, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019 the Company has approved to extend the period of bills of exchange due within August 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be December 31, 2019.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 8 bills amount of Baht 1,072.16 million, interest rate 6.50% per annum to be March 31, 2020.

# 10. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLE

As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Other companies – net				
- Trade account receivables – net	11,154	9,348	-	-
- Other receivables – net	166,205	111,738	70,627	24,995
Total	177,359	121,086	70,627	24,995
Related companies – net (Note 3)				
- Trade account receivables – net	-	-	243,217	243,217
- Other receivables – net	-	-	861,788	956,899
Total	-	-	1,105,005	1,200,116
Trade account and other account receivables – net	177,359	121,086	1,175,632	1,225,111

The aging analyses of trade and other account receivables - other companies as at December 31, 2019 and 2018 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Trade account receivables - other companies				
Within credit term	-	-	-	-
Overdue				
- Not over 3 months	3,210	3,926	-	-
- Over 3 months to 6 months	808	2,240	-	-
- Over 6 months to 12 months	1,533	2,096	-	-
- Over 12 months	5,831	1,140	-	-
Total trade account receivables	11,382	9,402	-	-
Less Allowance for doubtful accounts	(228)	(54)	-	-
Net	11,154	9,348	-	-

Other current receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Other receivables	7,052	7,533	660	689
Revenue department receivables	34,342	37,821	-	-
Advance payment for construction	42,857	44,325	20,158	21,151
Accrued interest receivables	47,002	250	46,984	211
Prepaid expenses (Note 10.1)	13,607	6,631	2,143	2,139
Deposit of land (Note 10.2)	5,000	-	-	-
Others	17,713	16,546	2,050	2,173
Total	167,573	113,106	71,995	26,363
<u>Less</u> Allowance for doubtful accounts	(1,368)	(1,368)	(1,368)	(1,368)
Net	166,205	111,738	70,627	24,995
Trade account and other receivables related companies (Note 7)	-	-	1,105,005	1,200,116
Trade account and other receivables net	177,359	121,086	1,175,632	1,225,111

#### 10.1 Prepaid expenses ( Partial )

As at January 30, 2019 subsidiary contract for certain land and structures thereon with a non-related person (according to the resolution of the Board of Directors' Meeting No. 13/2018 held on November 28, 2018), the period of 24 years. Since January 1, 2019 to December 31, 2042 amount of Baht 73,105,263.18. These contracts are repayable in 10 equal monthly installments were as follows:

Rental	Land (Baht)	Structures (Baht)	Total (Baht)
1 <sup>st</sup> January 30, 2019	15,000,000.00	15,000,000.00	30,000,000.00
2 <sup>nd</sup> May 30, 2019	-	1,157,894.74	1,157,894.74
3 <sup>rd</sup> November 30, 2019	-	1,157,894.74	1,157,894.74
4 <sup>th</sup> January 30, 2020	10,000,000.00	10,000,000.00	20,000,000.00
5 <sup>th</sup> May 30, 2020	-	1,157,894.74	1,157,894.74
6 <sup>th</sup> November 30, 2020	-	1,157,894.74	1,157,894.74
7 <sup>th</sup> January 30, 2021	7,500,000.00	7,500,000.00	15,000,000.00
8 <sup>th</sup> May 30, 2021	-	1,157,894.74	1,157,894.74
9 <sup>th</sup> November 30, 2021	-	1,157,894.74	1,157,894.74
10 <sup>th</sup> January 30, 2022	1,157,894.74	-	1,157,894.74
Total	33,657,894.74	39,447,368.44	73,105,263.18

On April 19, 2019, with non - relate party according to the resolution of the Board of Directors' Meeting No. 3/2019 held on April 10, 2019, subsidiary contract for certain land and structures thereon, the period of 24 years since April 19, 2019 to April 18, 2043 term of payment as follow;

1. The initial fee-net Baht 30 million. First paid Baht 15 million on April 19, 2019 and the remaining balance of baht 15 million on May 30, 2019
2. 1st – 10th net Baht 200,000 per month
3. 11th – 20th net Baht 220,000 per month

4. 21<sup>st</sup> – 24<sup>th</sup> net Front & Fee Baht 4,000,000, and net Baht 242,000 per month

Total Baht 99,493,591 in the period 24 years, average Baht 4,145,566.32 per year.

#### 10.2 Deposit of land

On May 21, 2019, subsidiary (Thanon property Co.,Ltd) contract for deposit of land with a non-related person amount of 1 chanot square 1 ngan 35 square wah, agree to pay deposit for purchase land Baht 5 million term in 3 periods as follow ;

1<sup>st</sup> amount Baht 1 million. On the date of signing contact.

2<sup>nd</sup> amount Baht 1 million. Paid within May 31, 2019

3<sup>rd</sup> amount Bath 3 million. Paid within June 30, 2019

According to the resolution of the Board of Directors' meeting No.1/2020 the Company has approved a subsidiary company to purchase land Amounting to Baht 108 million, terms of payment transactions on payment of baht 6 million remaining after deducting the deposit remaining baht 97 million. a subsidiaries gradual repayment period of 1 year.

Since January 1, 2020 to February 27, 2020 a subsidiary already pay the additional land amounting to Baht 28 million as of December 31, 2019 a subsidiary already had land deposit amounting to Baht 5 million following the contract.

#### 11.SHORT- TERM LOANS

As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Short-Term Loans to non-related parties	412,145	488,658	412,145	447,398
Short-Term Loans to related parties (Note 7)	-	-	1,421,109	1,776,250
Total Short-Term Loans	412,145	488,658	1,833,254	2,223,648

Movements during for the years ended December 31, 2019 of short - term loans to non - related was as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
As at January 1, 2019	488,658	447,398
Increase	-	-
Decrease	(76,513)	(35,253)
As at December 31, 2019	412,145	412,145

Detail of Short-Term Loans to non-related as at December 31, 2019:

(Unit: Thousand Baht)	
Consolidated Financial Statement/Separate Financial Statement	

Name	Type of contract	Due Date	Amount	Date of payment after the period	Amount of payment after the period
Krungthai Land Development Company Limited	Short – term loans	March 31, 2020	412,145	-	-
Total			<u>412,145</u>		<u>-</u>

As at June 30, 2018 the Company and subsidiaries entered into two financial assistance agreements with two unrelated party amount of Baht 514.6 million and Baht 204.4 million, respectively. The due of principle and interest is on December 28, 2018 with interest rate of 6.0% per annum and 5.5% per annum, respectively without guarantee (Note 9).

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018 the Company has approved to extend the period of bills of exchange due within December 28, 2018 total 2 bills amount of Baht 447.39 million and Baht 41.26 million, at interest rate 5.5% and 6% per annum respectively, no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No.1/2019 dated January 31, 2019 the Company has approved to extend the period of bills of exchange due within January 31, 2019 total 2 bills amount of Baht 445.15 million and Baht 14.86 million, at interest rate of 5.5% and 6% per annum respectively, no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019 the Company has approved to extend the period of bills of exchange due within February 28, 2019 total 1 bill amount of Baht 412.14 million, at interest rate of 6% per annum, no more than April 30, 2019.

According to the resolution of the Board of Directors' meeting No.4/2019 dated April 25, 2019, the Company has approved to extend the period of bills of exchange due within April 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum, no more than June 30, 2019.

According to the resolution of the Board of Directors' meeting No.6/2019 dated July 1, 2019, the Company has approved to extend the period of bills of exchange due within June 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum, no more than September 30, 2019.

According to the resolution of the Board of Directors' meeting No.8/2019 dated August 29, 2019, the Company has approved to extend the period of bills of exchange due within September 30, 2019, total 1 bill amount of Baht 412.14 million, at interest rate 6% per annum, no more than December 31, 2019.

According to the resolution of the Board of Directors' meeting No.2/2020 dated February 27, 2020 the Company has approved to extend the period of bills of exchange due within December 31, 2019, total 1 bills amount of Baht 412.14 million, interest rate 6% per annum to be March 31, 2020.

## 12. INVENTORIES

As at December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
<u>Inventories in real estate business</u>				
Cost	2,156,305	2,506,736	1,116,806	1,191,433
Less: allowance of declining value	(289,937)	(335,495)	(70,013)	(79,324)
Net	1,866,368	2,171,241	1,046,793	1,112,109
Inventories in food and beverage business	14,304	12,472	-	-
Total	1,880,672	2,183,713	1,046,793	1,112,109
<u>Land held for development</u>				
Balance as at January 1,	180,586	180,586	139,779	139,779
Addition	-	-	-	-
Balance as at December 31,	180,586	180,586	139,779	139,779
Allowance for declining value	(99,086)	(97,858)	(93,779)	(93,779)
Land held for development-net	81,500	82,728	46,000	46,000
Total inventories - net	1,962,172	2,266,441	1,092,793	1,158,109

As at December 31, 2019 and 2018, the partial of land held for development at cost amount of Baht 5.02 million with net book value amount of Baht 5.02 million are pledged at the Court for litigation.

During the year ended December 31, 2019, the AQ Estate Group have following movements in real estate under development.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2019	2,171,241	1,112,109
Recorded cost of construction and utility cost during the year	62,439	20,567
Transferred to be cost of goods sold during the year	(417,449)	(95,194)
Write-down of merchandises recognized as a part of cost of sales during the year	45,558	9,311
Transfer in (out) from property, plant and equipment	4,579	-
Balance as at December 31, 2019	1,866,368	1,046,793

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2019 are summarized below.

	(Unit : Thousand Baht)	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2019	335,495	79,324
<u>Less</u> Reversal of allowance of diminution in value of inventories	(45,558)	(9,311)
Balance as at December 31, 2019	289,937	70,013

In 2018, the Company has hired many independent appraisers. The appraisal value appraised in real estate under development by analyzing market value and cost method and revealed that some real estate under development net book values are exceeding the appraisal value appraised.

As at December 31, 2019, the reversal of allowance of diminution in value of inventories amount of Baht 288.61 million in Consolidated Financial Statements and amount of Baht 70.01 million in Separate Financial Statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 24.2 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Loans from financial institution				
(Note 24.2)	268,881	263,249	-	-
Pledged at Court for litigation	-	6,892	-	6,892
Total	268,881	270,141	-	6,892

On April 28, 2016 and May 18, 2016, the Company has entered into the Commission Fee and the Sole Agency with a local non - related company to sell collateral land of the lawsuit as discussed in Note 1. The commission fee is 2.5% of the total agreed purchase price and the sole agent fee is 1.5% of the total agreed purchase price but not over than amount of Baht 150 million. Such company will receive the payment of those fees only when successfully sale of such land. However, on June 16, 2016 this company changed the payment term of sole agent fee by asking the Company to make a payment on a monthly basis amount of Baht 1.50 million per month for 4 months since June to September 2016, totaling Baht 6.0 million. Total monthly sole agent fee is considered as a part of sole agent fee to be paid to such company.

