

# ANNUAL REPORT 2017

Change  
Innovation  
Idealism  
Freedom



SINCE 1977

บริษัท ไทยพัฒนาโรงงานอุตสาหกรรม จำกัด (มหาชน)  
Thai Factory Development Public Company Limited





## วิสัยทัศน์

มุ่งมั่น สร้างสรรค์ พัฒนาอสังหาริมทรัพย์ ด้านโรงงาน  
อุตสาหกรรม อาคารสำนักงาน และที่พักอาศัย พร้อมการ  
บริการด้วยใจอย่างต่อเนื่อง เพื่อสร้างความพึงพอใจสูงสุด  
แก่ลูกค้า

## VISION

Be Dedicated, Be Creative, Be a Quality Real Estate  
Developer In Industrial Factories, Office Buildings &  
All Real Estate Sectors Providing the Best Customer  
Service for Our Customers' Satisfaction





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# Financial Highlights

Unit : Million Baht

Lists	2017	2016	2015	2014
<b>Financial Data:</b>				
1. Income from Sales and Service	915.68	876.69	776.22	1,384.95
2. Total income	1,018.84	986.25	874.44	1,465.14
3. Net profit (loss)	(474.58)	(318.35)	(274.56)	(157.82)
4. Total assets	10,492.48	9,680.54	9,657.97	7,382.84
5. Total liabilities	7,774.06	7,519.95	7,755.84	5,213.81
6. Shareholder's equity	2,718.42	2,160.59	1,902.13	2,169.03
<b>Financial Ratio:</b>				
1. Net profit to total income	-46.58%	-32.28%	-31.40%	-10.77%
2. Return on equity	-15.63%	-14.73%	-14.43%	-7.27%
3. Return on total assets	-3.53%	-3.28%	-2.84%	-2.13%
4. Net profit (loss) per share (Baht)	(0.27)	(0.25)	(0.21)	(0.12)
5. Dividend per share (Baht)	-	-	-	-
6. Book value per share (Baht)	1.27	1.32	1.48	1.68
7. Current ratio (time)	1.39	1.43	1.39	2.45
8. Debt: Equity ratio (time)	4.08	3.48	4.07	2.41

# Message from the Chairman



Professor Dr. Sunthorn Sathirathai  
**Chairman**

Dear Shareholders

In 2016, our country had experienced the great loss with the passing of our beloved His Majesty the late King Bhumibol Adulyadej on October 13, 2016 which brought the profound grieving to all Thai people, his people, all over the country. The Royal Cremation of His Majesty King Bhumibol Adulyadej was scheduled for 25-29 October 2017 at the Royal Crematorium at Sanam Luang ceremonial ground. On Thursday, October 26, which was the royal cremation day, and it has been declared a special public holiday by the Cabinet to allow Thai people to take part in paying a final tribute and farewell to His Majesty the late King. On this occasion, the Royal Crematorium including all supplementary structures such as the Royal Merit Making Pavilion (Phra Thinang Song Tham) and the Government Officials' Pavilions ( Sala Luk Khun) have been built according to Thai royal tradition and ancient Thai architecture and exquisitely elegant to befit his honor and worship.

I would like to inform you that in 2017 was a first year that Thai economy has expanded which resulted in the overall Thai economy to enlarge more than the expectation. However, even though the Thai economy has expanded but most people still believe that their financial status has not improved. This was a result of the growth of economic were still concentrate on some industrial sectors, not fully spread to the manufacturing sector, investment and fundamental economic. Furthermore, as the agricultural price still decreased which then affected in decrease in the agricultural income while household debt still maintained in high level, and since these group of people is the majority population of the country thus made the feelings of most people the perception of the unimprovement in overall economy, which was opposed to the improved in index figures. However, the clear investment in large-scale projects has become more concrete such as the Thailand High speed rail project, first phase , Bangkok - Nakorn Ratchasima which the initial investment cost was 179,413 million Baht and the ceremony to mark the commencement of the project has been arranged on December 21, 2017. This will yield in continuous increase the investment of the private sectors. Furthermore, the clear specified schedule of the election will also bring the result of better confidence in the overall picture of investment in Thailand.

Nevertheless, I had to commit that for the year 2017 was another hard year for us due to the fluctuation in the money market from the default of payment of Bill of exchange of some listed companies at the end of 2016 which had continued to 2017, with the increasing numbers of the defaulted listed companies. This had the impact on the decrease in investors'

confidence to invest in the bill of exchange and finally completely ended the investment in such instruments. This crisis had the direct impact to the Company in the financial management, made it difficult to find the sources of fund and thus affected the significant increase in the cost of fund of the Company.

Though we had to solve all these above-mentioned problems, on the other way, we still have to find the opportunity to expand our business. During the past year, the Company, by the Crown Development Co., Ltd., the subsidiary company of TFD, has entered into a joint venture agreement with Beauty Honour Enterprises Limited. ( a subsidiary of Country Garden Group which is the leading company in the real estate development from The Republic of China ) for the purpose of establishment of BGY & TFD Properties Co., Ltd. to jointly invest in property development business in a residential condominium in Ratchadapisek Thiamruammit, total project area of approximately 8 rai, the 4 buildings of 34 storeys condominiums, total space of 123,470 sq.m with the sellable area of nearly 70,000 sq.m, and the total 1,337 residential units. In addition, there will be the office and community mall included. The total project cost is 6,800 million Baht. The plan is to complete the construction and start to transfer the ownership to customer within the first quarter of the year 2020. The joint venture with this business alliance will certainly generate the good yield return to the Company's shareholders in the long run.

For the development of TFD industrial estate 2, the Company is in the process of speeding up the construction of the public utility system to serve the customers who will move in during the year 2018 which will then yield in the significantly better performance of the Company in this year comparing to the past year 2017.

I am strongly confident to inform all of you that in 2018 the Company's performance will result in profit and will be able to pay the dividend to all shareholders.

The Company would like to thank our employees for their cooperation and would also express our sincere gratitude for the strong support to our shareholders, customers, business partners, financial institutions, mass media, investors both local and foreign and to all people. We sincerely hope and are still looking forward to your trustworthiness and kind continuous support in the future.

Thanks and best regards,





# Board of Directors



Dr. Sunthorn Sathirathai  
Chairman  
Independent Director  
Resigned from the position of  
Chairman and Independent Director  
since March 14, 2018  
Appointed as Chairman Advisory  
Board on March 15, 2018



Dr. Apichai Taechaubol  
Chairman  
Executive Chairman  
Appointed in the position of  
Chairman On March 14, 2018



Dr. Sutham Vanichseni  
Audit Committee Member  
Corporate Governance, Nominating  
and Remuneration Committee  
Independent Director



Mr. Prasong Vara-ratanaku  
Audit Committee Chairman  
Corporate Governance,  
Nominating Remuneration  
Committee Chairman  
Independent Director



Mr. Sommart Sangkhasap  
Audit Committee Member  
Corporate Governance,  
Nominating and  
Remuneration Committee  
Independent Director



Mr. Chetawan Anuntasomboon  
Independent Director  
Appointed in the position of  
Independent Director  
on February 28, 2018



Mr. Gumpol Tiyyarat  
Director  
Executive Director  
Managing Director



Mr. Anukul Ubonnuch  
Director  
Executive Director  
Appointed in the position of  
Executive Director on  
February 27, 2017



Mr. Kittawat Taechaubol  
Director  
Executive Director

# Board of Directors

## Dr. Sunthorn Sathirathai

Chairman\*

Independent Director\*

Appointed on February 1, 2002

*\* Dr.Sunthorn Sathirathai resigned from the position of Chairman and Independent Director since March 14, 2018*

*At the present he was appointed as Chairman Advisory Board since March 15, 2018*

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### Education

- Ph.D.(Hons), Economics Sorbonne, France 1956
- Master's Degree in Economics Sorbonne, France 1954
- Bachelor's Degree in Political Science Thammasart University

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### Working Experience

- Chancellor at Eastern Asia University
- Professor Emeritus in Law at Chulalongkorn University
- Chairman of the Committee on Industrial Estate

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### Holding prominent positions at the Ministry of Finance from 1957 – 1988

Deputy Permanent Secretary

Director General-Comptroller General's Department

Director General-Treasury Department

Counsellor-Fiscal Policy Office

Head of Banking Supervision and Savings Division

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## Dr. Apichai Taechaubol

Chairman

Executive Chairman

Appointed on January 20, 2012

*\* Dr. Apichai Taechaubol was appointed as Chairman since March 14, 2018*

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### Education

- Honorary Degree of Master of Business Administration in Department of General Management Ramkhamhaeng University
- Master's Degree in Political Science Ramkhamhaeng University
- Bachelor's Degree in Business Administration North Central University
- Bachelor's Degree in Political Science Ramkhamhaeng University

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### Directors Program Training from IOD

- DAP, Class 39/2005
- Chairman 2000 Program
- CGI, Class 3/2015

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### Working Experience

- Director BGY & TFD Properties Co., Ltd.
  - Chairman TFD Real Estate Management Co., Ltd.
  - Chairman HOT POT PLC.
  - Director for AEC Securities PLC.
  - Director for Barnsley Warehouse Limited
  - Director for Bognor Regis Warehouse Limited
  - Director and Executive Chairman J.C. Kevin Development Co., Ltd.
  - Director Executive Chairman Crown Development Co., Ltd.
  - Vice Minister for Office Of Prime Minister
  - Director to the DASTA
  - Director and Executive Chairman - SG Land Co., Ltd.
  - Deputy Advisor for the Internal Affairs Ministry
  - Consultant to the Thai/Chinese Chamber of Commerce
  - Chairman Princeton Park Suites Co., Ltd.
  - Vice Chairman and Executive Chairman Total Industrial Services Co., Ltd.
- 





## Mr. Prasong Vara-ratanakul

Audit Committee Chairman

Corporate Governance, Nominating and Remuneration Committee Chairman

Independent Director

Appointed on April 30, 1999

### Education

- Master of Public Administration Chulalongkorn University
- Bachelor of Commerce Chulalongkorn University
- Bachelor of Law Ramkamhaeng University

### Directors Program Training from IOD

- DCP, Class 72/2006
- DAP, Class 51/2006
- ACP, Class 12/2006
- AACP, Class 16/2014
- ELP, Class 2/2015

### Working Experience

- Independent Director and Audit Committee Chairman HOT POT PLC.
- Director and Audit Committee Chairman Krungthep Land PLC.
- Independent Director and Audit Committee Member We Retail PLC.
- Independent Director and Audit Committee Chairman Thai Property PLC

## Dr. Sutham Vanichseni

Audit Committee Member

Corporate Governance, Nominating and Remuneration Committee

Independent Director

Appointed on April 21, 2016

### Education

- Ph.D, Chemical Engineering Imperial College of Science and Technology, University of London (Imperial College London)
- Bachelor of Engineering (Hons), University of Canterbury, New Zealand

### Directors Program Training from IOD

- DAP, Class 142/2017

### Working Experience

- Founding Partner SVI Initiatives Ltd.
- Member, Monitoring and Evaluation Board The Thailand Research Fund (TRF)
- Director The National Innovation Agency (NIA)
- Vice Chairman Thongpratarn Foundation
- Head of Chemical Engineering Department, Associate Dean for Academic Affairs, Director of the Engineering Computer Center, University Planning Committee, University Information Technology Committee, University Research Committee; Chulalongkorn University



## Mr. Sommart Sangkhasap

Audit Committee Member

Corporate Governance, Nominating and Remuneration Committee

Independent Director

Appointed on April 2, 2003

### Education

- Bachelor's Degree in Law Thammasart University
- Bachelor's Degree in Accounting Thammasart University
- Bachelor's Degree in Commercial Thammasart University

### Directors Program Training from IOD

- DAP, Class 58/2006

### Working Experience

- Consultant in Taxation of Sapsataporn Co., Ltd.

## Mr. Chetawan Anuntasomboon

Independent Director

Appointed on February 28, 2018

### Education

- Barrister at Law Institute Legal Education Thai Bar Association
- Bachelor's Degree in Law Ramkhamhaeng University

### Directors Program Training from IOD

- -None-

### Working Experience

- Director of Total Industrial Services Co.,Ltd.
- Deputy Director General of Department of Public Works and Town & Country Planning
- Inspector of Department of Public Works and Town & Country Planning
- Secretary of Department of Town and Country Planning



## Mr. Gumpol Tiyarat

Director

Executive Director

Managing Director

Appointed on February 1, 2002

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### Education

- Master's Degree of Business Administration Kasetsart University
- Bachelor's Degree of Economics Thammasart University
- Bachelor's Degree of Accounting Dhurakijbundit University
- Bachelor's Degree of Law Chulalongkorn University

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### Directors Program Training from IOD

- Role of the Chairman, Class 22/2009
- DCP Refresher, Class 2/2006
- DCP, Class 30/2003
- AACP, Class 21/2015

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### Training from Other Institute

- Business and Economic Analysis Program, Class 22/2009 Faculty of Economics, Chulalongkorn University

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### Working Experience

- Tax Economist Officer of Revenue Department
  - Ex-Police Sub-commission on Laws & Regulations Royal Thai Police
  - Executive Director Total Industrial Services Co., Ltd.
  - Executive Director SG Land Co., Ltd.
  - Executive Director Crown Development Co., Ltd.
  - Ex-Managing Director Princetonparksuite Co., Ltd.
- 





## Mr. Anukul Ubonnuch

Director

Appointed on February 1, 2002

Executive Director

Appointed on February 27, 2017

### Education

- Master's Degree in Business Administration Kasetsart University
- Barrister at Law Institute Legal Education Thai Bar Association
- Bachelor's Degree in Law Ramkhamhaeng University

### Directors Program Training from IOD

- DCP, Class 7/2001
- Director Diploma Examination
- Chartered Director, Class 5/2009

### Training from Other Institute

- Graduate Diploma in Public Law and Management King Prajadhipok's Institute
- Certificate of Applied Psychology for National Security The Institute of Applied Psychology, National Defence Studies Institute

### Working Experience

- Director SG Land Co., Ltd.
- Managing Director, Director Total Industrial Services Co., Ltd.
- Managing Director, Director Crown Development Co., Ltd.
- Managing Director (1995 - 2005) Credit Foncier Unico Housing Limited
- Chief Legal Department (1992 - 1995)

## Mr. Kittawat Taechaubol

Director

Executive Director

Appointed on April 11, 2014

### Education

- Master of Science in Real Estate University of London
- Bachelor's Degree in Management Sciences London School of Economics and Political Science (LSE) Houghton St., London WC2A 2AE

### Directors Program Training from IOD

- DCP, Class 196/2014
- BBL Internship Program #53, Bangkok Bank PLC

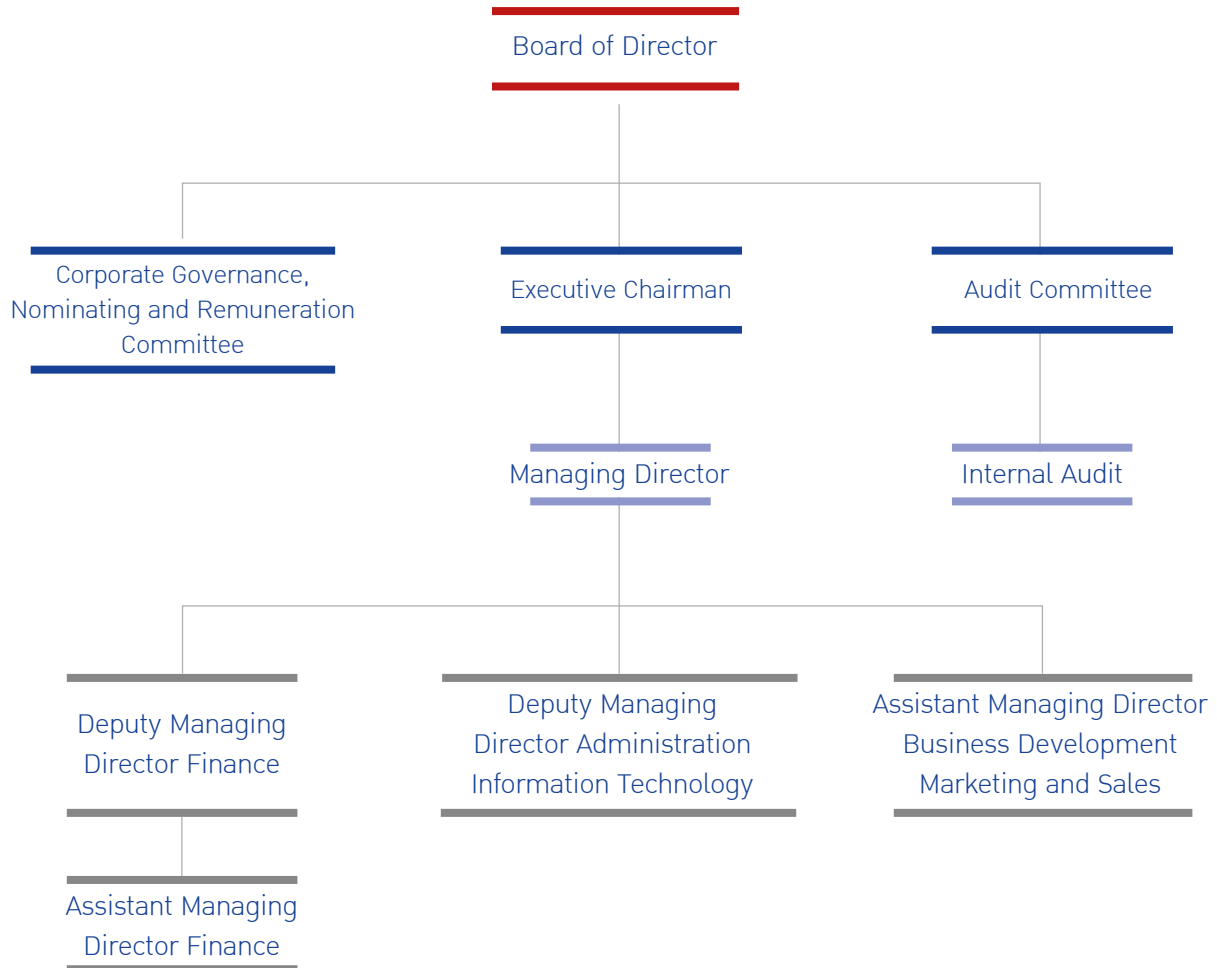
### Working Experience

- Director, Executive Director Crown Development Co., Ltd.
- Marketing Analysis Manager J.C. Kevin Development Co., Ltd



# Organization Chart

Organization Chart as January 1, 2018



Remark : The Company's internal auditor has assigned to the Non-Juristic Body of Person, responsible an all function of work and the other r elated to the assignment from the Audit Committee.



# Managements



Dr. Apichai Taechaubol  
Executive Chairman



Mr. Gumpol Tiyarat  
Managing Director



Mr. Anukul Ubonnuch  
Executive Director  
Appointed in the position of Executive  
Director on February 27, 2017



Mr. Krittawat Taechaubol  
Executive Director



Mrs. Siriporn Pinprayong  
Deputy Managing Director,  
Administration Information  
Technology, Company Secretary



Mrs. Rachanee Siwawej  
Deputy Managing  
Director, Finance



Mrs. Vilai S. Ngow  
Deputy Managing Director,  
Property Management and  
Customer Relations  
Resigned from the position on  
July 2017



Mr. Prakob Ruanglek  
Assistant Managing Director, Business  
Development, Marketing and Sales  
Appointed in the position of Assistant Managing  
Director, Business Development, Marketing and  
Sales on January 13, 2017



Mr. Chaiporn Yokawajorn  
Assistant Managing  
Director, Finance  
Appointed in the position of  
Assistant Managing  
Director, Finance on April 3, 2017



# Managements

## Dr. Apichai Taechaubol

Vice Chairman

Executive Chairman

Joined TFD in 2012

### Education

- Honorary Degree of Master of Business Administration in Department of General Management Ramkhamhaeng University
- Master's Degree in Political Science Ramkhamhaeng University
- Bachelor's Degree in Business Administration North Central University.
- Bachelor's Degree in Political Science Ramkhamhaeng University

## Mr. Gumpol Tiyarat

Managing Director

Joined TFD in 2002

### Education

- Master's Degree of Business Administration Kasetsart University
- Bachelor's Degree of Economics Thammasart University
- Bachelor's Degree of Accounting Dhurakijbundit University
- Bachelor's Degree of Law Chulalongkorn University

## Mr. Anukul Ubonnuch

Executive Director

Joined TFD in 2002

### Education

- Master's Degree in Business Administration Kasetsart University
- Barrister at Law Institute Legal Education Thai Bar Association
- Bachelor's Degree in Law Ramkhamhaeng University



## Mr. Kittawat Taechaubol

Executive Director

Joined TFD in 2014

### Education

- Master of Science in Real Estate University of London
- Bachelor's Degree in Management Sciences London School of Economics and Political Science (LSE)  
Houghton St., London WC2A 2AE

## Mrs. Rachanee Siwawej

Deputy Managing Director, Finance

Joined TFD in 1981

### Education

- Bachelor's Degree in Commerce Thammasart University

## Mrs. Siriporn Pinprayong

Deputy Managing Director, Administration Information Technology

Company Secretary

Joined TFD in 1994

### Education

- Master of Arts in English Naresuan University
- Bachelor of Science in Business Administration (Finance) Roosevelt University, Chicago, U.S.A.

## Mrs. Vilai S. Ngow

Deputy Managing Director, Property Management and Customer Relations

Joined TFD in 1997

*Remark : Mrs. Vilai S. Ngow resigned from the position of Deputy Managing Director, Property Management and Customer Relations on July 16, 2017*

### Education

- Bachelor's Degree in Computer Science West Coast University, U.S.A.