On October 27, 2016 the company issued the letter one contractor to terminate one construction contract effective on November 1, 2016. As at September 30, 2016 the Company still had a commitment with respect to the construction contract of Baht 453.41 million. On November 16, 2016 the contractor asked for pending

advance payment of Baht 80,013,403.32 (balance as at July 31, 2016) which would be treated as payments for the following items.

1. Construction works in August 2016 amount of Baht 35,867,382.16
2. Construction works in September 2016 amount of Baht 29,763,708.64
3. Accumulated retentions until September 2016 amount of Baht 11,360,420.10
4. Additional works amount of Baht 3,052,667.74

The contractor provided the details of expenses including materials, dismantling expenses, and etc. The amount of Baht 23.44 million and claimed for loss compensation amount of Baht 70.42 million. Presently, the Company is in the process of works inspection and negotiates with the contractor. Currently under trial.

However, based on the results of works inspection, the Company will pay for Clause 2 amount of Baht 28,986,169.66 only. The pending advance will be used for net offsetting with the items in Clause 1 and 2.

Clause 3 amount of Baht 11,321,543.15, the Company has not yet considered this item.

Clause 4 amount of Baht 3,052,667.74, the Company has assigned a working team to assess the actual value of such additional works.

The Company has been sued in addition; the board of directors had a resolution to refund reservation fees for customers who want to terminate the reservation contracts of the project.

On October 1, 2018, the subsidiary was sued by Mctric Public Company Limited, a contractor in the property development project that the company requested to stop construction, undecided case No. Por. 5671/2018, in case of breach of contract of work, claim for damages. According to the date of February 4, 2019, which is the day for settlement of issues and set the prosecution date or witness examination of the plaintiff. The court has already queried both parties and then both parties agreed with allowing the court to submit expressions to the Mediation and Conciliation Center of the Civil Court and a mediation appointment was on July 11, 2019, and on the day of the appointment, the court examined the indictment and testimony and then determined the issue of the dispute as follows: 1. Does the plaintiff have the power to sue? 2. Did the defendant breach the contract? 3. Did The plaintiff correctly request to terminate the contract by legal? 4. The defendant is liable to pay damages to the plaintiff. The parties have requested to postpone the mediation again on August 26, 2019. Both cannot reach an agreement, the courts meeting schedule the hearing date on March 24-26, 27 and 31 March 2020. The appointment to hear the judgment on May 29, 2020.

The subsidiary was sued by Mctric Public Company Limited. undecided Case No. Por. 1726/2019. amount sued Baht 37,665,617.72 (Shasa Retreat Hotel Soonvijai project), the day for settlement of issues on July 22, 2019 and that day. The court has examined the expression and it appears that the testimony and counterclaims have not been submitted to the plaintiff. The plaintiff has not submitted a statement to resolve the counterclaim. Therefore, unable to point out problems, so to postpone the appointment of the new day for settlement of issues on September 23, 2019. The case, the defendant are counterclaims to the plaintiff to get payment amount of Baht 108,202,728.48 with interest 15% per annum for amount of Baht 106,663,506.56. Both cannot



reach an agreement, the courts meeting schedule the hearing date on May 20-22 and May 26-27, 2020. The appointment to hear the judgment on July 29, 2020.

And undecided case No. Por. 1727/2019, amount sued Baht 25,470,331.32 (Shasa Retreat Hotel Soonvijai project), the day for settlement of issues on July 22, 2019, and that day, the plaintiff's lawyer filed a petition requesting the court to mediate this case together with the undecided case No. 5617/2018 and undecided case No. Por 1726/2019. The plaintiff's lawyer stated that he requested to submit a statement to resolve within 30 days. The court then allowed the plaintiff to submit a statement to resolve the counterclaim within August 21, 2019 and to postpone the day for settlement of issues on October 7, 2019. Both cannot reach an agreement, the courts meeting schedule the hearing date on April 28-30, 2020, 1 and 5 March 2020. The appointment to hear the judgment on July 8, 2020.

### 13. OTHER CURRENT ASSETS

As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Deposits of land	850,109	850,109	850,109	850,109
<u>Less</u> Allowance for doubtful account	(850,109)	(850,109)	(850,109)	(850,109)
Deposits of land – net	-	-	-	-
Advance for lawsuit	2,140	-	2,140	-
Total	2,140	-	2,140	-

During the year 2017, the Company received a refundable deposit of Baht 2 million and transferred ownership of the condominium units as a guarantee to repay the debt. The collateral has the condition that the debtor is entitled to repurchase within 12 months from the date that the debtor transfers ownership.

On April 28, 2018 the Company received a letter of transfer of assets from the debtor. The debtor will transfer its all the units of condominium at amount of Baht 48.49 million for pay all outstanding debts to the Company (this includes deposits and interest on defaults) by June 15, 2018. The debtor will be responsible for the fees and taxes on the transfer of ownership.

On May 15, 2018 the Company entered into a transfer agreement under the Concession Agreement dated April 28, 2018 to a subsidiary (Thanont Property Co., Ltd.) as per the resolution of the Board of Directors' Meeting No.3/2018 held on March 21, 2018.

Subsequently, on June 29, 2018 the subsidiary transferred the condominium units from eight non-related companies totaling Baht 29.81 million. The subsidiary registered the transfer of ownership on June 29, 2018, which the subsidiary has recorded under inventory (Note 12). The Company recognized interest income under " Other income " in the statement of comprehensive income (Note 27).

### Advance for lawsuit

On September 26, 2019 to January 10, 2020, The Civil Execution Department has notified attachment of a claim to four banks in 9 deposit accounts of the Company totaling Baht 69.40 million, according to the Criminal Division for Persons Holding Political Position of The Supreme Court has an execution. And on October 15, 2019, some banks have already suspense account amount of Baht 2.14 million.

## 14. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2019 and 2018 were as follows:

	Paid-up	Percentage of Ownership		(Unit: Thousand Baht)	
				Separate Financial	
				Statements	
				Cost Method	
	Share Capital	(%)			
	(Million Baht)	2019	2018	2019	2018
Allied Technologies International Co., Ltd.	100	99.90	99.90	100,315	100,315
Thanont Property Co., Ltd.	25	99.80	99.80	23,612	23,612
AQ property management Co., Ltd.	1	99.93	99.93	1,000	1,000
AQ Marketing Services Co., Ltd.	1	99.94	99.94	1,000	1,000
AQ Village Co., Ltd.	1	99.94	99.94	999	999
Free Zone Asset Co., Ltd.	1	99.98	99.98	42,105	42,105
Aquarius Estate Co., Ltd.	54	99.99	99.99	480,998	480,998
Villa Nakarin Co., Ltd.	270	99.99	99.99	170,232	170,232
The Tarna Align Resort Co., Ltd.	139	99.82	-	125,480	-
Total				945,741	820,261
<u>Less</u> Allowance for impairment of investments				(820,261)	(820,261)
Net				125,480	-

### 14.1 INVESTMENT IN SUBSIDIARY (AQUARIUS ESTATE CO., LTD.)

On July 12, 2013 the Company has acquired a business of Aquarius Estate Co., Ltd. which was unanimously approved by the Board of Directors' Meeting no. 7/2013 held on June 25, 2013 from former shareholder by 85 percent of the share capital of Aquarius Estate Co., Ltd. in value of Baht 400 million. The Company has paid the shares on July 11, 2013 at amount of Baht 54 million and the rest was paid on July 19, 2013 at amount of Baht 346 million. Aquarius Estate Co., Ltd. has invested in shares in Aquarius Hotel and Resort Co., Ltd. by 100 percent of the share capital in value of Baht 1 million. As at the acquisition date, net book value of assets net from liability of indirect subsidiary company is lower than investment amount of Baht 0.28 million.

On February 11, 2014 the Company obtained additional control of Aquarius Estate Co., Ltd. (Aquarius) a real estate trading company by acquiring 15% of the shares and voting interests in the company at total amount of Baht 81.00 million. As a result, the Group's equity interest in Aquarius increased from 85% to 99.99%. The Company paid for the shares on February 12, 2014.

Taking control of Aquarius will enable the Group to have efficiency in management control.

#### 14.2 INVESTMENT IN SUBSIDIARY (VILLA NAKARIN CO., LTD.)

The Board of Directors' meeting No. 9/2014 held on September 26, 2014 has approved the investment in Villa Nakarin Co., Ltd. amount of 2.70 million shares with totaling approximately amount of Baht 170 million or price per share of Baht 62.96 from a former shareholder representing 99.99% of the total paid-up shares. Costs consisted of first payment at Baht 124.06 million and the compensation from operation result afterwards the Company. Agreed to pay the compensation to the seller at 80% of profit after deducting cost of goods sold, selling and administrative expenses as specified in the agreement. Which shall be determined when the project is completed and sold or not more than 30 months commencing from the agreement date. Due to on March 31, 2017 (At present during under negotiation extend for a while.) The management of the Company has estimated such compensation to former shareholders of at amount of Baht 46.17 million. On October 1, 2014 the Company paid for the shares at amount of Baht 119.79 million and recorded liabilities at amount of Baht 50.44 million registered to transfer of shares with the Ministry of Commerce on October 6, 2014.

The Company recorded acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	(Unit: Thousand Baht)
Cash paid	119,786
Provision for indemnity guarantee	4,278
Estimate liabilities payable to former shareholders	46,168
Total Consideration transferred	170,232

The carrying amount of assets and liabilities that consideration transferred to the Company as at the assets acquisition date are as bellows:

	(Unit: Thousand Baht)		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
<b>Assets</b>			
Cash and cash equivalents	30,092	-	30,092
Other account receivables	23,102	-	23,102
Inventories	424,000	(61,477)	362,523
Other current assets	695	-	695
Assets held for sale	30,000	-	30,000
Restricted deposit with bank	4,697	-	4,697
Equipment	13	-	13
Total assets	512,599	(61,477)	451,122
<b>Liabilities</b>			
Trade account payables	72,760	-	72,760
Advances received from customers	30,000	-	30,000
Other current liabilities	6,250	-	6,250
Long - term loans from financial institution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets-net	231,709	(61,477)	170,232

#### 14.3 Investment in subsidiary (The Tarna Align Resort Co., Ltd.)

On September 2, 2019, the company acquired the business of The Tarna Align Resort Co., Ltd. Following according to the resolution of the Board of Director's meeting No. 8/2019 dated August 29, 2019 from ex shareholder in proportion 99.82 percent of authorized capital in The Tarna Align Resort Co., Ltd. Which calculated value among of Baht 125.48 million. The subsidiary paid deposit of share on July 11, 2019 amount of Baht 63.00 million and the reminder among of Baht 62.48 million the company take to promissory note to buyer that is 6 months the end of March 3, 2020 without interest.

Since October 1, 2019 until February 12, 2020, the Company has made payment for ordinary share from promissory note in above among of Baht 30.50 million.

The detail of value asset from new acquisition are following:

	(Unit: Thousand Baht)
Cash and cash equivalents	262
Trade accounts and other current receivable	809
Inventories	482
Long - term loans	10,538
Plant, equipment	162,834
Intangible assets	14,358
Bank overdrafts and short - term borrowings from financial institutions	(2,981)
Trade accounts and other current payable	(10,407)
Long - term debts	(53,042)
Deferred tax liabilities	(4,107)
Short - term loans	(1,091)
Acquisition of asset	117,655
Non - controlling interests	(211)
Net - Acquisition of asset	117,444
Goodwill	8,036
Consideration for acquisition subsidiary	125,480
Less: Cash and cash equivalents of the acquired subsidiary	(262)
Consideration for acquisition of subsidiary, net	125,218

Impairment testing of goodwill. The estimated amount to be recovered is lower than the carrying amount, the company recognized impairment losses in the consolidated amount of Baht 8.04 million.

#### 15. OTHER LONG-TERM INVESTMENTS

On September 3, 2018 the company entered into the agreement to buy and sell ordinary shares of a non-related person. The company has objective to purchase and acquire the ordinary share not less than 1.5 million shares, total amount non exceed baht 900 million. As at December 31, 2019 the company paid for the shares of baht 896 million the remaining balance of baht 4 million is due on June 30, 2019. That identify under the account "trade account payable and other current payable" in statement of financial position.

On December 3, 2018 seller transferred the shares to the company. Seller informed the company that its purchased price was 1,500,000 shares (baht 600 per shares). The company received the letter to confirm that no profit on shares' selling therefore the company did not withhold income tax from the share purchase transaction.

## 16. LONG - TERM LOAN

	(Unit: Thousand Baht)	
	Consolidated Financial Statements	
	December 31, 2019	December 31, 2018
Long – term loan to third party	30,000	30,000
Acquisition	10,538	-
Total	40,538	30,000
Allowance for doubtful debt	(38,112)	(30,000)
Net	2,426	-

## LONG - TERM LOAN TO THIRD PARTY

In 2016, the subsidiary recognized allowance for doubtful debt of long - term loan to third party amount of Baht 30 million due to Anti - Money Laundering Office informed the subsidiary to explain for transaction of freeze asset which the borrower uses for such loan guarantee.

Case with attorney officer of department of Special Litigation 3 requested to revoke property that acquired by unlawful. Attorney office claimed that a subsidiary company (Vitoonthanakorn Co., Ltd.) mortgage land with non-related person. The court order to hear sentence on March 19, 2019. The court sentenced that such mortgaged land becomes the property of government. The sentence is requested to be copied. At present, an appeal has been filed with the Court of Civil court. During the consider of the court of appeals.

The undecided case No Mor Yor 49/2019, the company sued Mr.Jadesada Yindee with 2 person defendants due to breach of contract and request to pay mortgage debt. The court ordered to have witness process appointment on October 17, 2019, both parties agreed to a compromise agreement and the court gave the judgment as follows:

1. Both defendants admitted that they owe the subsidiary company in amount of Baht 32,863,561.64.
2. The two defendants agreed to transfer the land, which is the title deed and the utility certificate (Nor Sor 3 Kor) in the total of 6 plots, total area of approximately 114 rai 2 ngan 40 square wah with buildings to the plaintiff. Which both defendants accepted total of land has not obligation or non-related with any violate. For the transfer land with building total 6 plot, such the plaintiff that defendants agreed to paid expense, fee and taxation only. The defendants will complete the transfer process within 30 days from October 17, 2019.

3. According to this case both defendants mortgaged land as loan collateral, mortgaged land title deed number 17056, 17078, Utilization certificate (Nor Sor 3 Kor) number 2185, and land title deed number 169326, to plaintiff. If both defendants transferred land as stated in No.2 to plaintiff within specified date (within 30 days) from today. The plaintiff has to redeem the mortgage of land to both defendants within 30 days since defendants transferred the last land plot to plaintiff.
- 3.1 Regarding land title deed number 169326 both defendants agreed that plaintiff will redeem their mortgage after 3 years from October 17, 2019. This land was guaranteed for the three-year period that will be transferred to plaintiff immediately if any of mortgaged land as said in No.2 is seized, frozen, legal execution, or enforcement to be government property by any government agency, for example the Anti-Money Laundering Office (AMLO), the Department of Special Investigation (DSI), court, or other government or private office.
- 3.2 If any land or all land as said in No.2 above was seized by government agency, it was considered that both defendants default payment the remaining of their debt, and both defendants allow plaintiff enforce debt payment per supplementary plaint of Baht 32,863,531.64 with interest rate at 15% per annum of principle Baht 30,000,000 since sue date until full payment to plaintiff.
4. On due date as said in No.2 (within 30 days from October,17 2019) and/ or No.3, if both defendants do not follow or complete the agreement, it was considered that both defendants default payment of total debt. By using sentence of the statement, both agreed to transferred land building of 6 plots as said in No.2 and/ or No.3 to plaintiff. Any expense, transfer fee, and duty that plaintiff paid in advance, both defendants will repay to plaintiff. If plaintiff refuse to transfer land back to defendant as said in No.3, by using this statement both defendants will pay all expenses in their own.

The case has ended because the two sides have had to compromise agreement. Currently under trial, the defendant refused to comply with contract.

## 17. INVESTMENT PROPERTY

Investment property as at December 31, 2019 and 2018 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Land and building - Krisada Doi	-	-	270,440	276,087
Leasehold right on warehouse - Bangkok Free Trade Zone	119,523	126,386	-	-
Total	119,523	126,386	270,440	276,087

During the nine-month periods ended December 31, 2019 and 2018 the group have following movements in investment property are as follows:

	(Unit : Thousand Baht)	
	Consolidated	
	Financial Statements	
Leasehold right in warehouse - Bangkok Free Trade Zone		
At Fair value		
As at January 1, 2018	249,473	
Additions	320	
(Decrease)	(14,985)	
As at December 31, 2018	234,808	
Additions	-	
(Decrease)	(6,863)	
As at December 31, 2019	227,945	
Allowance for loss from fair value adjustment		
As at January 1, 2018	108,422	
Loss from fair value adjustment for the year	-	
As at December 31, 2018	108,422	
Loss from fair value adjustment for the year	-	
As at December 31, 2019	108,422	
Net Book Value		
As at December 31, 2018	126,386	
As at December 31, 2019	119,523	

Investment property in the consolidated financial statements represented leasehold right on warehouse obtained from acquisition of Free Zone Asset Co., Ltd. As at December 31, 2019 has fair value appraised value based on the report of an independent appraisal firm dated April 20, 2018 of S.L. Standard Appraisal Co., Ltd. by using Income Approach method using discounted cash flow to be amount of Baht 155 million. The leasehold right has remaining period of 17 years 5 months.

The changes in net of carrying value of investment property, which presented as Separated financial statement during the years 2019 and 2018 are as follows:

(Unit : Thousand Baht)				
	Separate Financial Statements			
	Land	Land improvement	Assets under installation	Total
Leasehold Right on Land in Project Krisada Doi				
At Fair value				
As at January 1, 2018	184,828	106,171	-	290,999
Increase (Decrease)	-	-	-	-
As at December 31, 2018	184,828	106,171	-	290,999
Increase (Decrease)	-	-	-	-
As at December 31, 2019	184,828	106,171	-	290,999
Accumulated Amortization				
As at January 1, 2018	-	8,976	-	8,976
Amortization charge for the year	-	5,936	-	5,936
As at December 31, 2018	-	14,912	-	14,912
Amortization charge for the year	-	5,647	-	5,647
As at December 31, 2019	-	20,559	-	20,559
Net Book Value				
As at December 31, 2018	184,828	91,259	-	276,087
As at December 31, 2019	184,828	85,612	-	270,440

As at December 31, 2019 and 2018, the net certain investment property items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amount to Baht 1.70 million and Baht 1.70 million, respectively.