## Mr. Prakob Ruanglek

Assistant Managing Director, Business Development, Marketing and Sales

(Appointed on January 13, 2017)

Joined TFD in 2017

### Education

- Bachelor's Degree in Accountancy Bangkok University.

## Mr. Chaiporn Yokawajorn

Assistant Managing Director, Finance

(Appointed on April 3, 2017)

Joined TFD in 2017

### Education

- Master's Degree of Business Economics Kasetsart University
- Bachelor's Degree of Finance Ramkhamhaeng University





# Social Development in the year 2017

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Annual Report 2017  
Thai Factory Development Public Company Limited



The Thai Factory Development (The Company) and its subsidiaries recognizes the importance of its responsibilities to the community and society in every areas that the Company has conducted its business, especially in the fields of social care of environment , building relationship including providing benefits return to the community.

In 2017, the Company had organized the ongoing community support and development activities in various areas where the Company had operated its business including education, improve quality of living and donation supported to related foundations to help those who suffered. The Company focuses on the participation of the Company itself, its employees and also the community. Main activities in 2017 were as follow :

- National Children's Day 2017

The Company had cooperated with the Sub-district Administration Organization, the business entrepreneurs in the TFD industrial estate and the Industrial Estate Authority of Thailand (IEAT) to bring school materials, stationeries, sports equipment and consumables to hand on to students in schools surrounding the TFD Industrial Estate



- Support the Annual Sermon ceremony at Sukaram Temple, Nong Chok Bangpakong Chachoengsao Province.

The Company joined with Nong Chok Sub-district Administration Organization in subsidy the support for the annual Sermon ceremony at Sukaram Temple, Nong Chok, Bangpakong, Chachoengsao Province to raise fund for the renovation of the temple and to nourish the Buddhism.



- Support the SongKran Festival and National Elderly's Day of 2017

The Company joined with the Sub-district Administration Organization and the Community Leaders to organize the activities on Thai traditional SongKran and Elderly's Day. The objective was to celebrate the Thai New Year Day, to pay respect and to honor the value of the elderly, to promote strong family institutions, to encourage children, youth and the general people in the community to participate in the conservation and inheritance of the Thai traditional culture. It also aimed to enhance the Integrated collaboration between public sector, local authorities and private sectors.



- "TFD donate blood to help others " Project

TFD with the Industrial Estate Authority of Thailand (IEAT), organized the project "TFD donate blood to help others" to help for medical purpose at the office of TFD Industrial Estate, which in 2017 this activity has been organized 4 times.



- "Save Klong Lam Chuad Duang"

TFD with the Industrial Estate Authority of Thailand (IEAT), and the business entrepreneurs in TFD Industrial Estate had arranged the activity "Save Klong Lam Chuad Duang" to increase the efficiency and improve the drainage of community and agricultural areas which also enhanced and established the relationship between business entrepreneurs, community and the local authorities.



- “TFD promote the Supplementary Occupations of Her Majesty Queen Sirikit of Thailand, to build a sustainable community.”

The Company also jointly with the Industrial Estate Authority of Thailand (IEAT), organized the activities on H.M the Queen’s Birthday to grateful commemorate of the royal grace of H.M the Queen consort of King Bhumibol Adulyadej and to encourage the community surrounding TFD Industrial Estate to have career and earn extra income by teaching them how to make the sandalwood flowers “the Daffodil” and “Fresh Tofu milk” to all attendance.

- Joined the Volunteer Project to create the sandalwood flowers for H.M the Late King Bhumibol Adulyadej

The Company joined with the Patumwan District Office to engage the “ Volunteer to create the sandalwood flowers for the final tribute to His Majesty King Bhumibol Adulyadej on his Royal Cremation Ceremony in order to pay respectfulness and in remembrance of His Majesty the Late King Bhumibol Adulyadej .



- Improve quality of life for the poor in Moo 4 Tha Sa-an Sub-district

The Company also supported the poor in Moo 4 Tha Sa-an Sub-district who live in a dilapidated home and also have to take care of two mentally disabled patients, which make their lives very difficult and suffered. The Company has provided the funds for them to renovate their house and to use for cost of living and consumables. This is one of the Company’s objectives mainly to help society and sympathize with human beings.



- Support the annual ceremony activity of Tha Sa-an Temple

The Company always emphasizes on the promotion and the conservation of Thai culture and the maintenance of Buddhism. It supported Tha Sa-an Temple for the activities In the annual worship of Luang Por To and the annual festival at Tha Sa-an Temple, Bang Pakong District, Chachoengsao Province





- Project “Learn together with TFD” and GREEN NETWORK

The Company together with the TFD industrial Estate has run the project “Learn together with TFD” and GREEN NETWORK in order to communicate with the community, local authorities, business entrepreneurs and other related parties in the TFD Industrial Estate to have the right understanding and knowledge in how to protect and create the awareness of the environmental impact and safety which can be used for the benefit and also strengthen good attitude to the community surrounding the industrial estate .

- Project Environmental Governance (White Flag, Green Star)

The Company cooperated with the Industrial Estate Authority of Thailand (IEAT) to conduct the Environmental Governance (White Flag, Green Star) to encourage the participation of people in the monitoring and supervision activities of industrial factories and to strengthen relationships with communities surrounding the TFD Industrial Estate. It also supported the private sector to learn how to arrange the environment management and safety of all factories in the Industrial Estate.

- Project “Sponsorship of school materials, stationeries, sport equipment and lunch for students of Mae Ramerng School, Mae Song, Ta Song Yang, Tak Province”

TFD together with the Kindness So Smile Group organized the activities under the project “Kindness So Smile” which has been arranged continuous annually to help and support the educational to the wilderness or distant area.



# Principles on the Good Corporate Governance

Realizing that corporate governance helps strengthen trust and confidence among investors, financial institutions, business partners and other stakeholders in the business, the Board of Directors of Thai Factory Development Public Company Limited has adopted the principles of corporate governance (CG) as a guideline for directors, executives and employees to comply with. The Board of Directors has periodically updated the CG principles as well as disseminated this and other information through the Company's website at <http://www.tfd-factory.com>.

The principles on good corporate governance can be divided to eleven important chapters are as follows:

- Chapter 1 Business philosophy
- Chapter 2 The Board of Directors
- Chapter 3 Ethics of the Board of directors, the management and the employees
- Chapter 4 Reports on the finance, the management and the internal control
- Chapter 5 Risk management
- Chapter 6 Rights of the shareholders
- Chapter 7 Equitable treatment of shareholders
- Chapter 8 Role of the stakeholders
- Chapter 9 Disclosure of the information and transparency
- Chapter 10 Responsibility for the society and the environment
- Chapter 11 The anti-corruption

## Chapter 1 Business philosophy

The Company has the intention to be the best on the organization that does business on real estate development with good management, focusing on increasing the operation to be flexible with the capability in competition and can operate with optimization to the involved persons, including the stakeholders. Moreover, the Company is determined to be an organization with good ethics, transparency and accountability to increase the value to the business and acceptability by everyone involved.

From the said intention the Company has prescribed the philosophy in the business for the Board of Directors, the management and the employees to use as guidelines for the operations. It emphasizes the personnel to have good attitude with the learning behavior and development creatively and consciously on the overall society. The said philosophy consists of the following essence

### 1. Main principles in the business operations and good corporate governance

- 1.1 Accountability is the responsibility on decision-making and self-action and can explain the decisions.
- 1.2 Responsibility is the responsibility toward the duty with adequate capability and effectiveness.
- 1.3 Equitable treatment is treating the stakeholders and all parties equally, justifiably and explicably.
- 1.4 Transparency is transparent operations that can be verified and the information disclosed to all involved parties.
- 1.5 Vision to create long-term value is having the vision to build added value to the business in the long run.
- 1.6 Ethics is maintaining the ethical value while doing the business.



## 2. Corporate Values

- 2.1 To the shareholders - It shall do business with sustainable growth and profitability, considering the good return on investment.
- 2.2 To the customers - It shall build satisfaction to the customers by presenting the products and services with high quality at the international-standard level at the fair prices.
- 2.3 To the employees - It shall support the development on capability of working at the professional level continuously with confidence for the life quality of the employees to be equal to the leading companies.
- 2.4 To the community - It shall be responsible for and has participated in development of the environment with good quality life for the community.
- 2.5 To the trade partner - It shall build good relations for mutual interest.

## 3. Corporate Culture

- 3.1 Attitude
  - Having the ownership feeling.
  - Focusing the business interest as priority.
  - It is customer-centered.
  - Focusing the organization to have continuous development.
  - Having the conscience on team spirit with the mutual goal that is clear.
- 3.2 Thinking method - Thinking in analytical method with the strategic system and in-line issue.
- 3.3 Working behavior
  - Having the clear framework and working plan.
  - The working method can be adjusted according to the situation.
  - Working in teamwork.
  - Recording and collecting information for analysis and building as knowledge.
  - Having the system to transfer the working method systematically.
  - Knowing how to manage the time.

## Chapter 2 The Board of Directors

### 1. Criteria and procedure for nominating director and the high-level management

#### 1.1 State of leadership and independence of The Board of Directors

- The Board of Directors under the leadership of the chairman shall have the state of leadership and can control the operations of the management efficiently and effectively to achieve the targets that are the heart of the business of the Company by building and increasing the investment value to the shareholders, the government sector, the people and the stakeholders.
- The Board of Directors should consist of independent directors with knowledge and capability, and should convene at least four times per month. The independent directors must access to the financial data and other business sufficiently to express opinions independently, keeping interest of those involved by attending the meeting regularly.



- The Company requires that Chairman and Managing Director be elected from members of the Board of Directors and that they are two different persons where roles and responsibilities relating to policy, performance evaluation and management are separated from each other. Chairman of the Board shall have leadership skills. His major responsibilities are to ensure that the Board is independent from the management, to adopt meeting agendas based on the Board's responsibility and to effectively chair the meeting of the Board of Directors and Shareholders by encouraging all directors to participate at the meeting.

## 1.2 Elements of the Board of Directors and the appointments

- The Board of Directors be comprised of:  
Executive director,  
Non-executive director,  
Independent Director
- The Company aims to have the independent directors to be the most professional possible, but no less than 3 persons.
- The directors should come from the authorities in various fields to integrate the necessary ability, consisted of the persons knowledgeable in real estate development at least 3 persons, at least one legal-knowledgeable person, and one person in accounting and finance.
- Appointments of the directors should comply with the specific agenda, transparency and clarity by disclosed the number of years each director has been with the company in the annual report and the company's website.

## 1.3 Appointments of other committees

- The Independent Committee: The Board of Directors must appoint the independent committee as part of it; from the directors at least 3 persons with 1 person must have knowledge on accounting/finance. The audit committee must have the qualification on independence, according to the notice of the SET on the qualification and scope of operations of the audit committee to inspect/supervise the operations of the Company. It shall report on finance, internal control, selection of the auditor, and consideration on the interest, including reporting on governance of the business of the audit committee. At present, the Company has three members of the Audit Committee with acknowledge for reviewing the Company financial report as follows:
 

1. Mr. Prasong	Vara-ratanakul	Audit Committee Chairman
2. Mr. Sommart	Sangkhasap	Audit Committee Member
3. Dr. Sutham	Vanichseni	Audit Committee Member
- The Corporate Governance, Nomination and Remuneration Committee: The Board of Directors on 11 November 2010 appointed three independent directors as members of the Corporate Governance, Nomination and Remuneration Committee whose term of office is three years or until they are no longer the Company's directors. The three are fully qualified according to the criteria of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) Re: Qualifications of independent directors. They are:
 

1. Mr. Prasong	Vara-ratanakul	Corporate Governance, Nomination and Remuneration Chairman
2. Mr. Sommart	Sangkhasap	Corporate Governance, Nomination and Remuneration Committee
3. Dr. Sutham	Vanichseni	Corporate Governance, Nomination and Remuneration Committee

The Corporate Governance, Nomination and Remuneration Committee should meets at least twice during the year for consideration of any matters to achieve their responsibilities assigned by the Board.



In addition, the Board of Directors clearly state a policy that independent directors who have served on the Board beyond nine years from the date of their first appointment should be subject to particularly rigorous review of their continued independence.

## 2. Characteristics and qualifications of the Board of Directors

- Having the qualification and disqualification meeting the Public Company Act.
- The Board of Directors will thoroughly review performance of directors sitting in the board of various companies. In other words, each director should not hold directorship in more than five listed companies and non-listed subsidiaries.
- The independent directors must have the qualifications concerning independency, according to the notices of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) Re: Qualification and scope of work of the audit committee, and can oversee the interests of all the shareholders equally, and no conflict of interest between the Company and the management, the major shareholders of other companies, which the management / major shareholders in the same group. Moreover, it can attend the Board meetings and express opinions independently
- According to the rule and regulation of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) Re: Qualifications of an independent director, determine the structure of Listed Company's Board of Directors that shall be at least one-third of the Board membership is made up of independent directors and the sub directors should be an independent director. The Company is able to determine the qualifications of an independent director over the standard of SET and SEC.
- The independent directors must have the qualifications concerning independency from major shareholders, executives, and related person or director not being as executive of the Company, subsidiary, and associated companies. Those qualifications are comply with the rules and regulations regarding clause 17: qualifications of an independent director of Notification of the Capital Market Supervisory Board No. TorChor. 39/2016 Re: Application for and Approval of Offer for Sale of Newly Issued Shares as follows.

### Qualifications of TFD's independent director

1. Holds shares not exceeding 1% of the total shares with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the applicant, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC), provided that such prohibition shall not include the case that such independent director has ever been official or advisor of the government sector that is the major shareholder or controlling party of the applicant.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.
4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause





the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of rent, or lease the immovable property, transaction related to assets or services, or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt, and any otherwise similar performance which causes liability or obligation to the applicant or counter party, have provided that such liability is equal to or exceed 3% of the net tangible assets of the applicant or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction *mutatis mutandis*. The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included on calculation of such liabilities.

5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
  6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
  7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholders.
  8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds shares for more than 1% of the total shares with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.
  9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant
- Such independent director may be assigned by the Board of Directors to make decision in respect of collective decision on business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of applicant.

### 3. Main duties and responsibilities of the Board of Directors and sub-Committees

#### 3.1 Scopes of work of the Board of Directors

1. To review and approve actions as required by the laws
2. To regularly review managing director's performance; to set managing director's remunerations
3. To determine the business's vision and be responsible for the business's operation results and performances of the management by promoting attentiveness and prudence
4. To review and approve major strategies and policies, objectives, financial goals, work plans and to regularly monitor the management for their compliance



5. To set up a reliable accounting system, financial reporting and auditing as well as a process that evaluates the soundness of an internal control system and an internal auditing system to ensure their efficiency and the effectiveness of the Company's risk management, financial reporting and monitoring practices, at least annually as well as disclose the review results in the annual report.
6. To supervise and resolve problems of conflict of interest among stakeholders
7. To oversee the Board of Director's practices to be in line with corporate governance and ethical work practices
8. To be authorized to approve investment items and expenses in projects exceeding Baht 500 million in value which however shall be aligned with relevant regulations of the SEC, the Capital Market Supervisory Board and the SET.

The Executive Board of Directors shall be empowered to approve investment items and expenses in projects for a value not exceeding Baht 500 million. Chief Executive Officer (CEO) will have the authority to do so for projects of which the value does not exceed Baht 300 million; while Managing Director is authorized to approve investment items and expenses not exceeding Baht 100 million in value.

### 3.2 Major responsibilities of the Sub-Committees

The Board of Directors has set up two committees; namely, the Audit Committee and the Corporate Governance, Nomination and Remuneration Committee, whose responsibilities are as follows.

#### 3.2.1 Scopes of work of the Audit Committee

1. To review the Company's financial statements to ensure that it reflects the Company's actual financial status.
2. To review that the Company has put in place an appropriate and effective internal control and internal audit; to approve an appointment, transfer, termination and performance evaluation of head of the Internal Audit Department and to review the Internal Audit Department's independence in its performance and reporting tasks as well as its line of command
3. To review the Company's compliance with the laws on securities and exchange, the SET's requirements or other laws relating to the Company's business.
4. To review, select, nominate, appoint and propose the auditor's fee and to review the auditor's independence in case the Company's auditor provides other non-audit services which could lead to its lack of independence; to organize a meeting with the auditor without the presence of the management at least once a year in order to seek opinions in various matters from the auditor.
5. To review compliance and information disclosure in the case of connected transactions or any transaction with a potential conflict of interest for the purpose of accuracy and comprehensiveness.
6. To prepare the Audit Committee's annual corporate governance report to be signed by Chairman of the Audit Committee. This report will be published in the Annual Report and sent to every shareholder. The report will feature the number of the Audit Committee's meetings being held during the year, meeting attendance of each of the Committee's members and their opinions in the following issues:
  - Accuracy, comprehensiveness and reliability of the Company's financial statements
  - Adequacy of the Company's internal control
  - Legal compliance with the laws on securities and exchange, the SET's requirements or other legislations relating to the Company's business
  - The auditor's suitability
  - Transactions with a potential conflict of interest



- Overall opinion or observation that the Audit Committee has received from performing its duty based on the Charter
  - Other information that shareholders and investors should learn based on the roles and responsibilities entrusted by the Board
7. To perform other duties as designated by the Board upon the Audit Committee's approval.

### 3.2.2 Scopes of work of the Corporate Governance, Nomination and Remuneration Committee

The Corporate Governance, Nomination and Remuneration Committee has a duty to recommend, supervise and review corporate governance practices of the Company as well as nominate those qualified as the Company's directors to replace directors resigning on rotation or in other cases. The Committee also reviews an evaluation system of performance of the Board and other committees. It is responsible for a succession plan of the Company's managing director, which will then be reported to the Board for approval or for proposing to the Shareholders' Meeting, as the case may be. The Committee also studies changes and trends of director's remunerations and recommend it as a policy to keep quality people with the Company while acting as an incentive to help expanding the Company. Its jobs are as follows.

1. To review corporate governance policies and practices and business ethics to see if they are sound and adequate; to improve and update such policies
2. To monitor the compliance of a corporate governance policy and business ethics by the Board, the management and staff according to the Company's practices and policies
3. To promote compliance with corporate governance policies and practices and business ethics for continued effect and to ensure that it fits the Company's business
4. To recommend the Company, the Board, the management and workgroups on corporate governance
5. To determine how to nominate director or managing director systematically and transparently
6. To nominate those appropriate as a director or a managing director in case of vacancy for further recommendation to the Board or the Shareholders' Meeting, as the case may be.
7. To recruit future directors to replace those whose term is expired for further recommendation to the Board or the Shareholders' Meeting
8. To nominate director qualified as a member of the Committee for recommendation to the Board in case of vacancy
9. To recommend how to evaluate performances of directors, the Board and the Committee and to follow up with the evaluation
10. To review and propose amendments to the scopes of work and responsibilities of Corporate Governance, Nomination and Remuneration Committee and to determine its remunerations that suit each situation
11. To recommend remunerations of and how to pay remunerations or other benefits to the Board, the Committees and managing director with fair and reasonable criteria and to propose it to the Board for consideration
12. To perform other jobs as entrusted by the Board.

## 4. Qualifications and responsibilities of Company Secretary

The Board of Directors shall appoint a Company Secretary to oversee activities of the Board and to ensure that both the Board and the Company comply with relevant laws, rules and regulations. Company Secretary is to oversee the meeting of the Board and Shareholders as well.



### Qualifications of Company Secretary

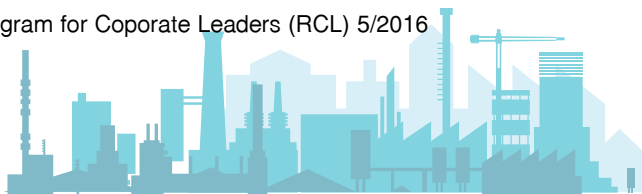
- Understand the Company's business and related roles and responsibilities of Company Secretary's work including having fundamental knowledge in principles of laws and regulations of supervising agencies, the laws on public company and the laws on securities and exchange. Company Secretary is to seek knowledge from experts or legal advisors to strengthen his/her understanding.
- Being knowledgeable; understand and support the Company's operation to achieve the purposes under the principle of corporate governance and best practices on CG
- Refrain from seeking personal interest from the Company's business opportunities; able to keep the Company's secrets; having integrity and taking into consideration all stakeholders; refrain from action that could defame the Company's reputation and harm its image.
- Have excellent interpersonal skills; able to coordinate with both internal departments and external agencies

### Roles and Responsibilities of Company Secretary

- Give basic advice to Directors in respect of laws, orders and regulations of the Company of which the Board of Directors needs to know, as well as to ensure proper and consistent compliance. Report any significant change in matter of laws to directors.
- Organize the shareholders' meeting and Board meeting in accordance with the laws, articles of association and proper practice.
- Prepare and keep documents of the Board of Directors and shareholders; namely registration of directors, invitation letter to attend the meeting of the Board and Shareholders, minutes of the meeting of the Board and Shareholders, annual report and quarterly financial statements
- Keep the reports of interests filed reported by directors or executives and make submission as required by laws.
- Have information and IT reports under his/her responsibility disclosed to supervising agencies in compliance with the laws and the Company's rules and regulations on information disclosure.
- Contact and communicate with general shareholders to keep them informed of various shareholders' rights and Company's news.
- Do any other actions as entrusted

The Company has appointed Mrs. Siriporn Pinprayong, who has proper qualifications as the Company Secretary on 14 November, 2007.