## 18. PROPERTY, PLANT, EQUIPMENT AND LEASEHOLD RIGHTS

### 18.1 Property, plant and equipment - net

(Unit : Thousand Baht)

	Consolidated Financial Statements					Total
	Land	Buildings and building improvement s	Sport club and others	Furniture, fixtures and office equipment and vehicles	Asset under installation	
<b>Cost</b>						
<b>As at January 1, 2018</b>	295,105	759,065	27,377	216,606	222,535	1,520,688
Additions	-	13,895	-	2,232	44,520	60,647
Transfer in (out)	-	130,226	-	34,052	(164,405)	(127)
Disposals	-	-	-	(3,767)	-	(3,767)
<b>As at December 31, 2018</b>	295,105	903,186	27,377	249,123	102,650	1,577,441
Acquisition	-	149,384	-	13,450	-	162,834
Additions	-	2,722	-	3,090	7,665	13,477
Transfer in (out)	-	(286)	-	(2)	(8,898)	(9,186)
Disposals	-	(30,714)	-	(1,358)	-	(32,072)
<b>As at December 31, 2019</b>	295,105	1,024,292	27,377	264,303	101,417	1,712,494
<b>Accumulated Depreciation</b>						
<b>As at January 1, 2018</b>	-	192,217	15,715	149,480	-	357,412
Depreciation charge for the year	-	37,107	1,068	29,963	-	68,138
Transfer in (out)	-	-	-	(64)	-	(64)
Disposals	-	-	-	(3,644)	-	(3,644)
<b>As at December 31, 2018</b>	-	229,324	16,783	175,735	-	421,842
Depreciation charge for the year	-	43,207	1,001	29,593	-	73,801
Transfer in (out)	-	(4,553)	-	(49)	-	(4,602)
Disposals	-	(12,478)	-	(124)	-	(12,602)
<b>As at December 31, 2019</b>	-	255,500	17,784	205,155	-	478,439
<b>Allowance for Impairment</b>						
<b>As at December 31, 2018</b>	-	78,700	-	3,319	3,302	85,321
(Reversal of) impairment loss during the year	-	-	-	-	-	-
<b>As at December 31, 2019</b>	-	78,700	-	3,319	3,302	85,321

(Unit : Thousand Baht)

## Consolidated Financial Statements

	Land	Buildings and building improvement s	Sport club and others	Furniture, fixtures and office equipment and vehicles	Asset under installation	Total
<b>Net Book Value</b>						
Owned assets	295,105	595,162	10,594	65,276	99,348	1,065,485
Assets under finance lease	-	-	-	4,793	-	4,793
<b>As at December 31, 2018</b>	<b>295,105</b>	<b>595,162</b>	<b>10,594</b>	<b>70,069</b>	<b>99,348</b>	<b>1,070,278</b>
Owned assets	295,105	690,092	9,593	54,201	98,115	1,147,106
Assets under finance lease	-	-	-	1,628	-	1,628
<b>As at December 31, 2019</b>	<b>295,105</b>	<b>690,092</b>	<b>9,593</b>	<b>55,829</b>	<b>98,115</b>	<b>1,148,734</b>

(Unit : Thousand Baht)

## Separated Financial Statements

	Land	Buildings and building improvements	Sport club and others	Furniture, fixtures and office equipment and vehicles	Total
<b>Cost</b>					
<b>As at January 1, 2018</b>	<b>6,754</b>	<b>67,294</b>	<b>27,056</b>	<b>60,632</b>	<b>161,736</b>
Additions	-	-	-	599	599
Disposals	-	-	-	(304)	(304)
<b>As at December 31, 2018</b>	<b>6,754</b>	<b>67,294</b>	<b>27,056</b>	<b>60,927</b>	<b>162,031</b>
Additions	-	-	-	586	586
Disposals	-	-	-	-	-
<b>As at December 31, 2019</b>	<b>6,754</b>	<b>67,294</b>	<b>27,056</b>	<b>61,513</b>	<b>162,617</b>

(Unit : Thousand Baht)

Separated Financial Statements					
	Land	Buildings and building improvements	Sport club and others	Furniture, fixtures and office equipment and vehicles	Total
<b>Accumulated Depreciation</b>					
As at January 1, 2018	-	58,055	15,463	52,567	126,085
Depreciation charge for the year	-	1,236	1,016	4,337	6,589
Disposals	-	-	-	(304)	(304)
As at December 31, 2018	-	59,291	16,479	56,600	132,370
Depreciation charge for the year	-	1,106	985	2,967	5,058
Disposals	-	-	-	-	-
As at December 31, 2019	-	60,397	17,464	59,567	137,428
<b>Net Book Value</b>					
Owned assets	6,754	8,003	10,577	3,369	28,703
Assets under finance lease	-	-	-	958	958
As at December 31, 2018	6,754	8,003	10,577	4,327	29,661
Owned assets	6,754	6,897	9,592	1,946	25,189
Assets under finance lease	-	-	-	-	-
As at December 31, 2019	6,754	6,897	9,592	1,946	25,189

As at December 31, 2019 and 2018, the net certain building and equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amount to Baht 117.92 million and Baht 100.19 million, respectively. (The AQ Estate Group: amount to Baht 191.05 million and Baht 140.52 million, respectively).

## 18.2 Leasehold rights - net

During the year ended December 31, 2019 and 2018 the group have following movements in leasehold right as follows:

	(Unit : Thousand Baht)
	Consolidated
	Financial
	Statements
<b>Cost</b>	
As at January 1, 2018	298,242
Additions	-
As at December 31, 2018	298,242
Additions	-
Decrease	(28,890)
As at December 31, 2019	269,352
<b>Accumulated Amortization</b>	
As at January 1, 2018	42,716
Amortization charge for the year	7,490
As at December 31, 2018	50,206
Decrease	(13,482)
Amortization charge for the year	3,594
As at December 31, 2019	40,318
<b>Allowance on Impairment</b>	
As at December 31, 2018	153,730
Impairment loss during the year	-
As at December 31, 2019	153,730
<b>Net Book Value</b>	
As at December 31, 2018	94,306
As at December 31, 2019	75,304

As at December 31, 2019 and 2018 leasehold rights consisted of:

	(Unit: Thousand Baht)	
	Consolidated	
	Financial Statements	
	2019	2018
<b>Leasehold rights of land</b>		
A) Leasehold right of land in Koh Larn, Chonburi	67,569	70,852
B) Leasehold right of land in project the Malibu Beach Resort-Koh Samui	-	15,408
C) Leasehold right of land in project Alix Bangkok Hotel (Formerly named "Shasa Retreat Hotel")	7,735	8,046
<b>Total</b>	<b>75,304</b>	<b>94,306</b>

The indirect subsidiary company holds leasehold right of land approximately 81 Rais in Koh Larn, Chonburi for resort business for the remaining period 27 years at book value of Baht 248 million. Based on the appraisal report of independent appraiser in July 2013, the appraised value of leasehold right is Baht 275 million. Using, the income approach method. This method is calculated basing on the discounted cash flow of the revenues for the period of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1<sup>st</sup> and 2<sup>nd</sup> years (as the project is under resort construction). On May 4, 2016 the Company entered into the contract with non-related party to transfer a leasehold right of beach front amount to Baht 10 million. The hold management contract requires the company to provide beach front area for hotel customer. Then the company complied to the contract. At the present is in transferring process. On February 5, 2015 the company entered into Letter of intent with a foreign company for entering into a hotel management agreement.

However, on March 24, 2016, such foreign company postponed entering into a hotel management agreement until the Stock of Exchange of Thailand lifts its suspension of trading of the company's shares. This matter caused the project has been suspended. On September 22, 2016, then refunded deposit payment of us 60,000 dollars USA. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the Company has engaged an independent appraiser to re-appraise the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumptions that the Company's the credit facilities were suspended from various financial institutions and there were material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1(A). The market information of comparative land was not having the same area as the Company and there was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in

assets. The AQ Estate Group recognized the impairment loss on such leasehold right as at December 31, 2019 amounting to Baht 153.73 million.

On July 3, 2015, a subsidiary company (Aquarius estate Co., Ltd.) entered transferring leasehold right on land and structure thereon with a non-related person for hotel business for period of 7 years and 6 months 19 days at amount of Baht 28.90 million. On March 28, 2019, a subsidiary company cancel leasehold right on land and structure the contractor asked for a pending of Baht 15.41 million and 18.23 million respectively a subsidiary company amortization of leasehold right on land and structure under "Administrative expenses" in the statement of comprehensive income.

## 19. INTANGIBLE ASSETS

	(Unit : Thousand Baht)			
	Consolidated Financial			
	Software licences	Franchise contract	Leasehold rights	Total
<b>Cost</b>				
As at January 1, 2018	7,690	1,000	-	8,690
Additions	876	-	-	876
Transfer in	127	-	-	127
As at December 31, 2018	8,693	1,000	-	9,693
Acquisition	84	-	14,274	14,358
Additions	180	-	-	180
Disposals	-	(1,000)	-	(1,000)
Transfer in	5	-	-	5
As at December 31, 2019	8,962	-	14,274	23,236
<b>Accumulated Amortization</b>				
As at January 1, 2018	4,465	454	-	4,919
Amortization charge for the year	1,568	200	-	1,768
Transfer in	64	-	-	64
As at December 31, 2018	6,097	654	-	6,751
Amortization charge for the year	1,585	-	194	1,779
Disposals	-	(654)	-	(654)
As at December 31, 2019	7,682	-	194	7,876
<b>Allowance</b>				
As at December 31, 2018	-	346	-	346
As at December 31, 2019	-	-	-	-
<b>Net Book Value</b>				
As at December 31, 2018	2,596	-	-	2,596
As at December 31, 2019	1,280	-	14,080	15,360

	(Unit : Thousand Baht)
	Separate Financial
	Statements
	Software licences
<b>Cost</b>	
As at January 1, 2018	4,601
Additions (Decrease)	-
<b>As at December 31, 2018</b>	<b>4,601</b>
Additions (Decrease)	-
<b>As at December 31, 2019</b>	<b>4,601</b>
<b>Accumulated Amortization</b>	
As at January 1, 2018 and as at December 31, 2018	3,657
Amortization charge for the year	919
<b>As at December 31, 2019</b>	<b>4,576</b>
<b>Net Book Value</b>	
As at December 31, 2018	944
As at December 31, 2019	25

## 20. DEFERRED INCOME TAX ASSETS AND LIABILITY

Tax income (expenses) for each of the years ended December 31, 2019 and 2018 consisted of:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
- Property, plant and equipment	260	204	-	-
Tax income (expense)	260	204	-	-

Reconciliations between Tax income (expense) and accounting gain (loss) multiplied by the applicable tax rate for each of the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separated Financial Statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	(186,630)	74,683	(254,646)	16,292
Income tax rate at 20%	37,326	(14,937)	50,929	(3,258)
Add (less) : Tax effect of exempted income and non-deductible expenses	(78,522)	(65,932)	5,471	(46,879)
Unrecognition of deferred income tax assets	41,456	81,073	(56,400)	50,137
Tax income (expense)	260	204	-	-

The details of deferred income tax assets and liability as at December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements			
	Recorded as (expense) income in			
	December 31,	Profit	Other	December 31,
	2018	for the year	comprehensive income for the year	2019
<b>Deferred income tax assets</b>				
- Loss carry forward	-	-	-	-
- Provision for litigation	353	-	-	353
- Employee benefit retirement obligation	-	-	-	-
Total	353	-	-	353
<b>Deferred income tax liability</b>				
- Intangible Asset	-	39	(2,855)	(2,816)
- Property, plant and equipment	(2,445)	221	(1,252)	(3,476)
Total	(2,445)	260	(4,107)	(6,292)



### Unrecognized Deferred Income Tax Assets

As at December 31, 2019 and 2018, the AQ Estate Group did not recognize deferred income tax assets for a temporary difference item, use tax deduction and certain temporary differences totaling Baht 1,597.30 million and Baht 1,638.76 million, respectively (for the separate amount of Baht 1,640.86 million and Baht 1,584.39 million, respectively) since it is not probable that future taxable profit will be available against which the AQ Estate Group and the Company can utilize the benefit therefore.