Name	Mrs. Siriporn Pinprayong
Title	Deputy Managing Director, Administration Information Technology, Company Secretary
Education	<ul style="list-style-type: none"> <li>- Master of Arts in English Naresuan University</li> <li>- Bachelor of Science in Business Administration (Finance) Roosevelt University, Chicago, U.S.A.</li> </ul>
IOD Training course	<ul style="list-style-type: none"> <li>- Effective Minute Taking 8/2007</li> <li>- Company Secretary Program 22/2007</li> <li>- Role of The Compensation Committee 1/2006</li> <li>- Role of the Chairman Program 34/2014</li> <li>- Director Accreditation Program SEC/2014</li> <li>- Advanced Audit Committee Program 16/2014</li> <li>- Ethical Leadership Program 2/2015</li> <li>- Risk Management Program for Corporate Leaders (RCL) 5/2016</li> </ul>



## 5. Holding the Board meetings and the receipts of documents and data

- Have the office of the managing director to be the secretary of the Company to hold board meetings, shareholders' meetings, and advice on the various laws that the directors should know.
- The Board set its meeting schedule and agenda in advance and notify each director of the schedule so that each member of the Board can manage time to attend meetings.
- The Board of Directors should dedicate and pay attention to the Company fully, and are ready to attend the meetings regularly at least once every three months, and as necessary. If there is a special agenda, it requires at least one half of the total directors to attend to achieve the quorum. Absence of the Board meetings more than three consecutive times without a reasonable cause shall be regarded as not wanting to be a director anymore. If the meetings are not monthly, the Board should receive, for the month of not meeting, a monthly report on the company's performance so that it can monitor management performance continuously and promptly.
- No less than two-thirds of all directors shall be present at the meeting of the Board of Directors when a resolution is adopted,
- The chairman should encourage all directors to attend at least 75% of all the Board meetings held during the year.
- The chairman of the Board should give approval on the meeting agenda by consulting with the managing director; however, the managing director should consider a request by some directors to put other important matters in the agenda in the next meeting.
- The chairman of the Board should give confidence that the Board of Directors to allocate the time sufficiently for the management to present documents and information for discussion and adequacy for the directors to discuss the important issues.
- The chairman of the board should have the clear measure for the directors to receive the information involved in advance with sufficient time to study and decide correctly on the matters at each board meeting. Meeting documents will be sent to each director at least five business days in advance of the meeting.
- The Board of Directors can access to additional information, under prearranged by seek documents, data, consulting words, and various services concerning the operations from the high-level management or company secretary and may seek independent opinions from outside consultants as necessary to supplement each meeting, at the company's expense.
- It should prepare the minutes of the Board meetings for clarity and reference.





## The Board of Directors' Meeting attendance in 2017

Name	Board of Directors	Executive Committee	Audit Committee	Time (s) / Total meeting
				Corporate Governance, Nomination and Remuneration Committee
1. Dr. Sunthorn Sathirathai	9/9			
2. Dr. Apichai Taechaubol	9/9	8/8		
3. Mr. Prasong Vara-ratanakul	9/9		8/8	4/4
4. Dr. Sutham Vanichseni	9/9		8/8	4/4
5. Mr. Sommart Sangkhasap	9/9		8/8	4/4
6. Mr. Gumpol Tiyyarat	9/9	8/8		
7. Mr. Anukul Ubonnuch*	9/9	6/6		
8. Mr. Kritawat Taechaubol	2/2			

Remark : \* Mr. Anukul Ubonnuch appointed in the position of Executive Director on February 27, 2017.

\* Mr. Kritawat Taechaubol The Board of Directors assigned to operate a subsidiary abroad since September 2016 to October 2017.

Company Secretary: Mrs. Siriporn Pinprayong (Deputy Managing Director, Administration Information Technology)

## 6. Evaluation of the Board of Directors

### Criteria for the evaluation of the Board of Directors

- The Board of Directors should prepare the self-evaluation form for use as the framework for examination of the operation of the directors constantly.
- The Board of Directors should set its working standards with criteria and evaluation on its operations to compare with the criteria periodically.
- The managing director should participate in explaining the expectations from the Board of Directors.
- The Board should appoint an external consultant to facilitate a board assessment at least once every three years, and assessment results should be disclosed in the annual report.

### The process and the evaluation of the Board of Directors

- To comply with the principles of corporate governance, the Board and sub-Committees have come up with an evaluation form where they will be subject to it once a year. The Board and sub-Committees conducted a self-evaluation on a group basis by using an evaluation form of the SET and the Institute of Directors as a framework to check and improve the performances of its directors. The evaluation form of the entire Board consists of four topics as follows
  1. Structure of the Board
  2. Strategy and directions of the Company
  3. Monitoring and evaluation of the management
  4. Responsibilities of the Board



- To evaluate performances of the Board of Directors, self-evaluation surveys of each individual director will be gathered. Results of the evaluations in “appropriate” and “to be improved” columns will be added up and divided by the total number of directors conducting the self evaluation to come up with a percentage of directors who consider relevant practices appropriate or otherwise.

## 7. Board and management training

- The Board of Directors encourages and facilitates directors, executives, Company Secretary and related parties to attend coursework organized by the Thai Institute of Directors (Thai IOD), the Stock Exchange of Thailand (SET), or other independent agencies to improve their performances. Whenever a new director is appointed, the management will provide documents and information proven beneficial to his/her performance including organizing a session to introduce the Company’s nature of business and direction to the new director.
- The Board requires Managing Director to regularly report a succession plan as well as to appoint a successor to replace executives at various levels in case they cannot perform their duty. All the information has already been stated in the Company’s HR policy and HR development plan annually.

## Chapter 3 Ethics of the Board of Directors, the management and the employees

So as to show the intention of doing the business by the Company transparently with merits and responsibility toward the stakeholders, considering the society and the environment, so it should set the Company ethics for the Board of Directors, the management, and all the employees to use as guidelines in practice in parallel with the Company rules/regulations as follows:

### 3.1 Ethics of the Board of Directors and the management

For compliance with the above principle the Board of Directors and the management to have duty on the ethics as follows:

- 3.1.1 The Board of Directors and the management shall perform the duty according to the laws, objectives and regulations of the Company and the resolutions of the shareholder’s meeting.
- 3.1.2 The Board of Directors and the management must manage for the benefit of the Company, the shareholders, and the employees at present and future, also to maintain the image of the Company.
- 3.1.3 The Board of Directors and the management must manage the job with integrity for the benefit of the Company, the shareholders and the employees at present and future.
- 3.1.4 The Board of Directors must have the important role in control and decision-making on the policy, including appointing the management to manage daily affairs with each side has the responsibility on the duty toward each other to comply with the objectives and rules of the Company. The Board of Directors should give power to the management to do the daily jobs fully without interfering on the operations and no justifiable cause.
- 3.1.5 The Board of Directors and the management must not have conflict of interest or competition with the Company directly or indirectly.
- 3.1.6 The Board of Directors and the management must shall manage the operations avoiding conflict of interest with the Company, so the management is effective and beneficial to the Company, including
  - Not seeking personal interest from the directorship.
  - Not abuse the confidential information of the Company.
  - Not a director in a competing company.
  - Not having interest in signing a contract for the Company.
- 3.1.7 The Board of Directors and the management must manage the job carefully, and not bind the Company that may have conflict with their duty later.
- 3.1.8 The Board of Directors and the management must not seek personal interest from working directly or indirectly.



- 3.1.9 The Board of Directors and the management must work on their duty in full capacity for the maximum interest to the Company.
- 3.1.10 The Board of Directors and the management must not be an important operator or shareholder or having a family member as a director or shareholder in the business or any business in the same condition and being competition or doing business with the Company regardless of for self-interest or for others.
- 3.1.11 The Board of Directors and the management team must not do any kind of management that would conflict with the Company interest or grant advantage to the other person or company for self or other profit.
- 3.1.12 The Board of Directors and the management must determine to protect and eliminate corruption of all kinds based on speediness, clarity and definiteness.
- 3.1.13 The Board of Directors and the management must be independence in decision-making and performance, including creating satisfaction from the correctness of the decision-making by the Board of Directors and the management.

### 3.2 Implementations by the employees

The Company's business is the real estate development both in the industrial and residential sectors. The Company optimize to the shareholders that it is necessary to maintain professionalism, flexibility and independence to maintain those characteristics further. So the Company has guidelines for the employees as follows:

- 3.2.1 She/he does the duty with responsibility, integrity, determination, dedication and observation of the rules and policies with interest of the Company as priority.
- 3.2.2 She/he strictly maintains the secrets of the customers, trade partners, and caring not to allow the secret of the Company to the outsiders that may cause damage to the Company.
- 3.2.3 She/he respects in personal rights of other employees, avoiding bringing data or information of other employees concerning the operations and personal matters to disclose or comment in the form to cause damage to employees or overall image of the Company.
- 3.2.4 She/he does not defame or do anything to lead into the internal division which damage the Company or persons involved.
- 3.2.5 She/he maintains and creates unity and team spirit among the employees, and helps to support each other for benefit to the Company on the overall.
- 3.2.6 She/he treats the colleagues with politeness, spirit and good human relations, not concealing necessary data on the operation of the colleagues, and be good cooperate with other people, including giving honor to others, not claiming the work products of others as his own.
- 3.2.7 She/he shall behave and develop himself/herself for benefit themselves and the company by always seeking knowledge and experience to build working ability, adhere to the merits, abstaining from all the vices, not to behave that may cause bad reputation to self and the Company.
- 3.2.8 She/he shall notify the superior or the audit committee if finding the Company or its management or employee to do something in bad faith or corruption.
- 3.2.9 She/he shall pay attention and help in anything to conserve the environment and atmosphere on working, including development of the organization to excellence.
- 3.2.10 She/he should avoid to give / receive things, giving / accepting a party or any benefits from the trade partners or stakeholders of the Company, except for the benefit in doing business in the righteous way of the Company, or in festival or tradition at the suitable value. The recipient shall consider if the gift received in the monetary form or things with high value shall notify the superior or return it.



## Chapter 4 Reports on the finance, the management and the internal control

- The committee should report on the status evaluation and trend of the Company, summarizing in the terms that is easy to understand in the annual report of the Company.
- The Board of Directors must prepare the balance sheet, profit and loss statement and report of the auditor together with the annual report of the Board of Directors presented to the shareholders in the annual general meeting (AGM) for approval.
- It shall prepare the administrative report on analysis in various forms as the Board of Directors required, other than the financial and audit reports.

### The audit committee and the auditor

- The Board of Directors should provide the system that is official and transparent in maintaining relation with the internal and external auditors with the audit committee as the coordinator.
- The external auditor should confirm independency of himself each year to the audit committee, and the various methods used in the auditing office for confidence of independency of the external auditor.
- The auditor is entitled to verify the reports or other financial reports that the Board of Directors issues together with the financial report that it has audited, and can report the abnormality in the report that is inconsistent with the audited financial statement.
- The audit committee has the duty to be responsible for the review and the financial report.
- The remuneration on the audit and other fees paid to the auditor should be disclosed separately in the financial statement for transparency and independency of the auditor.

### Internal Control

Realizing the significance of internal control and regular supervision, the Board has designated the Audit Committee to review and assess the internal control process. The Internal Audit Department which is independent from the management shall directly report the Audit Committee to ensure efficient and effective performance. The efficiency of the internal control system is regularly assessed.

The audit should cover everything including the financial control, operations, governance and compliance control, risk management, and priority to the unusual items.

## Chapter 5 Risk management

The Company assesses both internal and external risks that could affect its operation. It analyzes and ranks major risks based on impacts and potentials of the risks to strike each business process as a means to adopt a risk management plan. In addition, risk factors and circumstances are closely monitored.

Set up teamwork or clearly authorize to the unit within the Company for verifying and governing of the risk management such as financial risks, operation risks, business risks or event risk, etc. and Preparing the risk management report to be presented to the Board of Directors.

In addition, the Board of Directors also discloses risk management practices and risk factors in the Company's Annual Report and every time the level of risk exposure changes. This includes giving priority to advanced warning signals and unusual transactions. The Board of Directors also reviews the adequacy of the risk management process and risk management efficiency at least once a year or as deemed necessary.



## Chapter 6 Rights of the shareholders

The Company recognize shareholders rights and avoid any action that violates those rights as well as encourage shareholders to exercise their right for controlling the Company by appointing the Board of Directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes.

- The Board of Directors publicly disclose policies to encourage all shareholders, especially institutional ones, to attend the company's shareholders meeting.
- The Company provides shareholders, in advance of meetings, with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting or extraordinary general meeting or circulars and/or the accompanying statement.
- The chairman of the meeting should allocate the time appropriately and promote expression of opinions and inquiries at the meeting, including allow shareholders to send their questions to the company prior to the meeting date. Investors can be clearly informed in advance of the determined criteria for accepting advance questions and the process for submitting them on company's website.
- The Board of Directors encourage shareholders are specify their votes by allow shareholders to appoint an independent director as their proxy.
- The Board of Directors encourage the company to use secure, fast, precise, and accurate technology in the shareholders meeting, including in recording attendee registration, printing ballots and processing voting results.
- Each director, especially the chairman of the Board/chairman of the committees should attend the meetings of the shareholders to answer the questions by the meeting attendants.
- The shareholders should have the right to vote for each item proposed, and the Board of Directors should not bundle many unrelated businesses for approval in one resolution. In addition, there are no bundling of several items into the same vote; for example, election of directors.
- The Company appoints an independent party of scrutineers/inspectors to count and/or validate votes the annual general meeting or extraordinary meeting. This scrutineer shall be disclosed at the meeting and recorded in the minutes.
- For the sake of transparency, the Board encourage the use of voting cards for important agenda items such as related party transactions or disposal of significant assets.
- The Board make publicly available on company's website by the next working day the result of voting during the annual general meeting or extraordinary general meetings for all resolutions.

## Chapter 7 Equitable treatment of shareholders

The Board of Directors provides convenience at the shareholders meetings with equal treatment for all, nothing to limit the information of the Company, and attend the meetings of the shareholders.

- The Company releases its annual general meeting notice, with detailed agenda and explanatory circulars, at least 30 (thirty) days before the date of the meeting. Moreover, the company's notice of shareholders meeting will be fully translated into English and published at the same time as the local language version.  
The Company will deliver an invitation letter to attend the meeting to shareholders at least seven days before the meeting date or as required by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
- The Company informs shareholders of meeting procedures and voting criteria, including the voting rights attached to each class of shares. If a shareholders in a management position wishes to add any agenda item, he/she should notify other shareholders in advance, especially if it is an issue that will require shareholders to spend a good deal of time to study before deciding.





- The Board, in advance of the meeting date, have pre-determined criteria on allowing minority shareholders to propose any agenda item and on screening those propose by them. The Board establish procedures for the nomination of candidates by minority shareholders. One alternative is to nominate via the company's nomination committee three to four months prior to the meeting date. Supporting information, candidates' qualifications and their consent, should be provided by the minority shareholders nominating the candidates.
- The process used in election of directors allow shareholders to vote on individual nominees.
- The Board has adopted a policy that requires any director having an interest in any agenda to refrain from attending the meeting in that agenda. Directors are to report their interests at least before the agenda starts which shall be recorded in the minutes of the Board of Directors' Meeting.
- The Company has a policy to continue executing connected transactions carried out at the moment in the future subject to the corporate governance principle where conditions of the transactions will be aligned with what is done during ordinary course of business and at a market price which can be comparable to a price offered to the third party. In addition, the Audit Committee will take part in the process to review the soundness of the connected transaction's price and its rationality.
- The Board of Directors will comply with the laws on securities and exchange as well as regulations, announcements, orders or requirements of the Office of the Securities and Exchange (SEC), the Capital Market Supervisory Board and the Stock Exchange of Thailand (SET) when executing a connected transaction possible taking place in the future. The Board will also comply with requirements to disclose information of connected transactions as well as the acquisition or disposal of major assets of the Company and subsidiaries. It is anticipated that a volume of the Company's connected transactions to be executed in the future will remain relatively the same as what's happening now. However, this volume is subject to change based on what's necessary and proper to the business of the Group.
- If the Company or subsidiaries execute a connected transaction with a person with potential conflict of interest, a stakeholder, or a person who could have a conflict of interest in the future, the Company will have the Audit Committee express its opinion regarding the transaction's necessity and soundness. If the Audit Committee doesn't have any expertise to review such connected transaction, an independent expert or an auditor of the Company will provide an opinion instead for the Board or shareholders, as the case may be, to use in their decision-making process. The Company will disclose connected transactions in notes to the financial statements audited or reviewed by the Company's auditor.
- There are written procedure concerning the use and protection of inside information. The Board establish these procedures and communicate them to everyone in the company. Every director and executives regularly submit to the Board a report on their ownership of the company's shares and this information will be disclosed in the firm's annual report.

## Chapter 8 Role of the stakeholders

- The Board of Directors should be aware and gives confidence that the stakeholder of the Company shall be taken care fully.
- The Board of Directors should report the non-financial data that shows the stakeholder are taken care and considered very well in making a decision for the Company.
- The Board of Directors should specify fully who are the stakeholders, and rank their priority for consideration without any mistake or failure in business operation at the end.

The role of the stakeholders of the Company is as follows



## 8.1 Responsibility for the shareholders

The Company is determined to be the good representative of the shareholders to do business to build highest satisfaction for the shareholders, considering the value growth of the Company in the long run and good return on investment continuously at the suitable level. It shall do transparently; build confidence of the accounting system to comply with the said principle, so it embraces these guidelines:

- 8.1.1 The Company's growth of value in the long run
  - It performs the duty with integrity and fairness to the major and ultimate shareholders for overall maximization.
  - It manages by using the knowledge, ability and skill fully, including carefulness and prudence in the decision to do in any cases.
  - It does not do anything to cause conflict of interest to the Company.
- 8.1.2 Disclosure of information
  - It reports the status and the future trend of the Company to the shareholders equally, regularly and fully as it actually happens.
  - It shall not seek self-interest and from the involved persons, using any value of the Company not disclosed to the public.
  - It does not disclose confidential data to the outsiders, which may cause adverse effects to the Company.

## 8.2 Relationship with the customers

The Company is determined to create satisfaction and confidence with the customers to receive the good products and service with the quality at the suitable price, including maintaining good and sustainable relations, so it has set the guidelines as follows:

- 8.2.1 Produces quality goods and service with determination to develop the standard of the goods to have higher quality continuously, and reveal the information on the goods and service correctly and completely, no distortion of facts and keeps up with the event.
- 8.2.2 Gives warranty on the goods and service under the suitable conditions.
- 8.2.3 Produces the system for the customers can complain on the goods, service and operations the best for the goods to receive quick response.
- 8.2.4 Do not make excessive profit compared with the quality of the goods or service in the same type or kind, and do not specify the trade conditions that are unfair to the customers.
- 8.2.5 Complies with the terms and conditions with the customers strictly, if it cannot do it, it must notify the customers in advance to consider jointly finding guidelines on correction.
- 8.2.6 Keeps the secret of the customers seriously and constantly, including not using for self-interest and for the involved persons illegally.

## 8.3 Relations with its trade partners, competitors and creditors

The Company shall consider the equality and integrity in the business operations and the interests jointly with its trade partners, as they shall comply with the laws and rules strictly and good ethics in the business operations. While the business that is in competition, the Company shall adhere to the rules on good competition and guidelines and fairness in borrowing from the creditor and repayment. So as to comply with the said principle the Company has specified practical guidelines as follows:

- 8.3.1 Relations with the trade partners
  - It shall not demand or receive or pay for the benefit of any in bad faith from its trade partners.
  - It shall comply with the existing conditions strictly with partners.



- In case of cannot comply with the conditions, it shall notify the trade partners in advance to jointly find the guidelines on solving the problems with justification.
- 8.3.2 Relations with the trade competitors
  - It shall comply with the rules on good competition.
  - It shall not try to destroy the reputation of the competitor by slandering and baseless allegation.
- 8.3.3 Relations with the trade creditors
  - It shall maintain and comply with the conditions with the creditors strictly on repayment and care of securities, guarantees and other conditions, including not using the funds received from loans to be contrary to the objective in the agreement made with the lenders.
  - Report the financial status to the creditors with honesty.
  - Report to the creditors in advance if it cannot comply with the obligations in the contract, and try to find guidelines on a joint solution.

#### 8.4 Responsibility for the employees

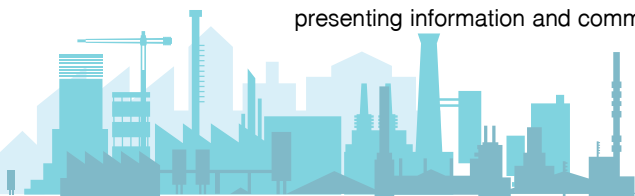
The Company shall regard the employees are a factor to its success, so it determines to develop, build culture and good atmosphere, including promoting teamwork for confidence of the employees. So they can do sustainable work with the Company, so it specifies the guidelines as follows:

- 8.4.1 The employees receive fair remuneration in the form of salaries and/or annual compensation, including the various fringe benefits.
- 8.4.2 Cares for the working condition with safety for the life and property of the employees.
- 8.4.3 Appoints and transfers, including gives rewards and makes disciplinary action with equality, honesty and justification based on the knowledge, ability and suitability, including making or performing for the employees.
- 8.4.4 Gives priority on development and transfer of knowledge and ability of the employees by giving opportunity to the employees widely and regularly.
- 8.4.5 Listens to the ideas and propositions from the employees at all levels equally and equitably.
- 8.4.6 Complies with the laws and regulations concerning the employees strictly.
- 8.4.7 Manages by avoiding anything unfair, which may have effects on the duty stability of the employees.
- 8.4.8 Treats the employees with politeness and respect equally for everyone.
- 8.4.9 The employees have an opportunity to notify on illegality of the Company by reporting to the superior or the audit committee.