## 21. OTHER NON – CURRENT ASSETS

As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Restricted deposits with banks (Note 21.1)	94,382	89,922	50,471	51,382
Property, plant and construction in progress				
(Note 21.2)	727,813	729,874	-	-
Withholding taxes	5,724	6,628	-	-
Total	827,919	826,424	50,471	51,382

### 21.1 Restricted deposits with banks

Restricted deposits with banks are fixed deposits with certain banks that have been pledged as collaterals for letters of guarantee issued by the banks.

### 21.2 Property, plant and construction in progress

Other non - current assets of the subsidiary land that delayed construction in Phuket and projects under construction that delayed the construction of the project at Rattana Thibet present by cost in the consolidated financial statement, As at December 31, 2019 amount of Baht 295.57 million and amount of Baht 432.24 million respectively, As at December 31, 2018 amount of Baht 295.57 million and Baht 434.30 million respectively (appraised value based on reports of the independent appraise in the year 2018, using value Market method amount of Baht 348.20 million and Baht 434.30 million) respectively.

## 22. TRADE ACCOUNTS AND OTHER CURRENT PAYABLE

As at December 31, 2019 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Non-related companies				
- Trade account payable - net	26,145	37,821	1,040	923
- Other current payable - net	244,869	341,684	83,906	222,765
Total trade accounts and other current payable - net	<u>271,014</u>	<u>379,505</u>	<u>84,946</u>	<u>223,688</u>
Trade account payable	20,438	27,904	291	20
Construction payables	<u>5,707</u>	<u>9,917</u>	<u>749</u>	<u>903</u>
Total trade account payable - net	<u>26,145</u>	<u>37,821</u>	<u>1,040</u>	<u>923</u>
Other current payable - net				
- Advance payment	53,031	16,445	4,128	2,308
- Accrued expense	14,752	20,028	2,406	5,476
- Deposit received	71,821	73,060	15,993	18,255
- Payable to revenue department	44,768	44,120	16,761	16,384
- Unearned income	2,554	6,063	70	5,613
- Other payables	<u>57,943</u>	<u>181,968</u>	<u>44,547</u>	<u>174,729</u>
Total other current payable - net	<u>244,869</u>	<u>341,684</u>	<u>83,905</u>	<u>222,765</u>
Trade account and other current payable				
- related parties (Note 7)	<u>-</u>	<u>-</u>	<u>145,929</u>	<u>141,820</u>
Trade account and other current payable - net	<u>271,014</u>	<u>379,505</u>	<u>230,874</u>	<u>365,508</u>

## 23. PROVISION FOR CURRENT OTHER LIABILITIES

### Provision for Litigation

As discussed in Note 1, on November 16, 2015, the Board approved the management of the Company estimated compensation on such damage and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2015 at amount of Baht 1,630.50 million (net of the collateral value). As the actual compensation will substantially depend on the Company's ability to sell such collateral land at the estimated price. During of 2016 the company recorded additional permutation of Baht 3,056.20 million per selling this pledged land. The Company paid damages to Krung Thai Bank amounting to Baht 1,635.74 million and during of year end, 2017 to December 31, 2019 the company recorded additional of Baht 6.66 million per selling this land.

## 24. LOANS TERM DEBTS

As at December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Liabilities under debt restructuring				
agreements (Note 24.1)	1,053	1,033	1,053	1,033
Long - term loans (Note 24.2)	48,803	2,860	-	-
Liabilities under debt financial lease (Note 24.3)	203	1,597	-	-
Total	50,059	5,490	1,053	1,033
<u>Less</u> Current portion of long - term debts				
- Liabilities under debt restructuring				
agreements	(1,053)	(1,033)	(1,053)	(1,033)
- Long - term loans	(15,745)	(2,860)	-	-
- Liabilities under debt financial lease	(203)	(1,394)	-	-
Total	(17,001)	(5,287)	(1,053)	(1,033)
Net	33,058	203	-	-

### 24.1 Liabilities under debt restructuring agreements

Movements in the loans considered as default, liabilities under debt restructuring for nine - month periods ended December 31, 2019 are as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2019	1,033	1,033
Increase	20	20
Balance as at December 31, 2019	1,053	1,053

## 24.2 Long - term loans

Movements in the loans considered as default, long - term loans for year ended December 31, 2019 are as follows:

	(Unit: Thousand Baht)	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2019	2,860	-
Acquisition	53,042	-
Decrease (Repayment)	(7,099)	-
Balance as at December 31, 2019	48,803	-

As at December 31, 2019 and 2018, the AQ Estate Group's credit facilities bear interest at the rates ranging between MLR+0.25% to MLR+ 1% per annum. Subsidiary have collateral (Note 12), leasehold right (Note 18) and former director of Subsidiary (The Tarna Align Resort Co., Ltd.).

## 24.3 Liabilities under finance lease contracts

	(Unit: Thousand Baht)			
	Consolidated Financial Statements		Separate Financial statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Liabilities under finance lease contracts	204	1,636	-	-
<u>Less</u> Deferred interest	(1)	(39)	-	-
	203	1,597	-	-
<u>Less</u> Current portion of liabilities under finance lease	(203)	(1,394)	-	-
Net	-	203	-	-

The subsidiaries has entered three finance lease contracts with two local companies for purchasing of certain assets as discussed in Note 18. These contracts are repayable in 48 equal monthly installments.

## 25.PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial statements	
	2019	2018	2019	2018
Provision for employee retirement benefit as at January 1,	2,222	1,858	1,876	1,581
Current service costs	977	311	446	252

Interest expense	154	53	112	43
Past service costs	853	-	738	-
Actuarial gains(loss)	2,114	-	1,494	-
Payment of employee benefits	(741)	-	(685)	-
Provision for employee retirement benefit as at December 31,	5,579	2,222	3,981	1,876

Expenses recognized in the profit (loss) for each of the years ended December 31, 2019 and 2018 and as follows;

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial statements	
	2019	2018	2019	2018
Current service costs	977	311	446	252
Interest expense	154	53	112	43
Past service costs	853	-	738	-
Total	1,984	364	1,297	295

Actuarial assumptions are as follows;

	Consolidated Financial Statements	
	December 31, 2019	December 31, 2018
Discount rate (% per annum)	2.47-3.02	2.20 - 3.40
Average salary increase rate (% per annum)	4.55	6.25
Turnover Rate (% per annum)	Age range	Age range
Retirement age (year)	60	60

	Separate Financial statements	
	December 31, 2019	December 31, 2018
Discount rate (% per annum)	2.47	2.20
Average salary increase rate (% per annum)	4.55	6.25
Turnover Rate (% per annum)	Age range	Age range
Retirement age (year)	60	60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 are summarized below:

(Unit : Thousand Baht)				
Change of the present value of the employee benefit obligations increase (decrease)				
	Consolidated Financial Statements		Separate Financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(155)	162	(101)	107
Salary increase rate	181	(174)	124	(118)
Turnover rate	(213)	223	(151)	160

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2019, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

(Unit : Thousand Baht)		
	Consolidated Financial Statements	Separate Financial statements
Within 1 year	1,209	786
Over 1 and up to 5 years	3,531	2,603
Over 5 years	5,886	3,053

## 26. SHARE CAPITAL, DISCOUNT ON COMMON SHARE AND STOCK WARRANTS

### 26.1 Authorized share capital, Issued and paid - up share capital

- 1.1 According to the resolution of General Meeting of shareholders for year 2014 of the Company on April 24, 2014 approved a decreased in capital by reducing the par value of Baht 20 per share to Baht 0.50 per share to reduce the discount of share capital and the accumulated deficit and approve the amendment of the Memorandum of Association to comply with the decreasing of resisted capital and register with the Department of Business Development, Ministry of Commerce of March 3, 2015.
- 1.2 The Annual General Meeting of Shareholders for the year 2015 held on April 20, 2015, the meeting resolved the resolution to
  - a) Decreased the authorized capital from Baht 2,160.22 million (16,320.44 million shares, at Baht 0.50 per share) to be Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share).
  - b) Increased the authorized capital amount of Baht 3,549.63 million from Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share) to be Baht 11,659.18 million (23,318.36 million shares, at Baht 0.50 per share) by issuing new ordinary shares totaling 7,099.26 million shares, at Baht 0.50 per share.
  - c) To allocate newly issued ordinary shares as following:

- ☐ General Mandate amount does not exceed 3,000 million shares, Baht 0.50 par value for offering to the existing shareholders in the proportion.
  - ☐ Total amount does not exceed 99.26 million shares, Baht 0.50 par value for reserve to adjust the additional right as warrant that will purchase (AQ-W2 total 25.77 million shares and AQ-W3 total 73.48 million shares).
  - ☐ Total amount not exceed 4,000 million shares, Baht 0.50 par value both full amount or any part in the same time or different time to private placement investors and/or institutional investors of private placement in the offering price not less than 90% of market price but the offering price not less than Baht 0.50 per share In addition, the Board of Directors or the people who is assigned by the Board of Directors are able to consider the allocation of newly issues common shares as mentioned above.
- 1.3 On July 15, 2015, the Company registered the change in paid-up capital to increase from the original amount of 8,614 shares, which made paid-up capital to be Baht 6,336,985,976.50, (divided into ordinary shares 12,673,971,953 shares at Baht 0.50 par value).
- 1.4 On June 6, 2016, the Company registered the change in paid-up capital to increase from the original amount of 711,582 shares, which made paid-up capital to be Baht 6,337,341,767.50, (divided into ordinary shares 12,674,683,535 shares, at the par value of Baht 0.50).
- 1.5 The company holds the Extra General Meeting of shareholders No.1/2017 on June 30, 2017, resolution to
1. Approved by decreasing the unsold and unpaid of the registered capital of Baht 5,321,839,806.50, divided into 10,643,679,613 ordinary shares, Baht 0.50.
  2. Approved the amendment of the company's memorandum of association in item 4 regarding the registered capital to comply with the capital reduction in accordance with agenda 1. The details are as follows: item 4 Registered Capital Baht 6,337,341,767.50, divided into Baht 12,674,683,535 shares par value Baht 0.50 per shares divided into 12,674,683,535 ordinary shares, Preference Shares -None-
  3. The capital increase-option 2, in case of the company increases the capital to private placement prior to the capital increase for right offering. The details are as follows:
    - ☐ Approved the capital increase in the amount of Baht 140,668,670,884 by issuance of newly issued ordinary shares of 281,337,341,768 shares at the par value of Baht 0.50. After the capital increase, the Company will have the registered capital of Baht 147,006,012,651.50 comprised of ordinary shares in total of 294,012,025,303 shares at par value of Baht 0.50.
    - ☐ Approved to amend the memorandum of association in item 4: Item Registered Capital, to comply with the increase of the registered share capital by cancelation of the previous sentences and use these new sentences as following: Item 4 Registered Capital Baht 147,006,012,651.50 Comprised of 294,012,025,303 shares par value Baht 0.50 Comprised of: Ordinary Shares 294,012,025,303 shares Preferred shares -None-

- ☐ Approved to consider the issuance and offering the warrants to purchase ordinary shares of AQ Estate Plc.no. 4 (AQ-W4) for not exceeding 56,337,341,768 unit.
- ☐ Approved to consider the allotment of newly issued ordinary shares of the Company of 281,337,341,768 shares at par value of Baht 0.50 per share in the following order:
  1. Allotment of newly issued ordinary shares of 100,000,000,000 shares, Baht 0.50 par value for private placement by empowerment the Board of Directors or the person assigned by the Board of Directors to determine offering price and number of allocated shares for one year. However, the offering price must be (1) the price calculated by weighted average in the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price with the price discount of not more than 10% . At present, the company has no reference price because in the periods of trading suspension (SP). Therefore, the company must have to find next price. (2) The company conducts a price determination through a process that allows institutional investors to express their wish to acquire newly issuance shares at book building price. At the date of the Board of Directors approved the share allotment and pricing, the company will take book building price to consider in the allocation. In case of the price according to (1) and book building according to (2) does not reflect the true value of shares, the company will use the appraised value by the Financial Advisor Company for consideration. The company will employ S14 Advisory Company Limited, the financial advisor in the list of the SEC to appraise preliminary information for shareholders acknowledge and the appraised value is Baht 0.05.
  2. Allotment of newly issued ordinary shares of not exceeding 56,337,341,768 shares at par value of Baht 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. No. 4 (AQ-W4).
  3. Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares, Baht 0.50 par value for existing shareholders in proportion to each existing shareholding.
  4. Allotment of remaining newly issued ordinary shares from the existing shareholders in (3) and remaining newly issued ordinary shares for private placement in (1) to the existing shareholders as right offering again and empowerment the Board of Directors or the person assigned by the Board of Directors to determine all related details such as the ratio of allotment, the offering price, the subscription period, the Record date, and etc. Which details and conditions will be informed to the shareholders in advance. However, the offering price for the right offering, specified by the Board of Directors or the person assigned by the Board of Directors will not exceed the offering price for private placement in 1 and not exceed the offering price for right offering in 3.



- 1.6 Board of Directors' meeting no. 10/2017 on July 11, 2017, approved for the allotment of newly issued ordinary shares for private placement no. 1 "(No.1)" and Board of Directors' meeting no. 11/2017 on July 14, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 2 "(No.2)" as detail show below:

Reference is made to the approval from the Extraordinary General Meeting of Shareholders no. 1/2017 on June 30, 2017 for the allotment and offering of the newly issued ordinary shares of the Company for the amount of 100,000,000,000 shares for private placement. The Shareholders' meeting empowered the board of directors of the Company to determine the offering price at the market price. However, due to:

- (1) The market price calculated from the weighted average of share price of not less than the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price as specified in item 8(1) of The Notification of the Capital Market Supervisory Board no. Tor Jor 72/2015, Re: Approval for the Listed Company to offer new shares to specific investors ("The Notification - Tor Jor 72/2015"), does not reflect the true value of shares of the Company because the shares of the Company has been suspended from trading in the Stock Exchange of Thailand; and
- (2) The offering price cannot be determined by the opened process to the institutional investors who intend to subscribe for the newly issued shares at the preferred price level (book building) processed by the securities company as specified in item 8(2) of The Notification - Tor Jor 72/2015 because of no proposed bidding price from the institutional investors to purchase newly issued shares of the Company. Therefore, the fair value is appraised by S14 Advisory Co., Ltd. The financial advisor approved in the list of the SEC consideration which appraised from the latest financial Statement December 31, 2016 on July 11, 2017 equal to Baht 0.04 and it can be regard as substation of market price equal to Baht 0.04.

In accordance with the Notification of the SET, Re: Listing of ordinary shares or preferred shares as listed securities, B.E. 2558(2015), the Company shall disclose the weight average share price of 7 – 15 consecutive business days prior to the first date of subscription payment of investors or the fair value of share price as appraised by the financial advisor approved in the list of the SEC in case that the shares are not traded in the SET. Therefore, the Company shall use the fair value from the report of the financial advisor, S14 Advisory Co., Ltd., appraised on July 11, 2017 using the same criteria as the report dated May 31, 2017. The latest report, the financial advisor adjusted the appraisal to reflect the current situation based on the financial statement as at December 31, 2016, the updated financial statement, and the appraised share price is Baht 0.04 per share.

Thus, the Board of Directors determined the offering price at Baht 0.05 per share which is higher than the fair price as appraised by S14 Advisory Company Limited. As July 11, 2017 the financial advisor approved

in the list of the Securities and Exchange Commission (the “SEC”) instead of the offering price in (1) and (2) mentioned above and according to item 8 second paragraph of The Notification - Tor Jor 72/2015.

The share offering price of newly issued ordinary shares for private placement at Baht 0.05 per share when compared to the fair value at Baht 0.04 per share is not considered as the offering price lower of the market price according to the Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (2015). Therefore, the mentioned newly issued ordinary shares are not subjected to the silence period.

In addition, the Board of Directors has the guideline to determine the specific investors by considering the investors who submitted the letter of intent to subscribe the newly issued ordinary shares for the allotment to private placement which has the large number of shares and for the Company to raise sufficient fund from capital increase and the detail is as following:

- 1.) The offering price for the specific investors is Baht 0.05 per share and is considered as the allotment at price instead of market price in accordance with the Notification - Tor Jor 72/2015 which is the fair price as appraised by the financial advisor approved in the list of the SEC because the shares of the Company has been suspended from trading in the SET since November 16, 2015 and there has no bidding from the institutional investors from book building processed by Country Group Securities Plc. as appointed by the company to manage and process for book building to the institutional investors. Therefore, the fair price appraised by the financial advisor approved in the list of the SEC, is considered as the price instead of market price. The allotment at the offering price of Baht 0.05 per share is considered as the allotment at the market price according to the resolution from the Extraordinary General Meeting of Shareholders no. 1/2017.

**Effect to shareholders (Dilution Effect) (No.1):**

Effects from the allotment for private placement when the investors subscribe for the newly issued ordinary shares of 34,140,000,000 shares are:

No. of existing shares	12,674,683,535 shares
Allotment shares	34,140,000,000 shares
Total shares	46,814,683,535 shares

**Effect to shareholders (Dilution Effect) (No.2):**

Effects from the allotment for private placement when the investors subscribe for the newly issued ordinary shares of 38,500,000,000 shares are:

No. of existing shares	46,814,683,535 shares
Allotment shares	38,500,000,000 shares
Total shares	85,314,683,535 shares

The offering price for private placement is Baht 0.05 which is the appraised fair price from S14 Advisory Co., Ltd., the financial advisor approved in the list of the SEC appraisal on May 31, 2017, using the Financial Statement on September 30, 2016 (prior to market price of capital increase equal to Baht 0.05), the price dilution is 0% and the control dilution is 72.933%. The reason of no price dilution to the existing shareholders is that the weighted average of share price in the SET of the past 7-15 consecutive business days prior to the date to determine the offering price, cannot be determined because the shares of the Company has been suspended from trading (SP). At present, the Company which is the substation of market price to provide the current valuation information on July 11, 2017 appraised price from S14 Advisory Co., Ltd., using the latest Financial Statement on December 31, 2016 and appraised at Baht 0.04. The Board of Directors approved the price allotment of Baht 0.05 which is higher than the latest fair price.

2.) The Company is required to raise fund for the debt payment and for the future operation and development which needs large amount of fund. Therefore, when receipt the intention for capital from 15 investors, the Company approved for shares offering to those investors.

3.) Detail and schedule for use of fund:

3.1) The company will raise capital increase in amount of Baht 3,632 million (PP#1 of Baht 1,707 million and PP#2 Baht 1,925 million) to negotiate with Krung Thai Bank for damages according to the Supreme Court's judicial order.

3.2) For development of projects of the Company.

Detail and schedule for use of fund from capital increase for Private Placement (PP)

Period	Detail	Amount (Baht million)
2017	Payment for damages from judicial order	10,004.47
2017	Development of Estes Rattanathibet project	976.90
2017	Development of Chonburi – Bypass project	457.37
2017	Development of AQ Welle	81.93
2017	Development of AQ ARBOR	397.79
2017	Development of AQ ALIX	303.89
2017	Purchase of the collateralized land	1,500.00
2018 - 2019	Investment in new projects	1,500.00
2018 - 2019	Working capital	500.00
		<u>15,722.35</u>

4.) For the offering price for private placement, the Board of Directors considered and approved the offering price at Baht 0.05 from the fair price appraised by S14 Advisory Company Limited on May 31, 2017. The number of shares offered for sale No. 1 34,140,000,000 shares in the amount of Baht 1,707,000,000 and payment within July 14, 2017. And the number of shares offered for sale No.2 38,500,000,000 shares in the amount of Baht 1,925,000,000 and payment within July 19, 2017. The offering price is fair value, higher than the latest fair price which appraised price from S14 Advisory Co., Ltd. on July 11, 2017, at Baht 0.04, using the latest financial statements published to investors.

5.) Terms, conditions or other agreement with investors:

The company allotted shares to the investors without any terms, conditions or other agreement.

6.) From the issuance and allotment for private placement of 100,000 million shares, the Company allotted No.1 34,140 million shares for this time and the remaining un-allotment is 65,860 million shares and allotted No.2 38,500 million shares for this time and the remaining un-allotment is 27,360 million shares allotted No. 1 and No. 2 Total 72,640,000,000 shares are as listed securities on July 17, 2017.