### Chapter 9 Disclosure of the information and transparency

The role of the Board of Directors concerning the disclosure of information and transparency

- The Board of Directors has the duty to disclose information on financial and non-financial report sufficiently, reliably, and in time for the shareholders and the stakeholders to receive the information equally as prescribed by the law, regulation and the public sector involved.
- The Company should be prepared the corporate information carefully, clearly, and compactly, using simplified language with transparency. Regularly disclose of important information on both positive and negative sides which carefully not to cause users misunderstanding and confuse of factual information.
- Providing an investor relations unit to publicizes/communicates data that is beneficial to the shareholders, the investors, the securities analysts, and the involved persons to know the information of the Company.
- The Board of Directors should provide sufficient resources to help develop capability of the management in presenting information and communications.



- In addition to disclosing information as specified in regulations the SET, annual statements (Form 56-1), and annual reports, the Board disclose information, both in Thai and English, via company's website. All disclosed information will be up-to-date, the minimum information as follows:
  - Objectives of the Company.
  - Financial status and operation results of the Company (current and at least one prior year)
  - Direct and indirect shareholding structure and the right to vote.
  - List of the directors, committees, the senior management and their remuneration.
  - Factors and policies on risk management that is visible, concerning the operations and finance.
  - Issues with essence concerning the employees and the stakeholders.
- The Board encourage the company to make a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to help investors better understand changes in the company's financial status and performance each quarter, not just be presented with the figures by themselves.
- It should unveil in the annual report on the number of times that each of the directors and/or the subcommittees attends the meetings, compared with the number of times of the Board meetings and/or subcommittees each year, including ongoing professional education or training of its directors, are disclosed in the annual report.
- The Board should ensure that audit and non-audit fees are disclosed.

## Chapter 10 Responsibility for the society and the environment

Having a vision to be a business with social and environmental responsibility, the Company has set up a working committee to oversee environmental management issues when conducting business. A social responsibility strategy has been concretely adopted to maximize the management of various projects by improving environmental protection processes and practices and by conducting an environmental impact assessment before a project starts. The Operation Department may directly report the Corporate Governance, Recruitment and Remunerations Committee when necessary but a performance report must be made at least once a year. In addition, a business review will be conducted from the perspectives of social responsibility, risk assessment and effects to sustainable growth where plan and practices to respond to the issue of social responsibility will be strategically adopted. The Company and its subsidiaries are responsible for pursuing business on the basis of policies and plans adopted within the framework of social responsibility. We are also responsible for strengthening our knowledge and understanding within our responsible context through the monitoring and the reporting. As a result, we have come up with the following practices with a view to pursue a sustainable business development:

- 10.1 To consider the option with minimum impact on the society, environment and life quality of the people by using the benefits from natural resources.
- 10.2 To support the creative activities for the society and environment regularly from the Company's profit.
- 10.3 To inculcate the conscience of social responsibility and the environment among the employees at all levels continuously and earnestly.
- 10.4 To give priority of all transaction deal with the trade partners who has the same goal in society and environment.
- 10.5 To treat and cooperate or control for strict treatment, according to the intention of the law and regulations, issued by the corporate governance section.
- 10.6 To regard it as a main duty and policy to give priority to the activities of the community and society, aiming for development of society, the environment, creativity and conservation of the good natural resources. Including supporting education to the youth, support public activities that benefit the deprived communities to be stronger, self-reliant, under the self-sufficient economy with creativity to skill and development of occupation to the general communities.





## Chapter 11 The anti-corruption

To assure that we have put in place appropriate policy, practice and requirements to prevent corruption possibly incurred from our business activities and to encourage thorough decisions and actions that could potentially be exposed to corruption risk, the Company has adopted an anti-corruption policy in writing as a clear practice for our operation and for sustainable corporate development.

### Roles and Responsibilities

- 1) The Board of Directors has roles and responsibilities to adopt a policy and to supervise a system that will effectively support anti-corruption practices. This is to create awareness among the management of the importance of this practice and thereby promote it as a corporate culture.
- 2) The Audit Committee has roles and responsibilities to audit financial statements and the systems of financial and account reporting, internal control, internal audit and risk management for compliance with international standards while making sure that they remain precise, sound, sophisticated and effective.
- 3) Managing Director, the management and executives have roles and responsibilities to set up a system that will help supporting and communicating an anti-corruption policy to employees and related parties. They are also to review the soundness of the measures to reflect business, legal and regulatory changes.
- 4) An internal auditor has roles and responsibilities to audit and review compliance with policy, practice, authority and regulatory rules and laws to ensure that the Company has indeed an adequate and appropriate system against potential corruption risk. The internal auditor directly reports to the Audit Committee.

### Practices

- 1) Directors, executives and employees at all levels are to comply with the Company's anti-corruption policy where they shall neither directly nor indirectly be involved in corruption.
- 2) Employees must not remain ignorant if witnessing action potentially qualified as corruption in relation to the Company. They shall report the incident to supervisors or responsible persons and cooperate with the examination process. In case of doubt or question, employees should consult with supervisors or persons designated to be responsible for such policy compliance through available channels.
- 3) The Company will protect and fairly treat employees who report or refuse to be involved in corruption in relation to the Company through measures designed to protect whistleblowers of corruption.
- 4) Corrupting is an offense and is subject to disciplinary actions based on the Company's regulations. Besides, corrupted persons may be subject to legal punishment if the action is found illegal.
- 5) The Company underlines the importance of disseminating anti-corruption information and knowledge and making the third party collaborating with the Company or whose action could affect to the Company comply with this anti-corruption policy.
- 6) The Company commits to promote and nurture the corporate culture that corruption is unacceptable when conducting transactions with either the public or private sectors.

### Reporting of grievances and whistle-blowing

The Board of Directors has adopted whistle-blowing or grievance measures which allow employees or stakeholders to file complaints against legal violation, corrupted malpractice or improper behavior of the Company's personnel. In addition, measures to protect them are also adopted to enable stakeholders to effectively help protecting the Company's interests.



#### Issues to be reported

- Legal violation, corruption against the Company's regulations, wrongdoings committed by directors, executives and employees
- Unusual items in financial statements; defected internal control system
- Matters that could jeopardize the Company's interests or reputation

#### Channels of Grievance

Company's website:	www.tfd-factory.com
Email:	cs@tfd-factory.com
Address:	Thai Factory Development Public Company Limited 18, Soi Sathorn 11, Yaek 9 TFD Building, Kwaeng Yannawa, Sathorn District, Bangkok 10120 Tel. 0-2676-4031-6

All grievances will go through independent directors or members of the Audit Committee for investigation of the matter based on a process already adopted by the Company before reporting the result to the Board.

#### Whistleblower Protection Mechanisms

- A database of confidential information received from whistleblowers will be established. Only executives from Deputy Managing Director and over will be authorized to access the database.
- It's the duty and responsibility of supervisor and head of the person whose action is reported to protect whistleblowers, witnesses and collaborators from being exposed to danger, threat or injustice resulted from such reporting, from being the witness or from confiding the information.



# Policy on internal control

## 1.) Objective of the internal control

“Internal Control” is the process of working or implementing the job that the board of directors and personnel of all levels of the Company provided for confidence with justification on the operations of the Company to achieve the following objectives:

- The operations shall have efficiency and effectiveness by achieving the goal of the Company, including caring not to lose or misuse the assets.
- The financial reporting must be accurate and in-time presentation.
- The compliance with policies, rules, and regulations shall be performed the duties strictly to the rules and regulations of the Stock of Exchange of Thailand, or laws relating to business of the company.

## 2.) Importance of the internal control system

The internal control system is the important mechanism that gives confidence with justification to the management for:

- Helps to reduce the business risk.
- Helps to do business effectively with suitable allocation of the resources and achieve the established goal.
- Help to prevent corruption, protect misusing, and safeguard and care of property.
- Helps to assure the reliability of the financial statement.
- Helps the personnel to comply with the laws and rules involved.
- Helps to give protection on the investment of the shareholders.

The internal control is the main factor behinds the success of all business either in government or private sectors. The management as the leader, must perform their duties in responsible to various elements and environment of their units. In additional they should:

- Encourage team work mind-set to the subordinates of all levels to be aware of the importance to coordinate and comply with constantly and continuously. So the measures and mechanisms of the internal control system set up by the management to accomplish the established objective.
- Regularly monitoring and evaluating of internal control in order to obtain suitable strategies and mechanism under the variation in difference circumstance of risks.

The internal control, regardless of design or implementation, shall give only confidence at the reasonable level, as it can protect from loss, waste or accomplishment and effectiveness. However, it can not assure or give confidence of the business success, because the internal control has several limitations, which mostly involving with the human behavior.

## 3.) Policy on internal control of the Company

3.1 The Company commit that its management must aware with the important of internal control is sufficiently efficient to acceptable risk level and suitable with the circumstances of the job or activity of that units. It divides the duties and responsibilities concerning the internal control of the Company as follows:

3.1.1 The board of directors as well as the audit committee must perform their duties and responsibilities to provide the effective internal control system, to manage and control of risks in the suitable level. Specifying the policy concerning to the internal control system, risk management, and monitoring of the evaluation constantly that whether or not the established system goes as planned. However, the audit committee has the duty to review that the elements of the internal control system of the five aspects are comply with effectiveness as follows:



- The business has good control environment.
- The business has proper procedure of risk assessment.
- The business has good control on activities
- The business has good system on information and communications.
- The business has good system on monitoring and evaluation.

3.1.2 The management has duty and responsibility to fulfill the policy which the board of directors has delegated, so the Company determining the management must be treated as it important of the internal control. The management has direct duty and responsibility to provide the internal control system in the company, including works or various activities of all levels or latent in the business methods of the management function by:

- The senior management shall provide the internal control that covers all elements in the Company, encouraging the subordinates discipline and good conscience on the internal control.
- The middle management shall provide the internal control with the responsibility to evaluate the efficiency of the internal control, adjust the system to be complete and review on its compliance.

3.1.3 The employees of all levels must perform their duties by complying with all laws, regulations, rules, announcement, policies, plans, measures, and the internal control system, the management has established. Conduct their duties honestly with care in the performance, and regularly provide the implementation that ensures the efficiency of internal control system.

As a result, the operations shall comply with the goal effectively and economically. All the employees must have the conscience to be aware of the importance of the internal control.

3.1.4 Internal control, the internal auditor has duties and responsibilities of evaluation the internal control, and examination the operating system, periodically and regularly. Updating and assuring that the various control measures are suitable with all significant situation, circumstance, and incidence of risk, with the objective to assist and recommend the senior and middle managements to provide the efficient internal control in the company's business units as the policies:

- The internal auditor is independent and perform their duties in a more effective manner as it deems appropriate according to the profession standard of the internal control
- The internal auditor has the right to request for checking the assets and activities, including the books, accounting, supplementary documents on the records, bookkeeping, correspondences and reports involved.
- The internal auditor can ask the audited units to give data, explanations and delivery of the documents on the audited matters.

However, the personnel of all levels must provide full cooperation to give the availability of information, resource, and material needed by the internal and external auditors which their duties is examination and evaluation to ensure that the internal control sufficient and effective as intended to respond with the company goal, and give recommendation for improvement, as it deems appropriate.



## Risk management

When doing business, the Company had to confront several risks and uncertainties which can materially affect its incomes, profits, assets, liquidity and share price. Since today's connection between financial and economic activities has been very sophisticated, the Company therefore had to adjust itself to face with economic dynamism that could affect the Company's business direction, strategy, decision and operation. As a result, to minimize business volatility, Thai Factory Development Public Company Limited has adopted a risk management process in writing covering product risk, income risk as well as risk from natural disasters, competitions, finance and lending both at the management and operational levels for use as a direction to achieve its goal.

Aside from these risks, there could be other risks that the Company is not aware of or cannot yet identify at the moment. Besides, certain risks that it believes having no material effect at the moment may become significant in the future. As a result, stakeholders should consider both the impacts and possibilities and other possible risk factors that the Company may confront aside from those stated here.

1. Employees at all levels shall be responsible for risk management. They must be aware of operation risk both in their functions and within the organization where risk management shall be carried out in a way that there is enough management and that risk is kept at an appropriate level.
2. Risk management shall be an important tool to manage the Company where the risk management system shall be part of a decision-making process, strategic planning as well as the Company's action plan and operation. The risk management system shall also be highlighted for the Company to achieve its objectives, goals, visions, mission and strategies. Personnel of all levels must understand and collaborate in the implementation of risk management for a good corporate image, to strengthen its corporate governance (CG) practice and operation excellence and to boost confidence of shareholders or stakeholders.
3. Financial and non-financial causes of risk that could affect the Company shall be identified and risk shall be reviewed whenever there is change of risk factors affecting the Company's investment funds.
4. Types of risk and acceptable levels of risk shall be identified for use as criteria to respond to the Company's risks.
5. Risk prevention and mitigation guidelines shall be adopted to avoid possible damage or loss. In addition, the Company shall regularly monitor and evaluate risk management results quantitatively and qualitatively for better accuracy.
6. The Company shall introduce a sophisticated information technology (IT) system to manage the Company's risks and it should enable personnel at all levels to extensively access risk management information. Besides, the Company should put in place a risk management report mechanism to allow the Board to efficiently manage the Company's risks.

In addition, the Company has determined roles and responsibilities and approval authority regarding risk management. It has already posted the risk management policy and procedures on its website for everyone's compliance. Besides, a risk management report has been prepared and submitted to the Board for refinement of the Company's risk management plan.






# Report from the Audit Committee

In 2017, Thai Factory Development Public Company Limited complied with the following requirements set by the Stock Exchange of Thailand and as entrusted by the Board of Directors. Details are :

1. The Audit Committee convened Eight times in 2017. The meeting was attended by all members of the Audit Committee. The auditor meanwhile attended the Audit Committee meeting at least once a year.
2. The Audit Committee reviewed and approved the 2017 auditing plan of the Internal Audit Department where it focused at strengthening the internal control system, reinforcing adequate auditing in required areas and reporting results of such internal control to the Audit Committee on a regular basis. Having reviewed and assessed the Audit Committee's operation in 2017, the Board of Directors had an opinion that the internal control system was efficient enough to control and supervise the operation of both Thai Factory Development Plc and its subsidiaries and no material defect was found.
3. Both quarterly and annual financial statements of the Company were reviewed to provide full and accurate financial information based on the generally-accepted accounting principles in a timely fashion as well as a true reflection of the company's financial status before they were submitted to the Board of Directors.
4. The Audit Committee reviewed an evaluation form of the adequacy of the Company's internal control system to ensure that it had an appropriate and adequate internal control system to supervise operation based on its business objectives.
5. The Audit Committee reviewed risk management procedures by taking into consideration a risk management policy and a risk management plan and guideline based on prevailing corporate risks. It also regularly reviewed the efficiency and suitability of the Company's risk management system.
6. The Company was requested to be compliant with corporate governance on the basis of the Stock Exchange of Thailand's guideline and to develop its CG practice to match the international standards.
7. The Audit Committee reviewed the Company's compliance with the laws and the authorities' rules and regulations.
8. The Audit Committee reviewed connected transactions and items that could cause conflict of interest as well as ensured that the information was accurately and completely disclosed.
9. The Audit Committee appointed an auditor and set his remuneration before submitting the information to the Board of Directors for proposing to the Shareholders' Meeting for its approval.



(Mr. Prasong Wararatanakul)  
Chairman of the Audit Committee  
February 26, 2018



# Independent Auditor's Report

To the Shareholders of Thai Factory Development Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Thai Factory Development Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Factory Development Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Factory Development Public Company Limited and its subsidiaries and of Thai Factory Development Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

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 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 as relevant to my audit of the 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 opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### Compliance with covenants stipulated in borrowing agreements

As at 31 December 2017, the Group had bills of exchange, promissory notes, loans from financial institutions and debentures totaling Baht 6,852 million or 88% of total liabilities (Separate financial statements: Baht 5,269 million or 97% of total liabilities), as discussed in Notes 19, 21 and 23 to the financial statements. Under the borrowing agreements, the Group needs to comply with certain covenants, if the Group is unable to comply with those covenants, this may cause the lenders to call the loans and resulted in the reclassification of the liabilities from non-current liabilities to current liabilities, which could impact on the going concern of the Group.

I read the borrowing agreements and gained an understanding of the process of management's monitoring compliance with the covenants and testing for compliance with both non-financial and financial covenants, including whether financial ratios are in line with those stipulated in the borrowing agreements. In addition, I reviewed the disclosures made with respect to covenants in the notes to the financial statements.

#### Allowance for diminution in value of project development cost

As at 31 December 2017, the Group had an outstanding balance of project development cost totaling Baht 6,568 million, or 63% of total assets (Separate financial statements: Baht 3,816 million or 45% of total assets), as disclosed in Note 11 to the financial statements. The estimating the allowance for diminution in the value of project development cost is an area of significant management judgement. This requires analysis of the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the allowance for diminution in value of project development cost.

I gained an understanding of the process of the Group relevant to the determination of allowance for diminution in value of project development cost. I assessed the method and the assumption applied by the management in determining the provision for diminution in value of project development cost. In addition, I compared proceeds from sales transaction occurring after the



date of the financial statements with the costs of each development project, and for those property projects of which the fair value has been appraised by an independent appraiser, I reviewed the assumptions and method applied by the independent appraiser in determining the fair value.

### Investment properties

As at 31 December 2017, the Group had an outstanding balance of investment properties amounting to Baht 1,527 million, under cost method. Thai Financial Reporting Standards require the disclosure of fair value of investment properties in notes to the financial statements. The Group hired an independent appraiser to measure the fair value of investment properties, as disclosed in Note 17 to the financial statements. The measurement of fair value was based on the assumptions and judgement of both the management and an independent appraiser and the measurement of fair value was considered the Group already considered the impairment of investment properties.

I assessed the knowledge, competency and integrity of the independent appraiser, read the appraisal report prepared by the independent appraiser and considered the reasonableness of the approach and assumptions used in the fair value measurement through inquiry with the independent appraiser and the management and performed an analytical review of relevant information.

### **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 Financial Statements**

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

In preparing the 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 Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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.

I am responsible for the audit resulting in this independent auditor's report.

*Wtoo K.*

Wattoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 28 February 2018



# Statement of financial position

Thai Factory Development Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	602,288,108	265,412,703	501,638,038	192,021,441
Short-term investment in open-end fixed income fund	8	-	13,367,402	-	-
Investments in trading securities	9	-	201,559,780	-	201,559,780
Trade and other receivables	10	46,517,135	52,417,079	6,553,821	18,096,702
Short-term loans to related parties and interest receivable	6	264,663,288	-	1,964,119,538	2,377,005,789
Project development costs	11	6,567,760,977	6,619,448,294	3,816,299,287	3,500,738,847
Deposit for purchase of land		253,992,500	279,360,000	253,992,500	279,360,000
Deposit for purchase of property project		-	80,000,000	-	-
Advance payment for construction		21,781,254	59,321,985	-	-
Other current assets		28,398,999	18,701,379	1,591,590	4,789,793
<b>Total current assets</b>		<b>7,785,402,261</b>	<b>7,589,588,622</b>	<b>6,544,194,774</b>	<b>6,573,572,352</b>
<b>Non-current assets</b>					
Restricted bank deposits	12	207,880,224	80,123,647	189,181,951	61,478,203
Long-term loan to subsidiary and interest receivable	6	-	-	101,601,131	122,965,316
Investments in subsidiaries	13	-	-	1,167,477,107	908,477,107
Investment in joint venture	14	209,989,925	-	-	-
Investments in available-for-sales securities	15	152,806,755	-	152,806,755	-
Leasehold rights	16	282,559,067	324,226,515	41,011,672	42,425,868
Investment properties	17	1,526,852,080	1,342,477,169	-	-
Equipment	18	64,918,265	77,056,389	61,962,361	73,089,824
Deferred tax asset	31	191,256,460	210,746,581	122,720,130	118,914,395
Income tax receivable		52,962,623	39,711,204	7,393,225	4,490,906
Other non-current assets		17,857,222	16,607,433	14,448,471	11,419,867
<b>Total non-current assets</b>		<b>2,707,082,621</b>	<b>2,090,948,938</b>	<b>1,858,602,803</b>	<b>1,343,261,486</b>
<b>Total assets</b>		<b>10,492,484,882</b>	<b>9,680,537,560</b>	<b>8,402,797,577</b>	<b>7,916,833,838</b>

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



# Statement of financial position (continued)

Thai Factory Development Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans	19	1,115,362,396	1,977,453,254	1,020,312,332	1,930,302,335
Trade and other payables	20	266,521,234	280,061,614	124,593,100	130,668,340
Deposit received from sale of project		383,295,229	7,022,332	-	-
Current portion of debentures	21	2,462,476,523	2,242,908,287	2,462,476,523	2,242,908,287
Current portion of liabilities under					
finance lease and hire-purchase agreements	22	3,016,775	5,863,856	2,955,838	4,938,147
Current portion of long-term loans from					
financial institutions	23	558,857,275	655,985,088	-	358,535,293
Current portion of long-term loans					
from related party and interest payable	6, 24	165,740,410	108,762,587	-	-
Short-term loans from subsidiary					
and interest payable	6	-	-	8,685,112	8,685,112
Income tax payable		13,181,151	13,455,201	-	-
Other current liabilities		15,750,732	8,364,196	6,580,893	1,327,631
<b>Total current liabilities</b>		<b>4,984,201,725</b>	<b>5,299,876,415</b>	<b>3,625,603,798</b>	<b>4,677,365,145</b>
Non-current liabilities					
Debentures-net of current portion	21	1,012,228,306	842,854,945	1,012,228,306	842,854,945
Liabilities under finance lease and hire-purchase					
agreements-net of current portion	22	659,085	3,675,860	659,085	3,614,922
Long-term loans from financial					
institutions-net of current portion	23	1,703,082,921	1,048,930,872	773,918,672	62,935,679
Long-term loans from related party					
and interest payable-net of current portion	6, 24	-	78,342,007	-	-
Deposit received		57,853,906	226,380,575	821,910	-
Provisions for long-term employee benefits	25	14,160,583	15,544,960	5,356,868	8,755,223
Long-term provisions	26	-	2,372,500	-	2,372,500
Other non-current liabilities		1,882,186	1,975,350	1,122,500	1,271,810
<b>Total non-current liabilities</b>		<b>2,789,866,987</b>	<b>2,220,077,069</b>	<b>1,794,107,341</b>	<b>921,805,079</b>
<b>Total liabilities</b>		<b>7,774,068,712</b>	<b>7,519,953,484</b>	<b>5,419,711,139</b>	<b>5,599,170,224</b>

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



# Statement of financial position (continued)

Thai Factory Development Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
Share capital	27				
Registered					
3,324,207,633 ordinary shares of Baht 1 each (2016: 2,096,335,206 shares of Baht 1 each)		3,324,207,633	2,096,335,206	3,324,207,633	2,096,335,206
Issued and fully paid					
2,147,033,706 ordinary shares of Baht 1 each (2016: 1,630,915,888 shares of Baht 1 each)		2,147,033,706	1,630,915,888	2,147,033,706	1,630,915,888
Share premium	27	1,818,633,511	1,302,515,693	1,818,633,511	1,302,515,693
Retained earnings					
Appropriated - statutory reserve	29	50,655,721	50,655,721	50,655,721	50,655,721
Unappropriated (deficit)		(1,142,072,904)	(671,114,332)	(1,033,927,152)	(666,423,688)
Other components of shareholders' equity		(268,942,844)	(269,118,578)	690,652	-
Equity attributable to owners of the Company		2,605,307,190	2,043,854,392	2,983,086,438	2,317,663,614
Non-controlling interests of the subsidiary		113,108,980	116,729,684	-	-
<b>Total shareholders' equity</b>		<b>2,718,416,170</b>	<b>2,160,584,076</b>	<b>2,983,086,438</b>	<b>2,317,663,614</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,492,484,882</b>	<b>9,680,537,560</b>	<b>8,402,797,577</b>	<b>7,916,833,838</b>

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



# Statement of comprehensive income

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from sale		602,757,467	554,346,868	-	18,174,600
Revenue from rental and services		312,919,612	322,346,907	17,760,997	16,560,321
Other income					
Dividend income		9,030,275	15,617,690	9,030,275	15,617,690
Interest income		10,957,363	8,842,749	128,949,868	139,610,808
Gain from transfer investments	15	-	15,525,000	-	15,525,000
Gain on changes in value of trading securities	9	-	50,633,801	-	50,633,801
Others		83,173,199	18,935,395	19,177,123	18,148,622
<b>Total revenues</b>		<b>1,018,837,916</b>	<b>986,248,410</b>	<b>174,918,263</b>	<b>274,270,842</b>
<b>Expenses</b>					
Cost of sales		497,340,683	404,115,660	-	8,359,003
Cost of rental and services		184,576,858	181,139,148	14,977,933	15,683,779
Selling expenses		67,068,834	50,244,174	8,920,296	5,815,644
Administrative expenses		232,902,400	233,659,487	156,794,820	161,341,307
Loss from transfer investments	9	9,734,820	-	9,734,820	-
Loss on sales of trading securities	9	287,500	54,273,102	287,500	54,273,102
<b>Total expenses</b>		<b>991,911,095</b>	<b>923,431,571</b>	<b>190,715,369</b>	<b>245,472,835</b>
<b>Profit (loss) before share of loss from investment in joint venture, finance cost and income tax</b>		<b>26,926,821</b>	<b>62,816,839</b>	<b>(15,797,106)</b>	<b>28,798,007</b>
Share of loss from investment in joint venture	14	(45,010,075)	-	-	-
<b>Profit (loss) before finance cost and income tax</b>		<b>(18,083,254)</b>	<b>62,816,839</b>	<b>(15,797,106)</b>	<b>28,798,007</b>
Finance cost		(413,875,049)	(391,683,097)	(355,684,756)	(348,842,519)
<b>Loss before income tax</b>		<b>(431,958,303)</b>	<b>(328,866,258)</b>	<b>(371,481,862)</b>	<b>(320,044,512)</b>
Income tax	31	(42,620,973)	10,518,724	3,978,398	2,420,907
<b>Loss for the year</b>		<b>(474,579,276)</b>	<b>(318,347,534)</b>	<b>(367,503,464)</b>	<b>(317,623,605)</b>

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





# Statement of comprehensive income (continued)

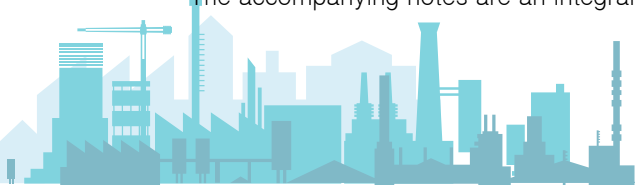
Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale securities	15	863,315	(3,150,000)	863,315	(3,150,000)
Exchange differences on translation of financial statements in foreign currency		(514,918)	(112,429,840)	-	-
Less: Income tax effect	31	(172,663)	630,000	(172,663)	630,000
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax</i>		175,734	(114,949,840)	690,652	(2,520,000)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	25	-	(3,843,949)	-	408,379
Less: Income tax effect	31	-	768,790	-	(81,676)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax</i>		-	(3,075,159)	-	326,703
<b>Other comprehensive income for the year</b>		175,734	(118,024,999)	690,652	(2,193,297)
<b>Total comprehensive income for the year</b>		(474,403,542)	(436,372,533)	(366,812,812)	(319,816,902)
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		(470,958,572)	(322,891,053)	(367,503,464)	(317,623,605)
Non-controlling interests of the subsidiary		(3,620,704)	4,543,519		
		(474,579,276)	(318,347,534)		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(470,782,838)	(440,751,589)	(366,812,812)	(319,816,902)
Non-controlling interests of the subsidiary		(3,620,704)	4,379,056		
		(474,403,542)	(436,372,533)		
<b>Earnings per share</b>	32				
Basic earnings per share					
Loss attributable to equity holders of the Company		(0.2655)	(0.2505)	(0.2071)	(0.2464)

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



# Statement of changes in shareholders' equity

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company					Other components of shareholders' equity				
						Other comprehensive income				
	Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Retained earnings	Surplus (deficit) on changes in value of available-for-sale securities	Exchange differences on translation of financial statements in foreign currency	Difference from changing investment proportion in subsidiaries	Deficits from business combination under common control	Total other components of shareholders' equity	Equity attributable to non-controlling interests of the subsidiaries
<b>Balance as at 1 January 2016</b>	1,283,501,405	955,101,210	50,655,721	(345,312,583)	2,520,000	30,049,995	(45,699,839)	(141,038,894)	(154,168,738)	1,789,777,015
Increase of share capital	347,414,483	347,414,483	-	-	-	-	-	-	-	694,828,966
Profit (loss) for the year	-	-	-	(322,891,053)	(2,520,000)	(112,429,840)	-	-	(114,949,840)	4,543,519
Other comprehensive income for the year	-	-	-	(2,910,696)	-	-	-	-	(114,949,840)	(184,463)
Total comprehensive income for the year	-	-	-	(325,801,749)	(2,520,000)	(112,429,840)	-	-	(114,949,840)	4,379,056
<b>Balance as at 31 December 2016</b>	1,630,915,888	1,302,515,693	50,655,721	(671,114,332)	-	(82,379,845)	(45,699,839)	(141,038,894)	(269,118,578)	2,043,854,392
<b>Balance as at 1 January 2017</b>	1,630,915,888	1,302,515,693	50,655,721	(671,114,332)	-	(82,379,845)	(45,699,839)	(141,038,894)	(269,118,578)	2,043,854,392
Increase of share capital (Note 27)	516,117,818	516,117,818	-	-	-	-	-	-	-	1,032,235,636
Profit (loss) for the year	-	-	-	(470,958,572)	690,652	(514,918)	-	-	175,734	(3,620,704)
Other comprehensive income for the year	-	-	-	-	690,652	(514,918)	-	-	175,734	-
Total comprehensive income for the year	-	-	-	(470,958,572)	690,652	(514,918)	-	-	175,734	(3,620,704)
<b>Balance as at 31 December 2017</b>	2,147,033,706	1,818,633,511	50,655,721	(1,142,072,904)	690,652	(82,894,763)	(45,699,839)	(141,038,894)	(268,942,844)	2,605,307,190

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

# Statement of changes in shareholders' equity (continued)

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity		
			Appropriated - statutory reserve	Unappropriated (deficit)	Other comprehensive income	Total shareholders' equity	
<b>Balance as at 1 January 2016</b>	1,283,501,405	955,101,210	50,655,721	(349,126,786)	2,520,000	1,942,651,550	
Increase of share capital	347,414,483	347,414,483	-	-	-	694,828,966	
Loss for the year	-	-	-	(317,623,605)	-	(317,623,605)	
Other comprehensive income for the year	-	-	-	326,703	(2,520,000)	(2,193,297)	
Total comprehensive income for the year	-	-	-	(317,296,902)	(2,520,000)	(319,816,902)	
<b>Balance as at 31 December 2016</b>	1,630,915,888	1,302,515,693	50,655,721	(666,423,688)	-	2,317,663,614	
<b>Balance as at 1 January 2017</b>	1,630,915,888	1,302,515,693	50,655,721	(666,423,688)	-	-	
Increase of share capital (Note 27)	516,117,818	516,117,818	-	-	-	1,032,235,636	
Loss for the year	-	-	-	(367,503,464)	-	(367,503,464)	
Other comprehensive income for the year	-	-	-	-	690,652	690,652	
Total comprehensive income for the year	-	-	-	(367,503,464)	690,652	(366,812,812)	
<b>Balance as at 31 December 2017</b>	2,147,033,706	1,818,633,511	50,655,721	(1,033,927,152)	690,652	2,983,086,438	

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

# Cash flow statement

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Loss before tax	(431,958,303)	(328,866,258)	(371,481,862)	(320,044,512)
Adjustments to reconcile loss before tax to				
net cash provided by (paid from) operating activities:				
Reversal of allowance for doubtful accounts	-	(3,303)	-	(3,303)
Depreciation and amortisation	113,524,090	112,068,301	13,441,778	13,512,133
Realised gain on sale of short-term investments				
in open-end fixed income fund	(14,758)	(1,115,871)	-	(844,366)
Unrealised gain on short-term investments in open-end fixed income fund	-	(95,898)	-	-
Realised loss on sale of trading securities	287,500	54,273,102	287,500	54,273,102
Unrealised gain on trading securities	-	(50,633,801)	-	(50,633,801)
(Gain) loss from transfer investments	9,734,820	(15,525,000)	9,734,820	(15,525,000)
Loss on sales and write off of equipment	29,191	32	29,191	32
Unrealised loss on exchange rate	6,023	-	-	-
Share of loss from investment in joint venture	45,010,075	-	-	-
Provision for long-term employee benefits	3,898,134	7,976,830	1,884,156	7,273,166
Dividend income	(9,030,275)	(15,617,690)	(9,030,275)	(15,617,690)
Interest income	(10,957,363)	(8,842,749)	(128,949,868)	(139,610,808)
Interest expenses	413,875,050	391,683,097	355,684,756	348,842,519
Profit (loss) from operating activities before				
changes in operating assets and liabilities	134,404,184	145,300,792	(128,399,804)	(118,378,528)
Operating assets (increase) decrease				
Trade and other receivables	5,305,459	(30,129,642)	10,948,396	(12,219,698)
Project development costs	(35,586,489)	(231,983,958)	(199,224,821)	(235,571,978)
Deposit for purchase of lands and property project	(10,000,000)	(250,013,000)	(90,000,000)	(170,013,000)
Advance payment for construction	37,540,732	(30,019,159)	-	-
Other current assets	(9,697,621)	764,412	3,198,205	(661,549)
Other non-current assets	(4,417,789)	(3,257,394)	(4,968,103)	(1,500,000)
Operating liabilities increase (decrease)				
Trade and other payable	(23,876,502)	29,245,326	(15,712,738)	11,244,266
Deposit received from sold project	202,272,897	179,179,505	672,600	(30,000,000)
Other current liabilities	5,014,036	(4,821,515)	2,880,762	623,189
Other non-current liabilities	5,380,168	(28,500)	-	9,310
Cash flows from (used in) operating activities	306,339,075	(195,763,133)	(420,605,503)	(556,467,988)
Cash paid for long-term employee benefit	(5,282,511)	(13,299,327)	(5,282,511)	(12,403,550)
Cash paid for interest expenses	(446,481,303)	(475,971,224)	(350,551,251)	(343,855,344)
Withholding tax received	-	7,239,602	-	-
Cash paid for corporate income tax	(36,874,929)	(18,678,138)	(2,902,319)	(1,640,973)
<b>Net cash flows used in operating activities</b>	<b>(182,299,668)</b>	<b>(696,472,220)</b>	<b>(779,341,584)</b>	<b>(914,367,855)</b>

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



# Cash flow statement (continued)

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Cash paid for short-term investments				
in open-end fixed income fund	-	(641,000,000)	-	(538,000,000)
Cash received from sales of short-term investments				
in open-end fixed income fund	13,382,160	657,409,505	-	567,409,505
Cash paid for investments in trading securities	-	(182,584,606)	-	(182,584,606)
Cash received from sales of investment in trading securities	39,594,020	249,250,525	39,594,020	249,250,525
Decrease (increase) in restricted bank deposits	(127,774,550)	285,249	(127,703,748)	(129,951)
Decrease in long-term loan to subsidiary	-	-	21,095,434	14,554,831
Decrease (increase) in short-term loans to related parties	(255,000,000)	180,000,000	341,202,895	471,154,981
Increase in investment in subsidiary	-	-	(259,000,000)	-
Increase in investment in joint venture	(255,000,000)	-	-	-
Increase in leasehold rights improvement	(19,150)	(1,845,528)	-	-
Dividend income	9,030,275	15,617,690	9,030,275	15,617,690
Acquisition of investment properties	-	(1,109,222)	-	-
Acquisition of equipment	(1,155,872)	(4,081,000)	(1,007,008)	(3,770,102)
Proceeds from sales of equipment	77,698	-	77,698	-
Cash received from interest	1,888,561	8,244,113	201,496,459	59,044,104
<b>Net cash flows from (used in) investing activities</b>	<b>(574,976,858)</b>	<b>280,186,726</b>	<b>224,786,025</b>	<b>652,546,977</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans	(856,100,855)	(222,849,082)	(904,000,000)	30,000,000
Cash paid for liabilities under finance lease and hire-purchase agreements	(6,360,643)	(6,938,612)	(5,379,571)	(5,957,541)
Increase in long-term loans from financial institutions	1,179,000,000	472,200,000	775,800,000	140,000,000
Repayment of long-term loans from financial institutions	(623,069,181)	(545,177,681)	(423,583,909)	(435,729,015)
Cash received from issued debentures	2,639,100,000	1,700,000,000	2,639,100,000	1,700,000,000
Cash paid for redemption of debentures	(2,250,000,000)	(1,693,500,000)	(2,250,000,000)	(1,693,500,000)
Repayment of long-term loans from related parties	(21,095,434)	(14,554,831)	-	-
Proceeds from increase in share capital	1,032,235,636	694,828,966	1,032,235,636	694,828,966
Dividend paid	-	(1,540)	-	(1,540)
<b>Net cash flows from financing activities</b>	<b>1,093,709,523</b>	<b>384,007,220</b>	<b>864,172,156</b>	<b>429,640,870</b>
<b>Increase (decrease) in translation adjustment</b>	<b>442,408</b>	<b>(6,466,263)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>336,875,405</b>	<b>(38,744,537)</b>	<b>309,616,597</b>	<b>167,819,992</b>
Cash and cash equivalents at beginning of year	265,412,703	304,157,240	192,021,441	24,201,449
<b>Cash and cash equivalents at end of year</b>	<b>602,288,108</b>	<b>265,412,703</b>	<b>501,638,038</b>	<b>192,021,441</b>

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



# Cash flow statement (continued)

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Supplemental cash flow information:</b>				
Non-cash transactions				
Transfer deposit for purchase of land to project development costs	115,367,500	87,719,250	115,367,500	87,719,250
Transfer project development costs to investment properties	244,287,974	214,799,357	-	-
Transfer prepaid expenses to equipment	-	1,254,555	-	1,254,555
Transfer investments in available-for-sales securities to investments in trading securities	-	220,500,000	-	220,500,000
Transfer investments in trading securities to investments in available-for-sales securities	151,943,440	-	151,943,440	-
Purchase of assets under finance lease agreements	-	2,700,375	-	2,700,375

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





# Notes to consolidated financial statements

Thai Factory Development Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 1. General information

Thai Factory Development Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Factory Development Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
<b><u>Held by the Company</u></b>				
Total Industrial Services Company Limited	Factory rental and sale	Thailand	100.00	100.00
SG Land Company Limited	Office rental	Thailand	49.91	49.91
Crown Development Company Limited	Residential condominium units for sale	Thailand	100.00	100.00
TFD Real Estate Management Company Limited	Being REIT manager	Thailand	100.00	100.00



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
<b><u>Held by Total Industrial Services Company Limited</u></b>				
Barnsley Warehouse Limited	Investment in land and warehouse for lease and sale	United Kingdom	100.00	100.00
Bognor Regis Warehouse Limited	Investment in land and warehouse for lease and sale	United Kingdom	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.



### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### 4. Significant accounting policies

#### 4.1 Revenue recognition

##### *Revenues recognition from real estate sales*

Revenues from sales of land, factory and condominium units are recognised as revenues when significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

##### *Rental and related service income*

Rental income is recognised as income on accrual basis over the periods of the leases. Service income is recognised when services have been rendered taking into account the stage of completion.



### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

## **4.2 Cost of property sales**

In determining the costs of land, factory and condominium units sold, the Company and its subsidiaries allocated anticipated total development costs (after recognising the costs incurred to date) are attributed to units already sold on the basis of the salable area and then recognised as costs in the income statements.

## **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.4 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.5 Project development costs**

Project development costs are stated at the lower of cost and net realisable value. Cost comprises cost of land, design fees, utilities, construction costs and directly related finance cost and expenses.

The Company and subsidiaries recognised loss on diminution in project value (if any) in profit or loss.

## **4.6 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.



- c) Investments in joint venture is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the last bid price of the last working day of the year. The fair value of investments in unit trust has been determined by using the net asset value as published by the Asset Management companies.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and warehouse for rent	25 years
Improvement of leasehold building	15 years
Office building for rent	28 years

Depreciation of the investment properties is included in determining income. No depreciation is provided for land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.



#### 4.8 Equipment/Depreciation

Equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Improvement of leasehold office building	5, 8 years
Furniture and office equipment	5, 8, 20 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.10 Leasehold right and amortisation

Leasehold right are stated at cost less accumulated amortisation and any accumulated impairment losses (if any).

Amortisation is calculated by reference to its cost on a straight-line basis over the following leasehold period:

Leasehold rights - land	30, 40 years
Leasehold rights - factory	15 years

The amortisation is included in determining income.





#### 4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of operations of the Company.

#### 4.12 Long-term leases

Leases of property, plant or equipment that transfer substantially all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful lives of the assets.

Lease of property, plant or equipment that do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.



#### **4.15 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### ***Defined contribution plans***

The Company and its subsidiaries, and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



#### 4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.18 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.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over SG Land Company Limited, even though the Company holds 49.91% of shares and voting rights that is less than half of shares and voting rights. This is because the Company has the ability to direct the significant activities. As a result, SG Land Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Allowance for diminution in value of project development cost**

The Company and its subsidiaries treat project development cost as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of project development cost (if any) based on net realisable value. The determination of what is “significant” and such devaluation requires the management to exercise judgment.



**Impairment of investments**

The Company and its subsidiaries treats available-for-sale investments and investments in subsidiaries and joint venture as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

**Investment property**

The disclosure of fair value of investment property and impairment testing, require management to make estimates the fair value by an independent appraiser.

The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation/Tax assessment**

The Company and its subsidiaries have contingent liabilities as a result of litigation and tax assessment. The Company’s management has used judgement to assess of the results of the litigation and tax assessment and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.



## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	128	138	Interest rate at 5.25% - 10.00% and 15% per annum
Building management income	-	-	8	6	Contract price
Interest expenses	-	-	2	-	Interest rate at 6.025% - 6.275 % per annum
<u>Transactions with joint venture</u>					
Interest income	10	-	-	-	Interest rate at 6% per annum
Management income	1	-	1	-	Contract price
Other income	65	-	2	-	Contract price
<u>Transactions with related companies</u>					
Interest income	-	7	-	-	Interest rate at 7.25% per annum
Rental and service expenses	17	17	17	16	Contract price
Interest expense	14	16	-	-	Interest rate at 15% per annum





As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b><u>Other receivables (Note 10)</u></b>				
<b><u>Subsidiaries</u></b>				
TFD Real Estate Management Company Limited	-	-	25	22
SG Land Company Limited	-	-	547	521
Total Industrial Services Company Limited	-	-	207	27
Crown Development Company Limited	-	-	22	-
Total	-	-	801	570
<b><u>Joint Venture</u></b>				
BGY & TFD Properties Company Limited	1,046	-	1,046	-
Total	1,046	-	1,046	-
Grand Total	1,046	-	1,847	570
<b><u>Deposit for building rental and service paid</u></b>				
(presented as part of other non-current assets in the statement of financial position)				
<b><u>Related party</u></b>				
JC Kevin Development Company Limited	7,944	7,507	7,944	6,978
Total	7,944	7,507	7,944	6,978
<b><u>Other payables and accrued expenses (Note 20)</u></b>				
<b><u>Subsidiary</u></b>				
SG Land Company Limited	-	-	60,000	60,000
Total	-	-	60,000	60,000
<b><u>Related parties</u></b>				
JC Kevin Foods and Beverages Company Limited	682	1,592	676	1,583
JC Kevin Development Company Limited	278	536	250	466
Total	960	2,128	926	2,049
Grand Total	960	2,128	60,926	62,049



	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Deposit for building rental and service received</u></b>				
(presented as part of other non-current liabilities in the statement of financial position)				
<b><u>Subsidiaries</u></b>				
TFD Real Estate Management Company Limited	-	-	149	149
Total Industrial Services Company Limited	-	-	559	-
Crown Development Company Limited	-	-	114	-
Total	-	-	822	149

### Loans to related parties and loan from related parties

As at 31 December 2017 and 2016, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)					
Consolidated financial statements					
	Related by	Balance as at	During the year		Balance as at
		1 January 2017	Increase	Decrease	31 December 2017
<b>Short-term loans to related party and interest receivable</b>					
BGY & TFD Properties Company Limited	Joint Venture				
Loan		-	510,000	(255,000)	255,000
Interest receivable		-	9,663	-	9,663
Total		-	519,663	(255,000)	264,663
<b>Long-term loans from related party and interest payable (Note 24)</b>					
Schubert Holdings Pte. Ltd.	Shareholders of a subsidiary				
Loan		93,370	-	(21,095)	72,275
Interest payable		93,734	13,490	(13,759)	93,465
Total		187,104	13,490	(34,854)	165,740
Less: Current portion		(108,762)			(165,740)
Long-term loans from related party and interest payable, net current portion		78,342			-



(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at 1 January 2017	During the year		Balance as at 31 December 2017
	Related by		Increase	Decrease	
<b>Short-term loans to related parties and interest receivable</b>					
Crown Development Company Limited	Subsidiary				
Loan		644,645	884,000	(1,114,803)	413,842
Interest receivable		166,841	34,018	(178,788)	22,071
Total		811,486	918,018	(1,293,591)	435,913
Total Industrial Services Company Limited	Subsidiary				
Loan		1,445,200	96,900	(206,300)	1,335,800
Interest receivable		119,319	80,158	(7,070)	192,407
Total		1,564,519	177,058	(213,370)	1,528,207
TFD Real Estate Management Company Limited	Subsidiary				
Loan		1,000	6,880	(7,880)	-
Interest receivable		1	315	(316)	-
Total		1,001	7,195	(8,196)	-
Grand total		2,377,006	1,102,271	(1,515,157)	1,964,120
<b>Long-term loans to subsidiary and interest receivable</b>					
SG Land Company Limited	Subsidiary				
Loan		93,370	-	(21,095)	72,275
Interest receivable		29,595	13,490	(13,759)	29,326
Total		122,965	13,490	(34,854)	101,601
<b>Short-term loans from subsidiary and interest payable</b>					
SG Land Company Limited	Subsidiary				
Loan		-	475,000	(475,000)	-
Interest payable		8,685	1,548	(1,548)	8,685
Total		8,685	476,548	(476,548)	8,685



Short-term loans to related parties and interest receivable

Short-term loans to related parties and interest receivable comprised short-term unsecured loans of Baht 255 million granted by a subsidiary to a joint venture carrying interest at a rate of 6 percent per annum (2016: Nil) and repayable on demand, and unsecured loans of Baht 1,750 million (2016: Baht 2,091 million) granted by the Company to its subsidiaries in the form of promissory notes carrying interest at rates of 5.25 - 10.00 percent per annum (2016: 5.25 - 7.65 percent per annum) and repayable on demand.

Long-term loans to subsidiary and interest receivable

The Company entered into loan agreements with a subsidiary which interest is charged at a rate of 15 percent per annum and to be paid monthly at a relaxed rate. However, on 30 August 2017, the Company approved a 3 year extension of the repayment period for the loan.

Short-term loans from subsidiary and interest payable

The outstanding balance of this short-term loans and interest payable is interest payable to a subsidiary under a promissory note of Baht 9 million (2016: Baht 9 million) which the principal had already been fully repaid.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	65,384	69,634	45,108	46,145
Post-employment benefits	1,010	2,872	297	2,531
Total	66,394	72,506	45,405	48,676

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.4.1 to the financial statements.



## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	470	520	295	290
Bank deposits	601,818	264,893	501,343	191,731
Total	602,288	265,413	501,638	192,021

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.20 and 1.50 percent per annum (2016: between 0.20 and 1.25 percent per annum).

## 8. Short-term investments in open-end fixed income funds

As at 31 December 2017 and 2016, the Company and the subsidiary have the balance of short-term investments in open-end fixed income fund as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term investments in open-end fixed income fund	-	13,271	-	-
Add: Unrealised gain on changes in value of investment	-	96	-	-
Total short-term investments in open-end fixed income fund - fair value	-	13,367	-	-



## 9. Investment in trading securities

As at 31 December 2017 and 2016, the balances of investment in trading securities are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Equity securities - cost	-	210,054
Less: Unrealised loss on changes in value of investments	-	(8,494)
Investments in trading securities - fair value	-	201,560

During the year, the movements of trading securities are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Book value as at 1 January - net	201,560	51,365
Transferred from investments in available-for-sales securities - fair value as the reclassification date	-	220,500
Transferred to investments in available-for-sales securities - fair value as the reclassification date	(151,944)	-
Loss from transfer investments	(9,735)	-
Acquisition	-	182,585
Disposal	(39,881)	(303,524)
Unrealised gain on change in value of investment in trading securities	-	50,634
Book value as at 31 December - net	-	201,560

During the year, the Company has realised loss on trading securities and unrealised gain on changes in value of trading securities as follow:

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Realised loss on trading securities	(288)	(54,273)
Unrealised gain on changes in value of trading securities	-	50,634
Net	(288)	(3,639)



## 10. Trade and other receivables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - unrelated parties</u>					
Aged on the basis of due dates					
Not yet due		1,209	1,698	-	-
Past due					
Up to 3 months		36,820	33,479	2,383	2,956
3 - 6 months		3,718	1,193	387	15
6 - 12 months		524	170	131	4
Over 12 months		9,440	9,197	236	237
Total		51,711	45,737	3,137	3,212
<u>Less:</u> Allowance for doubtful debts		(8,288)	(8,288)	(183)	(183)
Total trade receivables - unrelated parties, net		43,423	37,449	2,954	3,029
Total trade receivables - net		43,423	37,449	2,954	3,029
<u>Other receivables</u>					
Related parties (Note 6)		1,046	-	1,847	570
Unrelated parties		2,048	14,968	1,753	14,498
Total other receivables		3,094	14,968	3,600	15,068
Total trade and other receivables - net		46,517	52,417	6,554	18,097

## 11. Project development costs

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and land improvement		3,548,946	3,471,308	3,179,523	2,947,165
Interest cost		311,586	346,565	93,544	93,513
Construction in progress		2,192,345	1,937,177	543,232	460,061
Condominium units available for sale		514,884	864,398	-	-
Project development costs		6,567,761	6,619,448	3,816,299	3,500,739
Capitalisation rates (percent)		5.20 - 7.25	4.61 - 7.65	6.25	-

During the year 2017 and 2016, the subsidiary transferred land and factory building thereon for rent to investment properties.





During the year ended 31 December 2017, the amount of borrowing costs capitalised by the Company and its subsidiaries to their projects was approximately Baht 41 million (Separate financial statements: Nil) (2016: Baht 54 million (Separate financial statements: Nil)).

As at 31 December 2017, the Company and its subsidiaries have mortgaged land and the construction thereon and construction units under the property development project, totaling Baht 5,887 million (Separate financial statements: Baht 3,192 million) (2016: Baht 4,805 million (Separate financial statements: Baht 1,731 million)), as collateral for bank overdrafts, loans from financial institutions, bill of exchanges and debentures.

On 16 March 2016, the Board of Directors' Meeting No. 3/2559 passed a resolution granting approval to a subsidiary (Crown Development Company Limited) to enter into an agreement to sell a project to an unrelated party ("the buyers"). The subsidiary must complete development of its project and transfer ownership within December 2017. On 26 September 2017, a subsidiary submitted a letter requesting to extend the period of project development whereby ownership is to be transferred within May 2018 since the buyers entered into additional construction contract with the contractor for additional work, resulting in the delay of the original construction schedule. However, the subsidiary will transfer ownership of all units to the buyer when it receives full payment, or transfer partial ownership that does not exceed the amount of payment received from the buyer. As at 31 December 2017, the subsidiary has received deposits of Baht 256 million (2016: Baht 174 million) from the buyers.

The Board of Directors' meeting also approved the subsidiary's (Crown Development Company Limited) acquisition of a project from a company. On 11 May 2017, meeting No. 2/2560 of the subsidiary's the Board of Directors (Crown Development Company Limited) approved the subsidiary's transfer of the right to purchase the project to a joint venture. On 5 July 2017 the joint venture purchased the land and construction of this project.

Moreover, in accordance with the joint venture agreement, the subsidiary received payment relating to the project development costs from the joint venture, and derecognized the development costs of this project of Baht 97 million during the current year.

## 12. Restricted bank deposits

This balance represents bank deposits pledged with banks to secure credit facilities from financial institutions, debentures and letters of guarantee issued by the banks on behalf of the Company and its subsidiaries.



### 13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
			(Percent)	(Percent)				
Total Industrial Services Company Limited	400,000	400,000	100.00	100.00	397,550	397,550	-	-
SG Land Company Limited	100,450	100,450	49.91	49.91	45,523	45,523	-	-
Crown Development Company Limited	951,000	701,000	100.00	100.00	746,901	496,901	-	-
TFD Real Estate Management Company Limited	19,000	10,000	100.00	100.00	19,000	10,000	-	-
Total					1,208,974	949,974	-	-
Less: Allowance for impairment of investments in subsidiary					(41,497)	(41,497)		
Net					1,167,477	908,477		

On 9 August 2017, meeting No. 1/2560 of the Extraordinary General Meeting of Shareholders of the subsidiary (Crown Development Co., Ltd.) passed resolutions approving an increase in share capital of Baht 250 million. On 10 August 2017, the subsidiary registered the Baht 250 million increase in its capital (2,500,000 ordinary shares with a par value of Baht 100 each) with the Ministry of Commerce, fully called-up. The Company's interest in the subsidiary is unchanged.

On 7 November 2017, meeting No. 4/2560 of the Board of Directors of a subsidiary (TFD Real Estate Management Company Limited) passed resolutions approving an increase in share capital of Baht 18 million (From share capital of Baht 10 million, increase to share capital of Baht 28 million). On 27 December 2017, the subsidiary registered the Baht 18 million increase in its register capital (1,800,000 ordinary shares with a par value of Baht 10 each) with the Ministry of Commerce, of which 50 percent was paid up, or a total of Baht 9 million.

13.2 Details of investments in subsidiary that has material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		(Unit: Million Baht) Dividend paid to non-controlling interests during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Percent)	(Percent)						
SG Land Company Limited	50.09	50.09	113	117	(4)	5	-	-



13.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that has material non-controlling interest.

Summarised information about financial position

	(Unit: Thousand Baht)	
	SG Land Company Limited	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Current assets	77,882	60,255
Non-current assets	483,227	530,763
Current liabilities	206,568	242,960
Non-current liabilities	130,188	135,957

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	SG Land Company Limited	
	For the year ended 31 December	
	<u>2017</u>	<u>2016</u>
Revenue	175,801	180,856
Total comprehensive income	12,252	13,509

Summarised information about cash flow

	(Unit: Thousand Baht)	
	SG Land Company Limited	
	For the year ended 31 December	
	<u>2017</u>	<u>2016</u>
Cash flow from operating activities	72,172	37,010
Cash flow from investing activities	(80)	(2,954)
Cash flow from financing activities	(42,191)	(54,109)
Net increase (decrease) in cash and cash equivalents	29,901	(20,053)

As at 31 December 2017, the Company has pledged all ordinary shares of Total Industrial Services Company Limited as collateral for senior and secured debentures 1/2560 No. 1 and No.2, as mentioned in Note 21 to the financial statements and the Company has pledged all ordinary shares of SG Land Company Limited as collateral for bill of exchange, as mentioned in Note 19 to the financial statements.



#### 14. Investment in joint venture

On 11 May 2017, meeting No. 2/2560 of the Board of Directors of a subsidiary (Crown Development Company Limited) passed a resolution to approve an investment in a joint venture. The subsidiary and another company will jointly establish a new company named “BGY & TFD Properties Company Limited” with a registered share capital of Baht 1 million (10,000 ordinary shares with a par value of Baht 100 each). This Company will incorporate and domicile in Thailand, and principally engaged in property development.

On 21 June 2017, a subsidiary invested in 5,100 ordinary shares of BGY & TFD Properties Company Limited, represented 51% interest with a par value of Baht 100 per share, of which 25 percent was paid up, or a total of Baht 127,500.

On 21 July 2017, the Annual General Meeting of BGY & TFD Properties Company Limited, approved an increase in its registered share capital from Baht 1 million to Baht 1,000 million by issuing 9,990,000 new ordinary shares with a par value of Baht 100 each to be offered to the existing shareholders in proportion to their holdings. The company registered the increase of its capital to Baht 1,000 million (10,000,000 ordinary shares with a par value of Baht 100 each) with the Ministry of Commerce on 2 August 2017 and received share payment of 50 percent from par value.

The joint venture received the rights and obligations related to a projects from a subsidiary (Crown Development Company Limited) with a contract value of approximately Baht 1,000 million, as stated in joint venture agreement as described in Note 11 to financial statements.

##### 14.1 Detail of investment in joint venture:

Investment in joint venture represent investments in entities which are jointly controlled by the subsidiary and other company. Details of these investments are as follows:

(Unit: Thousand Baht)			
Consolidated financial statements			
31 December 2017			
Joint venture	Shareholding percentage (%)	Cost	Carrying amounts based on equity method
BGY & TFD Properties Company Limited	51	255,000	209,990



#### 14.2 Share of comprehensive income:

During the year, the subsidiary has recognized its share of comprehensive income from investment in joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)		
Consolidated financial statements		
For the year ended 31 December 2017		
Joint venture	Share of loss from investment in joint venture	Share of other comprehensive income from investment in joint venture
BGY & TFD Properties Company Limited	(45,010)	-

#### 14.3 Summarised financial information about joint venture

##### Summarised information about financial position

(Unit: Million Baht)	
As at	
31 December 2017	
<b>BGY &amp; TFD Properties Company Limited</b>	
Current assets	1,151
Non-current assets	4
Current liabilities	(680)
Net assets	475
Shareholding percentage (%)	51
Share of net assets	242
Elimination entries	(32)
Carrying amounts of joint venture based on equity method	210

##### Summarised information about comprehensive income

(Unit: Million Baht)	
For the year ended	
31 December 2017	
<b>BGY &amp; TFD Properties Company Limited</b>	
Other expense	(20)
Interest expenses	(5)
Total comprehensive income	(25)



The subsidiary (Crown Development Company Limited) has placed the ordinary shares of BGY & TFD Properties Company Limited as collateral for debentures of the Company as described in Note 21 to financial statements.

## 15. Investment in available-for-sales securities

(Unit: Thousand Baht)

Consolidated financial statements / Separate financial statements								
Fund's name	Shareholding		Cost		Unrealised gain on changes in value of investment		Carrying amount	
	percentage							
	2017 (Percent)	2016 (Percent)	2017	2016	2017	2016	2017	2016
MFC Industrial Investment Property and Leasehold Fund (M-II)	10.04	-	151,944	-	863	-	152,807	-
Total			151,944	-	863	-	152,807	-

During the second quarter of the current year, the Company reclassified its investments in MFC Industrial Investment Property and Leasehold Fund (M-II) from investment in trading securities to investment in available-for-sales securities, since the Company had used the investments in securing bills of exchange and long-term loans from financial institutions for its subsidiaries. Consequently, the management changed the objective of the investment in such securities to available-for-sale securities.

Movements of the available-for-sales securities account summarised below.

(Unit: Thousand Baht)

Consolidated financial statements/ Separate financial statements	
	2017
Book value as at 1 January – net	-
Transferred from investment in trading securities, fair value as the reclassification date	151,944
Unrealised gain (loss) on changes in value of investment	863
Unrealised gain from transfer investments	-
Transferred to investment in trading securities, fair value as the reclassification date	-
Book value as at 31 December - net	152,807



The Company received dividend from the investment during the current year amounting to Baht 9 million (2016: Baht 14 million).

As at 31 December 2017, the Company has pledged parts of its investments in MFC Industrial Investment Property and Leasehold Fund (M-II) to secure bills of exchange and long-term loans from financial institutions for its subsidiaries, as stated in Notes 19 and 23 to the financial statements.

## 16. Leasehold rights

	(Unit: Thousand Baht)					
						Separate financial statements
	Consolidated financial statements					
	Prepaid rental - Land	Prepaid rental - Building	Leasehold right - Land	Leasehold right - Building	Total	Leasehold right - Land
<b>Cost</b>						
As at 1 January 2016	132,264	481,489	56,376	9,096	679,225	56,376
Addition	-	1,845	-	-	1,845	-
As at 31 December 2016	132,264	483,334	56,376	9,096	681,070	56,376
Addition	-	19	-	-	19	-
As at 31 December 2017	132,264	483,353	56,376	9,096	681,089	56,376
<b>Accumulated amortisation</b>						
As at 1 January 2016	58,579	236,739	12,536	7,250	315,104	12,536
Amortisation for the year	7,635	32,073	1,414	617	41,739	1,414
As at 31 December 2016	66,214	268,812	13,950	7,867	356,843	13,950
Amortisation for the year	7,635	32,022	1,414	616	41,687	1,414
As at 31 December 2017	73,849	300,834	15,364	8,483	398,530	15,364
<b>Net Book Value</b>						
As at 31 December 2016	66,050	214,522	42,426	1,229	324,227	42,426
As at 31 December 2017	58,415	182,519	41,012	613	282,559	41,012





### 16.1 Separate financial statements

The Company has leased land from the Privy Purse Bureau to construct a residential building (Mahadlekluang project). The residential building is to be the property of the Privy Purse Bureau from the commencement of construction, and the Company has to comply with conditions stipulated in the lease agreement, as stated in Note 35.2.2.

In 2008, the Company entered into an agreement with an overseas investor holding shares of a subsidiary (SG Land Company Limited), whereby the leasehold rights and other rights of the Mahadlekluang project are to be sold to the subsidiary for a total of Baht 280 million. The Company and the overseas investor each hold equal investments of 50%, or equivalent to Baht 140 million each. The Company has received partial payment from the subsidiary amounting to Baht 130 million.

During the year 2015, the Board of Directors' Meeting No.7/2558 of the Company approved the cancellation of the sale of leasehold rights and other rights of Mahadlekluang project to its subsidiary, therefore, the Company has to reimburse the deposit receipt to the subsidiary.

As at 31 December 2017, the Company presents the outstanding balance of deposit receipt of Baht 60 million as other payables in statement of financial position.

### 16.2 Subsidiary

- 1) The subsidiary records leasehold rights to land that it has leased since 1993 from the Privy Purse Bureau as prepaid rental - land. The subsidiary constructed an office building for rent on the leased land and the office building has been the property of the lessor since the commencement of the construction. The subsidiary has received the right to use the office building for rent until the end of the lease term, and therefore has recorded value of the office building as prepaid rental - building.
- 2) The subsidiary received leasehold rights to land from a company to construct an office building for rent, and leasehold rights to land from natural persons to construct a building for lease, as stated in Note 17.

The subsidiary has placed the land leasehold rights under agreements with the Privy Purse Bureau, with total net book values as at 31 December 2017 of Baht 53 million (2016: Baht 59 million) as collateral for the letter of guarantee to guarantee electricity use from bank.



## 17. Investment properties

The net book value of the investment properties as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land and warehouse building for lease/Improvement of leasehold building	Office building for lease	Total
As at 31 December 2017:			
Cost	1,485,892	344,723	1,830,615
<u>Less</u> : Accumulated depreciation	(103,401)	(190,085)	(293,486)
<u>Less</u> : Allowance for impairment	(10,277)	-	(10,277)
Net book value	1,372,214	154,638	1,526,852
As at 31 December 2016:			
Cost	1,242,747	344,723	1,587,470
<u>Less</u> : Accumulated depreciation	(65,092)	(169,613)	(234,705)
<u>Less</u> : Allowance for impairment	(10,288)	-	(10,288)
Net book value	1,167,367	175,110	1,342,477

The subsidiary operates its factory rental business on land leased from the Industrial Estate Authority of Thailand and natural persons, as stated in Note 35.2.3, and office rental business on land leased from a company, as stated in Note 35.2.5.

A subsidiary operates its warehouse rental business on land leased for a period of 999 years, and has an option to acquire the free hold of such land after expiry of the 25 year at the price stipulated in the agreement.

Its subsidiaries have placed investment properties, with total net book values as at 31 December 2017 of Baht 1,527 million (2016: Baht 1,342 million), as collateral to long-term loans from financial institution.



A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)		
Consolidated financial statements		
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	1,342,477	1,392,713
Acquisition of assets	-	1,109
Transfer from project development cost (Note 11)	244,288	214,799
Depreciation	(58,650)	(57,019)
Translation adjustment	(1,263)	(209,125)
Net book value at end of year	<u>1,526,852</u>	<u>1,342,477</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Thousand Baht)		
Consolidated financial statements		
	<u>2017</u>	<u>2016</u>
Land and warehouse building for rent/Improvement of leasehold building	1,559,555	1,242,905
Office building for rent	218,910	301,000

The fair values of the investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land and warehouse building for rent/Improvement of leasehold building and office building for rent has been determined using the income approach and comparable market approach. The main assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth real rates.