The Company paid the commission fee for issuing the increase share capital to 4 non – related companies totaling Baht 62.61 million.

On October 6, 2017 the Board of Director meeting of company No.14/2017 had approved the canceled the allocation of 27,360 million ordinary shares to private placement the allotment to shareholders and has resolved to determine the names of shareholders who will be entitled to allotment of warrants No.4 (AQ-W4) on October 24, 2017.

## 26.2 Warrants

2.1 Warrants of the Company 1,030,912,398 units, total number of warrants (AQ-W2) issued by the Company is 1,030,899,500 units on June 20, 2012. The warrants were registered as listed securities in the stock exchange of Thailand (“SET”) on July 16, 2012. The warrants are in registered form and transferable. The terms of the warrants are not exceed to three years from the date of issuing the warrants (June 20, 2012) and warrants can be exercised in every three-months which will be on last working day of March, June, September and December of each year. First, exercise date will be September 28, 2012 and the last exercise date will be June 19, 2015.

On September 16, 2014, the Company amended of the exercise price of warrant (AQ-W2). Because of the change in par value of common share Baht 10 to Baht 20.

- ☐ Old ratio: The warrant 1 Unit has the right to purchase 1 common share (1:1:1) exercise price 1 Baht per 1 common share.

- ☐ New Ratio: The warrant 1 Unit has the right to purchase 0.918 common share (1:0.918:1) exercise price Baht 1.090 per 1 common share.
- 2.2 Warrants of the Company 2,624,626,283 units, total number of warrants (AQ-W3) issued by the Company is 2,624,546,758 units on May 20, 2013. The warrants were registered as listed securities in SET on June 24, 2013. The warrants are in registered form and transferable. The term of the warrants is equal to three years and warrants have no exercise price. The warrants can be exercised in every one year which will be on last working day of December of each year. First, exercise date will be December 30, 2013 and the last exercise date will be May 19, 2016.
- Warrants of the Company 2,624,626,283 units, warrants shall be offered to the existing shareholders and existing shareholders who subscribe for as follows:
- ☐ The rights of existing shareholders in the ratio of 10 shares per 1 unit of warrant (AQ-W3) total 211,176,828 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ The right of existing shareholders who subscribe to newly issued shares in the ratio of 7 new shares to 4 warrants total of 2,413,449,455 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ New Ratio: 1 Unit has the right to purchase 1.028 common share (1:1.028:1) exercise price Baht 0.584 per 1 common share.
- 2.3 Warrants to purchase the Company's ordinary shares (AQ-W4), issued by the Company is 42,656,849,667 units on October 31, 2017. The warrants were registered as listed securities in SET on November 1, 2017 and started the first trading day January 15, 2018. The warrants are in registered form and transferable. The term of warrants is 1 year and there is no offering price. The warrants will be exercisable after the 1-year subscription period is October 31, 2018. The exercise dates are from October 16, 2018 to October 30, 2018 and the first and last exercise date will be October 31, 2018.
- 2.4 Warrants (AQ-W2) have number of warrant holder's application 1 person, number of exercised warrants 9,384 units, the remaining warrants have not been exercised were 1,030,890,116 units, number of shares derived from this exercise 8,614 shares, number of remaining shares reserved for warrants 946,286,216 shares. The warrants (AQ-W2) that have not exercised in full amount as above will be terminated on June 20, 2015 from the registered securities.
- 2.5 Warrants (AQ-W3) have number of warrant holder's application 27 persons, number of exercised warrants 692,209 units, the remaining warrants not yet been exercised were 2,697,322,486 units, number of shares derived from this exercise 711,582 shares, number of remaining shares reserved for warrants 2,697,393,397 shares. The warrants (AQ-W3) that have not exercised in full amount as above will be terminated on May 20, 2016 from the registered securities.

2.6 Warrants (AQ-W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of shares derived from this exercise 10,127,909 shares, number of remaining shares reserved for warrants 42,646,721,758 shares. The warrants (AQ-W4) that have not exercised in full amount as above will be terminated on November 1, 2018 from the registered securities.

## 27. OTHER INCOME

Other income for the each of the years ended December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Management fee income	11,641	9,773	19,800	22,100
Interest income	95,036	105,837	217,462	239,073
Revenue from doubtful debt refunded	-	-	24,807	43,881
Realized gain of short-term investments	-	1,360	-	-
Rental income	4,039	4,127	14,536	15,417
Revenue from sale of merchandises in convenient store	12,017	11,369	-	-
Others	11,841	170,913	1,696	94,791
Total	134,574	303,379	278,301	415,262

On June 29, 2018 the Company recorded a default interest of Baht 38.41 million from Kamala Inthanin Co., Ltd. Since the Subsidiary has received transfer of assets (apartments) to pay debts.

## 28. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial		Separate Financial statements	
	Statements			
	2019	2018	2019	2018
Change in costs of property development	(304,873)	80,825	(65,316)	(36,849)
Subcontractor wages	67,018	112,982	20,567	43,470
Advertisement and sales expenses	52,140	42,168	18,594	16,786
Salary and other benefits of staffs	215,658	182,985	109,423	87,090
Premises and equipment expenses	51,115	51,062	11,142	11,713
Depreciation and amortization	86,037	83,417	11,622	13,445
Loss from disposal of assets	34,878	-	-	-
Doubtful debts	8,887	1,056	373,505	244,768
Consulting and professional	16,783	15,184	11,949	10,997
Loss reserve for litigation claim	1,906	3,145	926	3,109

## 29. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Securities and Exchange Commission Thailand in 2003. Under the plan, members contribute to the fund at 5% of the employees' basic salaries. The Company contributes to the fund at 5% of the employees' monthly salaries, depending on the length of employment. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for the years 2019 and 2018, which was charged to the consolidated statements of comprehensive income, amounted to Baht 3.98 million and Baht 3.15 million, respectively. (The Company amounted to Baht 2.98 million and Baht 2.26 million, respectively).

## 30. BASIC PROFIT(LOSS) PER SHARE

Basic profit (loss) per share for the years ended December 31, 2019 and 2018 were based on the profit (loss) for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year of each period as follows:

	(Unit : Thousand shares)			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Profit (loss) attributable to equity holders of the Company (basic)	(186,370)	74,887	(254,646)	16,292
Beginning number of ordinary shares	85,324,811	85,314,684	85,324,811	85,314,684
Effect of shares issued and the changes in par values of during year	-	1,526	-	1,526
Weighted average number of ordinary shares outstanding (basic)	85,324,811	85,316,210	85,324,811	85,316,210
Profit (loss) per share basic (in Baht per share)	(0.0022)	0.0009	(0.0030)	0.0002
Par value (Baht per share)	0.50	0.50	0.50	0.50

## 31. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, short-term investments, trade and other account receivables, restricted deposits with banks, loans to subsidiaries, long-term loan to other, interest income from subsidiaries, trade and other account payables, customer down payments, retention payables, current portion of long - term liabilities under debt restructuring agreements, loans considered as default, long-term loans from financial institutions, liabilities under finance lease contracts, and accrued interest. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 5.

### Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. From the current situation, as described in Note 1 indicates that the AQ Estate Group may suffer from liquidity problems.

### Foreign Currency Risk

The AQ Estate Group do not have commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

### Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the AQ Estate Group. The AQ Estate Group's exposure to interest rate risk relates primarily to their cash and cash equivalents, restricted deposits with banks, loans to subsidiaries and interest receivable, loan to other, long - term liabilities under debt restructuring agreements, long-term loans considered as default, long-term loans from financial institutions, and liabilities under finance lease contracts, which bear interest. However, since financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the AQ Estate Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2019 and 2018, classified by type of interest rates are summarized in the table below:

	(Unit : Thousand Baht)						
	2019						
	Consolidated Financial Statements						
	Fixed interest rates						Effective interest rates
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	29,730	6,729	36,459	0.90-1.40
Temporary investments	-	-	-	1,072,160	-	1,072,160	6.50
Trade and other current account receivables	-	-	-	-	177,359	177,359	-
Short - term loans	412,145	-	-	-	-	412,145	5.50-6.00
Restricted deposits with banks	-	-	-	94,382	-	94,382	0.75-1.40
Total	412,145	-	-	1,196,272	184,088	1,792,505	



(Unit : Thousand Baht)

	2019						Effective interest rates (% p.a.)
	Consolidated Financial Statements						
	Fixed interest rates			Non-interest bearing	Total		
	Within 1 year	Over 1- 5 years	Over 5 years				
Financial liabilities							
Trade and other current account payables	-	-	-	-	271,014	271,014	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,053	-	1,053	3.00
Loans considered as default	-	-	-	48,803	-	48,803	6.775
Liabilities under finance lease contracts	203	-	-	-	-	203	1.00-1.30
Total	203	-	-	49,856	271,014	321,073	

(Unit : Thousand Baht)

	2018						
	Consolidated Financial Statements						
	Fixed interest rates						
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	77,791	6,297	84,088	0.90-1.10
Temporary investments	-	-	-	1,066,894	-	1,066,894	6.50
Trade and other current account receivables	-	-	-	-	121,086	121,086	-
Short - term loans	488,658	-	-	-	-	488,658	5.50-6.00
Restricted deposits with banks	-	-	-	89,922	-	89,922	1.00-1.30
Total	488,658	-	-	1,234,607	127,383	1,850,648	
Financial liabilities							
Trade and other current account payables	-	-	-	-	379,505	379,505	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,033	-	1,033	3.00
Loans considered as default	-	-	-	2,860	-	2,860	6.25
Liabilities under finance lease contracts	1,394	203	-	-	-	1,597	3.80-6.67
Total	1,394	203	-	3,893	379,505	384,995	

(Unit : Thousand Baht)

	2019						
	Separate Financial Statements						
	Fixed interest rates						
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	837	3,413	4,250	0.50
Temporary investments	-	-	-	1,072,160	-	1,072,160	6.50
Trade and other current account receivables	-	-	-	-	1,175,632	1,175,632	-
Restricted deposits with banks	-	-	-	50,471	-	50,471	1.00-1.30
Short term loans	412,145	-	-	1,421,109	-	1,833,254	5.50-6.25
<b>Total</b>	<b>412,145</b>	<b>-</b>	<b>-</b>	<b>2,544,577</b>	<b>1,179,045</b>	<b>4,135,767</b>	
<b>Financial liabilities</b>							
Trade and other current account payables	-	-	-	-	230,874	230,874	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,053	-	1,053	3.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,053</b>	<b>230,874</b>	<b>231,927</b>	

(Unit : Thousand Baht)

	2018						
	Separate Financial Statements						
	Fixed interest rates						
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	10,298	249	10,547	0.90-1.10
Temporary investments	-	-	-	1,066,894	-	1,066,894	6.50
Trade and other current account receivables	-	-	-	-	1,225,111	1,225,111	-
Restricted deposits with banks	-	-	-	51,382	-	51,382	1.00-1.30
Short term loans	447,398	-	-	1,776,250	-	2,223,648	5.50-6.25
Total	447,398	-	-	2,904,824	1,225,360	4,577,582	
Financial liabilities							
Trade and other current account payables	-	-	-	-	365,508	365,508	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,033	-	1,033	3.00
Total	-	-	-	1,033	365,508	366,541	

## 32. FAIR VALUE MEASUREMENT

The fair value of cash and cash equivalents, restricted deposits with banks - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rates, which approximate market rates.