### Sale of assets to MFC Industrial Investment Property and Leasehold Fund in 2013

In December 2013, the Company and Total Industrial Services Company Limited (the subsidiary) transferred the ownership of property and factory buildings in TFD industrial Park and factory buildings in Kingkaew Project to MFC Industrial Investment Property and Leasehold Fund (“the Fund”) and have entered into agreement and accepted some conditions as follows:

1. An agreement regarding compensation for property and factory building in a plot of land of which a sublease agreement has not been made or a sublease has been made but rental or service fee has not started or has started but the remaining lease period is less than 6 months. The Company and the subsidiary agreed to guarantee the minimum rental rate and service fee for these assets for a period of three years from the date the property ownership was transferred.
2. An agreement relating to investment in unit trusts of the Fund, whereby the Company or its subsidiary agree to invest in unit trusts not less than 10% of the increase value in unit trust, equivalent to Baht 75 million (7.5 million units). As at 31 December 2017, the Company made an investment in the Fund, equivalent to 10.04% (2016: 10.95%) of the value of the Fund’s unit trusts.
3. An amendment agreement of Property manager appointment agreement made with the Fund whereby the Fund appointed the Company as the Management Company to manage the property of the increase of unit trusts to seek benefits from the property. In this regard, the Company agreed to place additional deposit of Baht 0.5 million with the Fund as a performance guaranteed the Management Company.
4. The Company agreed to guarantee of the factory’s construction for the period of 5 years after the date of transfer of the factory buildings to the Fund.

During the year 2016, the Company and the subsidiary paid additional compensation of minimum rental guarantee to the Fund amounting to Baht 12 million (Separate financial statements: Baht 10 million) and recognized as an administrative expense.



## 18. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Improvement of leasehold office building	Motor vehicles	Furniture, fixtures and office equipment	Total
<b>Cost</b>				
As at 1 January 2016	15,575	47,390	86,690	149,655
Additions	1,303	3,607	3,126	8,036
Disposals	-	-	(458)	(458)
As at 31 December 2016	16,878	50,997	89,358	157,233
Additions	10	-	1,146	1,156
Disposals	-	(702)	(206)	(908)
As at 31 December 2017	16,888	50,295	90,298	157,481
<b>Accumulated depreciation:</b>				
As at 1 January 2016	6,924	29,654	30,747	67,325
Depreciation for the year	2,831	6,003	4,476	13,310
Depreciation on disposals	-	-	(458)	(458)
As at 31 December 2016	9,755	35,657	34,765	80,177
Depreciation for the year	2,919	5,716	4,552	13,187
Depreciation on disposals	-	(702)	(99)	(801)
As at 31 December 2017	12,674	40,671	39,218	92,563
<b>Net book value:</b>				
As at 31 December 2016	7,123	15,340	54,593	77,056
As at 31 December 2017	4,214	9,624	51,080	64,918
<b>Depreciation for the year</b>				
2016 (All included in an administrative expenses)				13,310
2017 (All included in an administrative expenses)				13,187



(Unit: Thousand Baht)

	Separate financial statements			
	Improvement of leasehold office building	Motor vehicles	Furniture, fixtures and office equipment	Total
<b>Cost</b>				
As at 1 January 2016	12,958	39,413	67,965	120,336
Additions	1,299	3,608	2,819	7,726
Disposals	-	-	(458)	(458)
As at 31 December 2016	14,257	43,021	70,326	127,604
Additions	10	-	997	1,007
Disposals	-	(702)	(206)	(908)
As at 31 December 2017	14,267	42,319	71,117	127,703
<b>Accumulated depreciation:</b>				
As at 1 January 2016	4,632	24,724	13,517	42,873
Depreciation for the year	2,743	5,296	4,060	12,099
Depreciation on disposals	-	-	(458)	(458)
As at 31 December 2016	7,375	30,020	17,119	54,514
Depreciation for the year	2,851	5,008	4,169	12,028
Depreciation on disposals	-	(702)	(99)	(801)
As at 31 December 2017	10,226	34,326	21,189	65,741
<b>Net book value:</b>				
As at 31 December 2016	6,882	13,001	53,207	73,090
As at 31 December 2017	4,041	7,993	49,928	61,962
<b>Depreciation for the year</b>				
2016 (All included in an administrative expenses)				12,099
2017 (All included in an administrative expenses)				12,028

As at 31 December 2017, the Company and its subsidiaries have vehicles and equipment under finance lease agreements with net book values amounting to Baht 10 million (Separate financial statements: Baht 10 million) (2016: Baht 17 million, (Separate financial statements: Baht 15 million)).

As at 31 December 2017, the Company and its subsidiaries have certain improvements of leasehold office building and equipment items which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 46 million (Separate financial statements: Baht 24 million) (2016: Baht 36 million, (Separate financial statements: Baht 20 million)).



## 19. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Bank overdrafts	MOR	23,550	151	-	-
Bills of exchange	5.25 - 10.00	976,312	1,839,302	976,312	1,839,302
Promissory note	4.00 - 8.00	115,500	138,000	44,000	91,000
Total		1,115,362	1,977,453	1,020,312	1,930,302

Bank overdrafts of the Company and the subsidiaries are guaranteed by the Company and the Executive Chairman, the pledge of the Company's rights to the fixed deposit with the bank and the mortgage of land with construction of the Company and the subsidiaries.

As at 31 December 2017, the Company has bills of exchange which are secured by collateral amounting to Baht 976 million (2016: Nil).

Such bills of exchange was secured by the following:

- (1) Mortgage of land of the Company and condominium units of a subsidiary
- (2) Deposits with a security company amounting to Baht 7 million
- (3) Investments in MFC Industrial Investment Property and Leasehold Fund (M-II) totaling 7,000,000 units
- (4) Ordinary shares of a subsidiary
- (5) Letter of guarantee from the Executive Chairman

Moreover, promissory notes of Baht 72 million (2016: Baht 47 million) from banks are secured by the pledge of some plots of the subsidiary's land with construction thereon and guaranteed by the Company, while promissory notes from unrelated parties of Baht 44 million (2016: Baht 91 million) are unsecured.



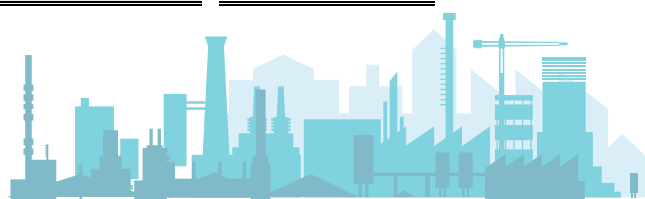


## 20. Trade and other payables

(Unit: Thousand Baht)			
	Consolidated		Separate
	financial statements		financial statements
	2017	2016	2017
2016			
<b>Trade payables</b>			
Trade accounts payable - unrelated parties	9,071	20,889	8,004
Accounts payable - construction	58,158	61,493	-
<b>Total trade payables</b>	<b>67,229</b>	<b>82,382</b>	<b>8,004</b>
<b>Other payables</b>			
Other payable - deposit from sale of project - related party (Note 6)	-	-	60,000
Other payable - related party (Note 6)	585	2,128	551
Advance received from customers	29,597	28,469	9
Retention for constructors	50,361	44,293	4,554
Accrued expenses	105,939	111,893	51,096
Accrued expenses- related party (Note 6)	375	-	375
Others	12,435	10,897	4
<b>Total other payables</b>	<b>199,292</b>	<b>197,680</b>	<b>116,589</b>
<b>Total trade and other payables</b>	<b>266,521</b>	<b>280,062</b>	<b>130,668</b>

## 21. Debentures

(Unit: Thousand Baht)	
	Consolidated / Separate
	financial statements
	2017
	2016
Senior and unsecured debenture 1/2558	-
Senior and unsecured debenture 2/2558	1,200,000
Senior and unsecured debenture 1/2559 No.1	200,000
Senior and unsecured debenture 1/2559 No.2	850,000
Senior and secured debenture 1/2560 No.1	850,000
Senior and secured debenture 1/2560 No.2	769,000
Senior and secured debenture 2/2560	528,500
Short-term senior and secured debenture 1/2560	491,600
Less: Unamortised cost relating to the issuance of debentures	850,000
<b>Total</b>	<b>(14,395)</b>
Less: Current portion of debenture	(14,237)
<b>Debentures - net of current portion</b>	<b>3,474,705</b>
	<b>3,085,763</b>
	<b>(2,462,477)</b>
	<b>(2,242,908)</b>
	<b>1,012,228</b>
	<b>842,855</b>



Movements in debentures account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Balance as at 1 January 2017	3,085,763
Issued during the year	2,639,100
Maturity during the year	(2,250,000)
Debentures issuing costs	(28,244)
Amortisation of deferred debentures issuing costs	28,086
Balance as at 31 December 2017	3,474,705

On 27 February 2015, the Company issued and offered 1,200,000 units of senior and unsecured debenture 1/2558 with a par value of Baht 1,000 each, or a total of Baht 1,200 million. The debentures mature on 27 February 2017, bearing interest at a rate of 6% per annum that will be paid every 3 months. Subsequently, on 27 February 2017, the Company redeemed the senior and unsecured debenture 1/2558, amounting to Baht 1,200 million, using the cash raised from the issue of senior and secured debentures 1/2560 No. 1 and No. 2.

On 19 March 2015, the Company issued and offered 200,000 units of senior and unsecured debenture 2/2558 with a par value of Baht 1,000 each, or a total of Baht 200 million. The debentures mature on 10 April 2017, bearing interest at a rate of 6% per annum that will be paid every 3 months. Subsequently, the Company redeemed it on 7 April 2017.

On 7 July 2016, the Company issued and offered 850,000 units of senior and unsecured debenture 1/2559 No. 1 with a face value of Baht 1,000 each, or a total of Baht 850 million. The debentures mature on 7 October 2017 and bear interest at a rate of 5.85% per annum, payable every 3 months. Moreover on the same date, the Company issued and offered 850,000 units of senior and unsecured debenture 1/2559 No. 2 with a face value of Baht 1,000 each, or a total of Baht 850 million, maturing on 7 May 2018 and bearing interest at a rate of 6% per annum, payable every 3 months. On 7 October 2017, the Company redeemed the senior and unsecured debenture 1/2559 No.1 amounting to Baht 850 million, using the cash raised from the issue of short-term senior and secured debentures 1/2560.

On 20 February 2017, the Company issued and offered 769,000 units of senior and secured debenture 1/2560 No. 1 with a face value of Baht 1,000 each, or a total of Baht 769 million. The debentures mature on 23 February 2018 and bear interest at a rate of 6% per annum, payable every 3 months. Moreover on the same date, the Company issued and offered 528,500 units of senior and secured debenture 1/2560 No. 2 with a face value of Baht 1,000 each, or a total of Baht 528.5 million, maturing on 23 February 2019 and bearing interest at a rate of 6% per annum, payable every 3 months.



Such debentures were secured by the followings:

- (1) Part of the Company's vacant lands in Chachoengsao Province
- (2) The land with construction thereon of the project under development of the Company
- (3) Ordinary shares of subsidiary

On 23 February 2018, the Company redeemed the senior and secured debenture 1/2560 No.1.

The Annual General Meeting of the Company's shareholders held on 28 April 2017 passed a resolution to approve the issuance and offering of up to Baht 8,500 million of debentures, and to assign to the Company's Board of Directors or authorised persons authority to determine details regarding the issuance and offering of debentures.

On 21 July 2017, the Company issued and offered 491,600 units of senior and secured debentures 2/2560 with a face value of Baht 1,000 each, amounting to Baht 491.6 million. The debentures mature on 21 July 2019 and bear interest at a rate of 6.5% per annum, payable every 3 months.

The debentures were secured by the following:

- (1) Part of the Company's vacant lands in Chachoengsao Province
- (2) Certain condominium units under a real estate development project of the subsidiary
- (3) The pledge of the Company's rights to the bank deposit

On 5 October 2017, the Company issued and offered 850,000 units of short-term senior and secured debentures 1/2560 with a face value of Baht 1,000 each, amounting to Baht 850 million. The debentures mature on 2 July 2018 and bear interest at a rate of 6.5% per annum, payable every 3 months.

The debentures were secured by the following:

- (1) Ordinary shares of the joint venture held by a subsidiary
- (2) A collateral agreement whereby a subsidiary agrees to take responsibility for 100 percent of principal
- (3) The conditional assignment of a subsidiary's rights in a contract to sell and to purchase a condominium building

On 15 February 2018, the Company issued and offered 440,000 units of senior and secured debentures 1/2561 with a face value of Baht 1,000 each, amounting to Baht 440 million. The debentures mature on 15 February 2020 and bear interest at a rate of 6.5% per annum, payable every 3 months. The debentures were secured by the part of land with construction thereon of the Company in Chachoengsao Province.



The balance of the debentures is presented net of deferred debenture issuing costs. Under the debentures agreement, there are normal covenants relating to various matters, as required in the normal course of business.

## 22. Liabilities under finance lease and hire-purchase agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities under finance lease and hire-purchase agreements	3,852	10,213	3,785	9,164
Less: Deferred interest expenses	(176)	(673)	(170)	(611)
Total	3,676	9,540	3,615	8,553
Less: Portion due within one year	(3,017)	(5,864)	(2,956)	(4,938)
Liabilities under finance lease and hire-purchase agreements - net of current portion	659	3,676	659	3,615

The Company and its subsidiaries have entered into finance lease and hire-purchase agreements with leasing companies to lease motor vehicles, truck, backhoe loaders and photocopying machines for use in its operations, whereby it is committed to pay rental on a monthly basis. The average term of the agreements is 48 months.

Future minimum lease payments required under the finance lease and hire-purchase agreements are as follows:

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Less than 1 year		1 - 4 years		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Future minimum lease payments	3,176	6,361	676	3,851	3,852	10,212
Deferred interest expenses	(159)	(497)	(17)	(175)	(176)	(672)
Present value of future minimum lease payments	3,017	5,864	659	3,676	3,676	9,540

	(Unit: Thousand Baht)					
	Separate financial statements					
	Less than 1 year		1 - 4 years		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Future minimum lease payments	3,109	5,379	676	3,786	3,785	9,165
Deferred interest expenses	(153)	(441)	(17)	(171)	(170)	(612)
Present value of future minimum lease payments	2,956	4,938	659	3,615	3,615	8,553



## 23. Long-term loans from financial institutions

(Unit: Thousand Baht)

Credit No.	Currencies	Credit facilities (Million)	Consolidated		Separate	
			financial statements		financial statements	
			2017	2016	2017	2016
1	Baht	1,796	-	305,216	-	305,216
2	Baht	990	-	54,063	-	54,063
3	Baht	150	118,027	131,027	-	-
4	Baht	380	246,563	282,479	-	-
5	Baht	185	78,280	110,773	-	-
6	Baht	235	234,997	99,914	-	-
7	Pound	3	94,297	108,175	-	-
8	Pound	8.5	279,833	318,479	-	-
9	Baht	510	390,906	232,598	-	-
10	Baht	140	-	62,192	-	62,192
11	Baht	20	12,044	-	-	-
12	Baht	50	33,074	-	-	-
13	Baht	1,600	773,919	-	773,919	-
Total			2,261,940	1,704,916	773,919	421,471
Less : Current portion			(558,857)	(655,985)	-	(358,535)
Long-term loans, net of current portion			1,703,083	1,048,931	773,919	62,936

**Credit line (1)** On 9 June 2011, the Company received a loan facility of Baht 1,796 million from a local bank (Baht 1,223 million of which was drawn down), carrying interest at MLR per annum. The interest must be paid monthly and principal is to be paid using funds from the sale of real estate that is released from mortgage, in accordance with the agreement conditions. The loan must be repaid in full within January 2018 and October 2018.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) The pledge of the Company's rights to the fixed deposit with the bank.

During the current year, the Company made early repayment of loan principal totaling Baht 305 million, with prepayment fees of Baht 1 million.



Credit line (2) On 26 December 2012, the Company received a loan facility of Baht 990 million from a local bank (Baht 150 million has been drawn down), carrying interest at MLR+0.5% per annum. The principal is to be paid using funds from the sale of condominium units, in accordance with the agreement conditions. The loan must be repaid in full within December 2017.

In February 2015, the Company has entered into amendment memorandum to the loan agreement, whereby the Company is to repay loan principal amounting to Baht 5 million per month starting from February 2015.

In September 2016, the Company has entered into an amendment memorandum to the loan agreement. The Company was granted waive period for the principal repayment from September 2016 to February 2017.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Executive Chairman.

During the current year, the Company had fully repaid the loan and cancelled the remaining of credit facilities.

Credit line (3) On 14 August 2014, a subsidiary received a loan facility of Baht 150 million from a local bank (which has been drawn down in full), carrying interest at MLR-1% per annum, payable at the end of each month from the drawdown date. Principal was payable from the 13<sup>th</sup> month onwards, counting from the drawdown date, in monthly payments for principal and interest of no less than Baht 1,870,000 until the loan is repaid in full, which must be completed within 10 years from the drawdown date.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Company.

Credit line (4) On 14 August 2014, a subsidiary received a loan facility of Baht 380 million from a local bank (which has been drawn down in full), carrying interest at MLR-1% per annum, payable at the end of each month from the drawdown date. Principal was payable from the 13<sup>th</sup> month onwards, counting from the drawdown date, in monthly payments for principal and interest of no less than Baht 4,730,000 until the loan is repaid in full, which must be completed within 10 years from the drawdown date.



The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Company.

Credit line (5) On 13 January 2015, a subsidiary received a loan facility of Baht 185 million from a local bank (Baht 159 million has been drawn down), carrying interest at MLR-0.5% per annum, payable on the 10<sup>th</sup> of every month from the drawdown date. Principal was payable from the 13<sup>th</sup> month onwards, counting from the drawdown date, in monthly payments of no less than Baht 7,700,000 until the loan is repaid in full, which must be completed within 3 years from the drawdown date.

In 2016, the subsidiary entered into the amendment memorandum to the loan agreement. The subsidiary was granted a postponement of the date for the first principal repayment to March 2017, and the loan must be fully repaid by February 2019.

During the first quarter of current year, the subsidiary entered into an amendment memorandum to the loan agreement, allowing the subsidiary to make repayment in monthly installments from January 2018 to November 2027, with a step rate feature whereby installments begin at Baht 1,000,000, rising to Baht 2,500,000, and the balance is to be paid in the final installment in December 2027.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Company and the Executive Chairman.

Credit line (6) On 13 January 2015, a subsidiary received a loan facility of Baht 235 million from a local bank (which has been drawn down in full), carrying interest at MLR-0.5% per annum, payable on the 14<sup>th</sup> of every month from the drawdown date. Principal was payable from the 16<sup>th</sup> month onwards, counting from the drawdown date, in monthly payments of no less than Baht 11,200,000 until the loan is repaid in full, which must be completed within 3 years from the drawdown date.





In 2016, the subsidiary entered into the amendment memorandum to the loan agreement. The subsidiary was granted a postponement of the date for the first principal repayment to May 2017, and the loan must be fully repaid by January 2019.

During the first quarter of current year, the subsidiary entered into an amendment memorandum to the loan agreement, allowing the subsidiary to make repayment in monthly installments from January 2018 to November 2027, with a step rate feature whereby installments begin at Baht 1,000,000, rising to Baht 3,000,000, and the balance is to be paid in the final installment in December 2027.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Company and the Executive Chairman.

Credit line (7)

On 28 January 2015, a subsidiary received a loan facility of GBP 3 million from an overseas bank (which has been drawn down in full), carrying interest at 4.15% per annum. The principal and interest is to be paid every 3 months in accordance with the agreement conditions. The loan must be fully repaid within 5 years from the draw down date.

The loan was secured by the following:

- (1) The mortgage of leasehold rights of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) The pledge of 630,000 ordinary shares of a subsidiary with a par value of GBP 1 each held by another subsidiary.

Credit line (8)

On 30 April 2015, a subsidiary received a loan facility of GBP 8.5 million from an overseas bank (which has been drawn down in full), carrying interest at 4.11% per annum. The principal and interest is to be paid every 3 months in accordance with the agreement conditions. The loan must be fully repaid within 5 years from the draw down date.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) The pledge of the subsidiary's rights to the fixed deposit with the bank.



Credit line (9) On 21 June 2016, a subsidiary received a loan facility of Baht 510 million from a local bank (Baht 392 million has been drawn down), carrying interest at MLR per annum. The loan must be repaid in full within 30 June 2018.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Company and the Executive Chairman

Credit line (10) On 26 July 2016, the Company received a loan facility of Baht 140 million from a local bank (which has been drawn down in full), carrying interest at MLR+1% per annum, payable at the end of each month from the drawdown date. The loan must be repaid in full within 31 July 2018.

The loan was secured by the following:

- (1) The mortgage of land with condominium construction thereon of a subsidiary and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Executive Chairman and a subsidiary as a joint receivable.

During the current year, the Company has repaid the loans in full.

Credit line (11) On 26 May 2017, a subsidiary obtained a loan facility of Baht 20 million from a local financial institution (which has been fully drawn down), carrying interest at MLR+1% per annum. From June 2017 to November 2017, interest must be paid on the last business day of each month, and from December 2017 onwards, principal and interest are to be paid every month in accordance with the agreement. The loan must be fully repaid within 31 May 2025.

The loan was secured by the condominium units under a real estate development project of the subsidiary. If the condominium units of the project are released from mortgage, loan repayments must be made at 40% of the appraised price of the units.