Trade and other account receivables - the carrying value approximate their fair values due to the relatively short - term maturity of these financial assets.

Current portion of long - term liabilities under debt restructuring agreements, loans considered as default - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Trade and other account payables, customer down payments, retention payables - the carrying value approximate their fair values due to the relatively short - term maturity of these financial liabilities.

Long - term loans financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rates, which approximate market rates.

Liabilities under finance lease contracts carrying interest at fixed rates - the fair value could not be calculated appropriately because the market floating rate could not be determined.

Loans to subsidiaries and third party and accrued interest income - fair value cannot be reliable estimated since the specific repayment term is not known.

As at December 31, 2019, the AQ Estate Group had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment property	-	-	119,523	119,523
Total	-	-	119,523	119,523

	(Unit: Thousand Baht)			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment property	-	-	270,440	270,440
Total	-	-	270,440	270,440

Valuation techniques and information to valuations level 3

Investment properties are presented at fair values, which are appraised by an independent value using the income approach. The key assumptions used in such appraisal are yield rate or discounted rate based on the turnover rate of government bonds, occupancy rate, long-term vacancy rate and long-term growth rate in revenue.

During the year, there was no transfer within the fair value hierarchy.

### 33. OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the AQ Estate Group is organized into business units based on their businesses and has 4 reportable segments as follows:

- 1) Property development low rise
- 2) Property development high rise
- 3) Services
- 4) Property rental and service

AQ Estate Group operates in Thailand only as a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

The Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

For the years 2019 and 2018, the AQ Estate Group has no major customer with revenue of 10 percent or more of revenues.

Inter - segment revenues and expenses are eliminated on consolidation.

The following table presents revenue and profit (loss) information regarding the AQ Estate Group's operating segments for the year ended December 31, 2019:

(Unit : Thousand Baht)

	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Elimination	Total
Revenues from sales and services	422,760	71,260	131,411	21,451	(4,652)	642,230
Costs of sales and services	(329,114)	(46,656)	(220,462)	(10,666)	24,569	(582,329)
Gross profit (loss)	93,646	24,604	(89,051)	10,785	19,917	59,901
Management fee income						11,641
Interest income						95,036
Other income						27,897
Profit(loss) before expenses						194,475
Selling expenses						(45,327)
Administrative expenses						(323,654)
Doubtful expenses						(8,887)
Loss reserve from litigation claim						(1,906)
Finance cost						(1,331)
Profit before income tax						(186,630)

(Unit : Thousand Baht)

	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Elimination	Total
Tax income (expenses)						260
Loss for the year						(186,370)

Note : The hotel business is included in services segment.

The following table presents revenue and profit (loss) information regarding the AQ Estate Group's operating segments for the year ended December 31, 2018:

(Unit : Thousand Baht)

	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Elimination	Total
Revenues from sales and services	324,367	75,449	234,330	20,506	(133,603)	521,049
Costs of sales and services	(233,601)	(53,503)	(302,604)	(9,713)	154,104	(445,317)
Gross profit (loss)	90,766	21,946	(68,274)	10,793	20,501	75,732
Management fee income						9,773
Interest income						105,837
Other income						187,769
Profit(loss) before expenses						379,111
Selling expenses						(37,689)
Administrative expenses						(262,402)
Doubtful expenses						(1,056)
Loss reserve from litigation claim						(3,145)
Finance cost						(136)
Profit before income tax						74,683
Tax income (expenses)						204
Loss for the year						74,887

Note : The hotel business is included in services segment.

The following table presents segment assets and liabilities of the AQ Estate Group's operating segments as at December 31, 2019.

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Unallocated	Total
Assets	8,080,655	497,797	2,057,141	128,552	210,018	10,974,163
Elimination						(4,109,040)
Total						<u>6,865,123</u>
Liabilities	5,335,846	373,830	3,463,076	189,476	760,171	10,122,399
Elimination						(6,736,723)
Total						<u>3,385,676</u>
Depreciation and amortization	21,678	6,167	50,069	7,347	776	86,037
Loss from disposal of assets						<u>34,878</u>
Total						<u>120,915</u>

The following table presents segment assets and liabilities of the AQ Estate Group's operating segments as at December 31, 2018.

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Unallocated	Total
Assets			2,001,42			
	8,725,587	567,609	7	134,022	196,242	11,624,887
Elimination						(4,513,442)
Total						<u>7,111,445</u>
Liabilities	5,661,033	427,442	3,201,784	196,228	711,454	10,197,941
Elimination						(6,754,216)
Total						<u>3,443,725</u>
Depreciation and amortization	18,509	9,394	48,257	6,505	752	83,417
Total						<u>83,417</u>

### 34. OTHERS

#### 34.1 BANK GUARANTEES

As at December 31, 2019 and 2018, the AQ Estate Group had obligations under bank guarantees approximately Baht 95.01 million and Baht 89.50 million, respectively, (The Company: Baht 47.62 million and Baht 47.62 million, respectively), which concerning obligation under normal businesses. The bank guarantees are collateralized by the Company's fixed deposits with the banks and also guaranteed by directors of the AQ Estate Group.

#### 34.2 COMMITMENTS AND CONTINGENT LIABILITIES

34.2.1 As at December 31, 2019 and 2018, the AQ Estate Group had outstanding litigation claims from customers and creditors for breaching of the agreements to buy and to sell, the hire of work agreements and repayments retention for a total amount of Baht 13.38 million and Baht 13.38 million, respectively. The outcome of these litigations could not presently be determined. In addition, the AQ Estate Group are in the process of negotiating with certain customers claiming for repayments of cash paid in advance to the AQ Estate Group. The AQ Estate Group, however, believes that the provisions made in the accounts are adequate to cover any damage for such litigation. As the existing-shareholder of indirect - subsidiary also guaranteed for the contingent liability of the indirect subsidiary at approximately Baht 0.33 million.

34.2.2 As at December 31, 2019, the AQ Estate Group had 1 lawsuits filed against the defendant and claimed damages. The marketing consultant alleged that the contract breach. The amount of compensation and compensation amount of Baht 0.89 million are not yet known. Currently, the case is in the process of being considered. By appointment or testimony.

#### 34.3 COMMITMENT

34.3.1 The AQ Estate Group had pledged fixed deposits with bank and most of their inventories, which represent immovable properties for sale, construction in progress and land and buildings as collaterals for credit facilities granted by financial institutions.

34.3.2 As at December 31, 2019 and 2018, the AQ Estate Group had commitments under construction contracts amount of Baht 759.29 million and Baht 781.75 million, respectively. (The Company : Baht 125.95 million and Baht 137.58 million, respectively), which were utilities and condominium units construction and hotel amount of Baht 512.55 million and houses construction amount of Baht 246.74 million (December 31, 2018 : utilities and condominium units construction and hotel amount of Baht 494.53 million and houses construction amounting to Baht 287.22 million) and of the Company, utilities and condominium units construction amounting to Baht 23.99 million and houses construction amount of Baht 101.96 million ( December 31, 2018 : utilities and condominium units construction amount of Baht 25.84 million and houses construction amount of Baht 112.17 million).

As at December 31, 2019 and December 31, 2018, total contract price amount of Baht 1,771.33 million and Baht 1,799.57 million, respectively, and of the Company amount of Baht 330.77 million and Baht 339.75 million, respectively.

34.3.3 As at December 31, 2019 and 2018, the AQ Estate Group has entered into several operating lease. The terms of the agreements are generally between 26 years 5 months to 30 years. The future minimum payments required under these non-cancellable operating leases were as follows:



	(Unit: Thousand Baht)	
	2019	2018
Payable with in less than 1 year	4,295	4,126
Payable within 1- 5 years	18,857	18,198
Payable over 5 years	78,550	83,296
Total	101,702	105,620

34.3.4 As at December 31, 2019 and 2018, a subsidiary company (Aquarius Estate Co., Ltd.) had sub - lease commitment under sub-lease contract with a non – related party to pay for land rental for the period of 30 years remaining contract 24 years 9 months 21 days at Baht 14.68 million and period of 25 years 9 months 21 days at amount of Baht 15.17 million, respectively.

34.3.5 As at December 31, 2019 subsidiary Contract for certain land and structures thereon with a non-related person, the period of 24 years since January 1, 2019 to December 31, 2042 amount of Baht 73.11 million, paid 32.31 million, the remaining amount of Bath 40.80 million (Note 10)

34.3.6 As at December 31, 2019 subsidiary Contract for certain land and structures thereon with a non-related person, the period of 24 years since April 19, 2019 to April 18, 2043 amount of Baht 99.49 million, paid 33.26 million, the remaining amount of Bath 66.23 million (Note 10)

34.3.7 As at December 31, 2019 the subsidiary has commitment in respect of land lease agreement with a non-related person, the period of 30 years since March 1, 2014 to February 29, 2044, amount of Baht 0.25 million, paid 0.05 million, the remaining amount of Bath 0.20 million, remaining contract 24 years 2 months.

### 35. CAPITAL MANAGEMENT

The primary objective of the AQ Estate Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2019 and 2018, the AQ Estate Group's debt-to-equity ratio was 0.97 and 0.94, respectively (and of the separate of financial statement's debt-to-equity ratio was 0.99 and 0.95, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2019.

### 36. APPROVAL OF FINANCIAL STATEMENTS

The Company's director has authorized these financial statements for issue on February 27, 2020.



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