Credit line (12) On 31 May 2017, a subsidiary obtained a loan facility of Baht 50 million from a local financial institution (which had been fully drawn down), carrying interest at MLR+1% per annum. From the drawdown date, principal and interest must be paid on the last business day of each month, in accordance with the agreement, and the loan must be fully repaid within 1 June 2020.



The loan was secured by the following:

- (1) The mortgage of land of the Company.
- (2) Certain condominium units under a real estate development project of the subsidiary.
- (3) The investment in 2,000,000 units of MFC Industrial Investment Property and Leasehold Fund (M-II)

Credit line (13) On 24 October 2017 the Company obtained a loan facility from a local financial institution granting long-term loan facilities of Baht 1,600 million (Baht 776 million has been drawn down), bank guarantee facilities of Baht 500 million and bank overdraft facilities of Baht 20 million. The long-term loans carry interest at MLR per annum, payable at the end of each month from the drawdown date. Principal is payable commencing from the 25<sup>th</sup> month after the drawdown date, and principal and interest are then to be repaid in monthly installments of no less than Baht 33 million until the loan is repaid in full, which must be completed within 6 years from the drawdown date.

The loan was secured by the following:

- (1) The mortgage of land with construction thereon and the assignment of the beneficiary rights under the insurance policies covering these assets to the lender.
- (2) Letter of guarantee from the Executive Chairman.

Credit line (14) On 31 January 2018, a subsidiary obtained a loan facility of Baht 24 million from a local financial institution (which has been fully drawn down), carrying interest at MLR+1% per annum. From February 2018 onwards, principal and interest are to be paid every month in accordance with the agreement. The loan and interest must be fully repaid within 31 January 2028.

The loan was secured by the condominium units under a real estate development project of the subsidiary. If the condominium units of the project are released from mortgage, loan repayments must be fully repaid.

The loan agreements contain certain covenants and restrictions which the Company and its subsidiaries must comply, related to such matters as the maintenance of a debt to equity ratio of not more than 3:1, dividend payment, the maintenance of the shareholding structure and providing loans to related parties.

The long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Long-term credit facilities which have not yet been drawn down	969	1,891	824	1,413



## 24. Long-term loans from related party and interest payable

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Long-term loans from related party	72,275	93,370
Interest payable	93,465	93,734
Total	165,740	187,104
Less: Current portion	(165,740)	(108,762)
Long-term loans from related party and interest payable, net of current portion	-	78,342

On the above loan, interest is charged at a rate of 15 percent per annum and is to be paid monthly at a relaxed rate.

There was no collateral for such long-term loans.

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	15,545	17,024	8,755	14,294
Included in profit or loss:				
Current service cost	3,575	7,232	1,702	6,649
Interest cost	323	744	182	624
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes and				
Financial assumptions changes	-	1,985	-	1,617
Experience adjustments	-	1,859	-	(2,025)
Benefits paid during the year	(5,282)	(13,299)	(5,282)	(12,404)
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	14,161	15,545	5,357	8,755



Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service cost	3,575	7,232	1,702	6,649
Interest cost	323	744	182	624
<b>Total expense recognised in profit or loss</b>	<b>3,898</b>	<b>7,976</b>	<b>1,884</b>	<b>7,273</b>

Such expenses are included in the profit or loss in administrative expenses

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2016: Baht 2 million, (Separate financial statements: Baht 2 million)).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 8-34 years (Separate financial statement: 18 years) (2016: 9-35 years, (Separate financial statements: 19 years)).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(%)	(%)	(%)	(%)
Discount rate	2.05 - 2.63	2.05 - 2.63	2.16	2.16
Future salary increase rate	5.50	5.50	5.50	5.50
Staff turnover rate (depending on age and level of staffs)	0 - 30	0 - 30	0 - 30	0 - 30

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(979)	1,092	(600)	676
Future salary increase rate	1,379	(1,250)	802	(719)
Staff turnover rate	(1,019)	1,120	(625)	695



(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(934)	1,041	(572)	645
Future salary increase rate	1,168	(1,067)	706	(639)
Staff turnover rate	(977)	1,073	(602)	669

## 26. Long-term provisions

As mentioned in Note 17, long-term provisions which is provision which the Company has estimated for a provision of construction guarantee for factory building projects paid to the Fund for 5 years.

## 27. Share capital /Share premium

On 28 April 2017, the Annual Meeting of Shareholders No.1/2560 approved the followings significant transactions.

- Approved the reduction of the registered share capital from Baht 2,096,335,206 to Baht 2,058,749,689, by canceling 37,585,517 shares with a par value of Baht 1 per share. The Company registered the reduction in share capital with the Ministry of Commerce on 3 May 2017.
- Approved the increase in the registered share capital of the Company from Baht 2,058,749,689 to Baht 3,324,207,633 by issuing 1,265,457,944 new ordinary shares with a par value of Baht 1 each to support the exercise rights of the holders of warrants No.5 and No.4 and for the allotment to investors in private placement and existing shareholders (Right Offering). The Company registered the increase in its share capital with the Ministry of Commerce on 4 May 2017.
- Approved the allocation of the 1,265,457,944 newly issued ordinary shares as follows.
  - a) The allocation of up to 400,000,000 ordinary shares with a par value of Baht 1 each to be offered to investors in private placement.
  - b) The allocation of up to 407,728,972 ordinary shares with a par value of Baht 1 each to offered to the existing shareholders in proportion to the number of shares held by each shareholder (Right Offering).
  - c) The allocation of up to 407,728,972 ordinary shares with a par value of Baht 1 each to be reserved for the exercise rights of the holders of warrants No.5.
  - d) The allocation of up to 50,000,000 ordinary shares with a par value of Baht 1 each to be reserved for the exercise rights of the holders of warrants No.4.



Subsequently, on 22 June 2017, a meeting of the Company's Board of Directors No. 6/2560 passed a resolution to allocate 250,000,000 newly issued ordinary shares with a par value of Baht 1 each to a private placements with persons who are not connected persons of the Company, at a price of Baht 2 per share.

On 23 June 2017, the Company registered the increase in its issued and paid up share capital from Baht 1,630,915,888 to Baht 1,880,915,888 (1,880,915,888 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce. The share offering was carried out through a private placement, and the Company has received payment for the newly issued shares amounting to Baht 500,000,000 (250,000,000 ordinary shares at the price of Baht 2 each) in June 2017.

On 15 August 2017, a meeting of the Company's Board of Directors No. 7/2560 passed a resolution to allocate 150,000,000 newly issued ordinary shares with a par value of Baht 1 each to a private placements with persons who are not connected persons of the Company, at a price not lower than Baht 2 per share.

On 22 August 2017, the Company registered the increase in its issued and paid up share capital from Baht 1,880,915,888 to Baht 1,905,915,888 (1,905,915,888 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce. The share offering was carried out through a private placement, and the Company received payment for the newly issued shares amounting to Baht 50,000,000 (25,000,000 ordinary shares at the price of Baht 2 each) in August 2017.

Subsequently, on 5 October 2017, a meeting of the Company's Board of Directors No. 8/2560 passed a resolution approving the allocation of up to 407,728,972 new ordinary shares to the existing shareholders, together with TFD-W5 warrants in a ratio of 1 new share for every 4.68 existing shares and at an offer price of Baht 2 per share. The resolution also approved the allocation of up to 407,728,972 units of TFD-W5 warrants to the existing shareholders who subscribe to the new ordinary shares without charge, in a ratio of 1 warrant per 1 new ordinary share.

On 28 December 2017, the Company registered the increase in its issued and paid up share capital from Baht 1,905,915,888 to Baht 2,147,033,706 (2,147,033,706 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce. The share offering was carried out through the existing shareholders in proportion to the number of shares held by each shareholder (Right Offering), and the Company received payment for the newly issued shares amounting to Baht 482,235,636 (241,117,818 ordinary shares at the price of Baht 2 each) in December 2017.





## 28. Warrants to purchase ordinary shares

The warrants are detailed as follows:

	TFD-W4
	Units
Outstanding as at 1 January 2017	427,825,468
Issued during the year	-
Exercised during the year	-
Outstanding as at 31 December 2017	427,825,468

The Extraordinary General Meeting of Shareholders No.1/2559 of the Company held on 27 June 2016 passed a resolution to approve the issue of the warrants to the Company's existing shareholders (TFD-W4) in a ratio of 1 warrant for every 3 ordinary shares without specifying the offer price. Details are as follows:

Issue date	26 July 2016
No. of warrants granted (Units)	427,825,468
Life of warrants	1 year 11 months 4 days from the issue date (29 June 2018)
Exercisable	Last business day of each quarter from the issue date
Exercise price per 1 ordinary share (Baht) (After the adjustment of the exercise price on 18 November 2016)	3.262
Exercise ratio (warrant to ordinary share) (After the adjustment of the exercise ratio on 18 November 2016)	1 : 1.073

The Annual General Meeting of Shareholders No.1/2560 of the Company held on 28 April 2017 passed a resolution to approve the issuance of up to 407,728,972 units of the 5<sup>th</sup> series of warrants (TFD-W5), to be offered to the existing shareholders of the Company who subscribe to new ordinary shares.



On 15 January 2018, the Company issued 241,117,818 units of the 5<sup>th</sup> series of warrants (TFD-W5) to be offered to the existing shareholders of the Company who subscribed to new ordinary shares as disclosed in Note 27. Details are as follows:

Issue date	15 January 2018
No. of warrants granted (Units)	241,117,818
Life of warrants	2 year 6 months from the issue date (14 July 2020)
Exercisable	Last business day of each quarter from the issue date
Exercise price per 1 ordinary share (Baht)	3.50
Exercise ratio (warrant to ordinary share)	1 : 1

## 29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 30. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Purchase of land, construction in progress and project development cost	785,893	777,220	315,560	331,650
Changes in project development costs	51,687	(158,369)	(315,560)	(323,291)
Salaries and wages and other employee benefits	55,903	50,507	30,444	29,625
Depreciation and amortisation expenses	113,524	112,068	13,442	13,512
Director and management benefits	66,394	72,506	45,405	48,676
Rental expenses from operating lease agreements	23,509	21,994	15,554	14,366



### 31. Income tax

Income tax for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	23,303	19,716	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	19,318	(30,235)	(3,978)	(2,421)
<b>Income tax reported in the statement of comprehensive income</b>	<b>42,621</b>	<b>(10,519)</b>	<b>(3,978)</b>	<b>(2,421)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to gain (loss) on changes in value of available-for-sale investments	173	(630)	173	(630)
Deferred tax relating to actuarial gain (loss)	-	(769)	-	82
<b>Total</b>	<b>173</b>	<b>(1,399)</b>	<b>173</b>	<b>(548)</b>



The reconciliation between accounting profit (loss) and income tax is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting loss before tax	(431,958)	(328,866)	(371,482)	(320,045)
Applicable tax rate	19, 20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(86,392)	(65,773)	(74,296)	(64,009)
Effect of elimination entries on the consolidated financial statements	9,527	(15,345)	-	-
Unrecognised deferred tax assets on unused tax loss	93,109	77,367	69,945	75,887
Utilisation of previously recognised deferred tax assets	20,264	1,753	-	-
Effects of:				
Income which exempt for income tax	(2,639)	(15,212)	(2,658)	(15,168)
Non-deductible expenses	9,913	8,648	3,076	922
Additional expense deductions allowed	(1,161)	(1,957)	(45)	(53)
Total	6,113	(8,521)	373	(14,299)
Income tax reported in the statement of comprehensive income	42,621	(10,519)	(3,978)	(2,421)



The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,657	1,657	37	37
Unrealised gain	30,241	30,241	-	-
Unrealised loss on available-for-sale securities	898	-	898	-
Long-term provision	-	474	-	474
Unused tax loss	144,262	168,009	110,283	110,283
Provision for long-term employee benefits	2,808	3,109	1,071	1,751
Project development costs	10,761	7,712	10,761	7,712
Others	1,641	1,040	423	-
Total	192,268	212,242	123,473	120,257
<b>Deferred tax liabilities</b>				
Unrealised gain on trading securities	-	900	-	900
Liabilities under financial lease and hire - purchase agreements	1,012	596	753	443
Total	1,012	1,496	753	1,343
Deferred tax assets - net	191,256	210,746	122,720	118,914



Details of expiry date of unused tax loss are summarised as below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
31 December 2019	310,916	289,229	283,127	283,127
31 December 2020	270,953	98,971	268,289	96,307
31 December 2021	285,183	7,395	177,742	-
31 December 2022	8,773	-	-	-
	<u>875,825</u>	<u>395,595</u>	<u>729,158</u>	<u>379,434</u>

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 876 million (Separate financial statements: Baht 771 million) (2016: Baht 396 million (Separate financial statements: Baht 421 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that their future taxable profits may not be sufficient to allow utilisation of the temporary difference and unused tax losses.

### 32. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

No diluted earnings (loss) per share has been presented because an exercise price of the 4<sup>th</sup> series of warrant (TFD-W4) to purchase the ordinary shares of the Company which issued in July 2016, was higher than the average market price of the Company's shares for the year ended 31 December 2017 and 2016.



The following table sets forth the computation of basic earnings (loss) per share:

Consolidated financial statements					
For the year ended 31 December					
Weighted average					
Loss		number of ordinary shares		Loss per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings (loss) per share</b>					
Loss attributable to equity holders of the Company					
(470,959)	(322,891)	1,774,106	1,289,197	(0.2655)	(0.2505)

Separate financial statements					
For the year ended 31 December					
Weighted average					
Loss		number of ordinary shares		Loss per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings (loss) per share</b>					
Loss attributable to equity holders of the Company					
(367,504)	(317,624)	1,774,106	1,289,197	(0.2071)	(0.2464)

### 33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Executive Chairman of the group.

For management purposes, the Company and its subsidiaries have five reportable segments as follows:

- (1) Land and factory building for sale segment concerns purchase of land to develop and to construct a factory as well as utilities with an objective to sell the empty developed land and the land with factory thereon.
- (2) Land and warehouse building for rent segment concerns purchase or long-term lease of land for development and construction of warehouse building as well as utilities with an objective to rent out the land with warehouse building thereon.





- (3) Office building for rent segment concerns long-term lease of land for development and construction of office with an objective to rent out office space and provide services.
- (4) Residential condominium units for sale segment concerns construction of residential condominium in city center and suburban area for sale to general people.
- (5) REIT manager segment. (At now, there is no trading activity of REIT manager segment during the current year therefore REIT manager segment information hasn't been presented).

No operating segments have been aggregated to from the above reportable operating segments of the Company and its subsidiaries.

The chief operating decision maker 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, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with for the third party transactions.

The following tables present revenue, profit (loss), total assets and total liabilities information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016.



(Unit: Million Baht)

For the year ended 31 December

	Land and				Residential				Adjusting and				Consolidation			
	Land and factory		warehouse building		Office building		condominium		Eliminations		Eliminations		2017		2016	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	building for sale <sup>(1)</sup>		for rent <sup>(2)</sup>		for lease <sup>(3)</sup>		units				for sale <sup>(4)</sup>					
External customers	103	18	143	142	173	181	499	536	(2)	(1)	916	876	916	876		
Segment profit	13	10	82	84	43	52	88	140	8	5	234	291	234	291		
Revenue and expense did not allocate:																
Other revenue													103	110		
Selling expenses													(67)	(54)		
Share of loss from investment in joint venture													(45)	-		
Loss on sales of trading securities													-	(50)		
Loss from transfer investments													(10)	-		
Administrative expenses													(233)	(234)		
Finance cost													(414)	(392)		
Income tax													(43)	11		
Loss for the year													(475)	(318)		
Loss (profit) attributable to non-controlling interest of the subsidiary													4	(5)		
Loss for the year (Equity holders of the Company)													(471)	(323)		

	Land and factory building for sale <sup>(1)</sup>				Land and warehouse building for rent <sup>(2)</sup>				Office building for lease <sup>(3)</sup>				Residential condominium units for sale <sup>(4)</sup>				Others				Eliminations				Consolidation			
	<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>			<u>2017</u>	<u>2016</u>		
As at 31 December																												
Investment properties	-	-			1,426	1,203			155	175			-	-			-	-			(53)	(36)			1,528	1,342		
Project development costs	5,198	5,226			-	-			-	-			1,531	1,575			-	-			(161)	(182)			6,568	6,619		
Leasehold rights	42	43			-	-			241	281			-	-			-	-			-	-			283	324		
Central properties	5,208	5,020			88	76			165	135			597	176			1	1			(3,946)	(4,013)			2,113	1,395		
Total assets	<u>10,448</u>	<u>10,289</u>			<u>1,514</u>	<u>1,279</u>			<u>561</u>	<u>591</u>			<u>2,128</u>	<u>1,751</u>			<u>1</u>	<u>1</u>			<u>(4,160)</u>	<u>(4,231)</u>			<u>10,492</u>	<u>9,680</u>		
Loans from unrelated parties	2,554	3,022			374	427			-	-			449	233			-	-			-	-			3,377	3,682		
Trade and other payables	166	228			28	27			25	24			109	62			-	-			(61)	(61)			267	280		
Debentures	3,475	3,086			-	-			-	-			-	-			-	-			-	-			3,475	3,086		
Income tax payable	-	-			9	9			-	-			4	5			-	-			-	-			13	14		
Central liabilities	<u>1,623</u>	<u>1,620</u>			<u>506</u>	<u>478</u>			<u>312</u>	<u>355</u>			<u>795</u>	<u>987</u>			<u>-</u>	<u>1</u>			<u>(2,594)</u>	<u>(2,983)</u>			<u>642</u>	<u>458</u>		
Total liabilities	<u>7,818</u>	<u>7,956</u>			<u>917</u>	<u>941</u>			<u>337</u>	<u>379</u>			<u>1,357</u>	<u>1,287</u>			<u>-</u>	<u>1</u>			<u>(2,655)</u>	<u>(3,044)</u>			<u>7,774</u>	<u>7,520</u>		

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Revenue from external customers		
Thailand	820,614	773,535
United Kingdom	95,063	103,159
Total	<u>915,677</u>	<u>876,694</u>
Non-current assets		
(other than financial instruments and deferred tax assets)		
Thailand	1,233,386	845,969
United Kingdom	921,753	954,109
Total	<u>2,155,139</u>	<u>1,800,078</u>

## Major customers

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 34. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contributed to the fund monthly at the rates of 5 to 10 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited and TMB Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company and its subsidiaries contributed as expenses Baht 3 million to the fund (2016: Baht 3 million) (Separate financial statements: Baht 2 million, (2016: Baht 2 million)).



## 35. Commitments and contingent liabilities

### 35.1 Capital commitments

35.1.1 The Company and its subsidiaries had commitments in respect of agreements to design, improve and construct a residential condominium for sale and a construction management and supervision agreement as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Construction management and supervision agreement	109	321	-	-
Agreements to design, improve and construct a residential condominium for sale	168	293	77	78
Total	277	614	77	78

35.1.2 The Company and its subsidiaries had commitments under the following agreements in respect of TFD Industrial Estate project and other projects as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Agreement to construct building and utilities system	109	40	109	15
Agreement to buy land for project development	333	497	333	497
Total	442	537	442	512

### 35.2 Operating lease commitments

35.2.1 The Company and its subsidiaries have entered into several lease agreements in respect of the lease of building space and other services. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2017, future minimum lease payments required under these non - cancellable operating leases contracts were approximately Baht 28 million (2016: Baht 58 million).

35.2.2 The Company leased land from the Privy Purse Bureau on which it has the right to construct a residential building. The Company had the following commitments in respect of the agreement:



- (1) The permit to construct the residential building is to be under the name of the Privy Purse Bureau and the ownership of the building and other constructions on this land is to be transferred to the Privy Purse Bureau, while the Company is to pay all expenses related to the construction of the building until completion.
- (2) The construction period is 5 years starting from the date the permit to construct the new building is granted by the relevant government agency.

On 7 February 2018, the Privy Purse Bureau extended the construction period by one year due to the effect of the litigation disclosed in Note 35.5 c). If the court does not allow to resume the construction, the extension of construction period of one year will be awarded.

- (3) The lease period is 30 years commencing from the end of the construction period as per (2). However, if the construction is completed earlier than the specified completion date, the lease period shall commence from the completion date. Rental payment is to be made on a monthly basis at a rate of Baht 500,000 per month in the first year, with the rate to be increased by 5% per annum every year until the end of the lease period.
- (4) Throughout the construction period, the Company is obliged to pay compensation for loss of benefit at a rate of Baht 500,000 per month during the construction period, together with a gate pass fee of Baht 7,585 per month.
- (5) On 7 February 2018, the Privy Purse Bureau reduced the compensation for loss of benefit from Baht 500,000 to Baht 250,000 per month, effective on September 2017 onwards.
- (6) The Company was to submit a letter of guarantee with a credit line of Baht 50 million (already submitted a letter of guarantee).
- (7) Land rental deposit has been paid on agreement date amounted to Baht 1,500,000.

35.2.3 The subsidiary has annual lease payment commitments to the Industrial Estate Authority of Thailand related to its operation of its factory rental business for a period of 15 years.

As at 31 December 2017 and 2016, the balance of commitments is as follows:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Payable:		
Up to 1 year	2	2
From 1 to 5 years	-	2
Total	<u>2</u>	<u>4</u>



35.2.4 The Privy Purse Bureau granted the subsidiary leasehold rights to land and the right to construct a residential building on such land, with a lease term of 30 years from November 1993 to October 2023. The residential building is initially under the ownership of the Privy Purse Bureau.

As at 31 December 2017 and 2016, the subsidiary has the following outstanding rental commitments:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Payable:		
Up to 1 year	4	4
From 1 to 5 years	18	17
Over 5 years	4	9
Total	<u>26</u>	<u>30</u>

The subsidiary also has gate pass fee commitments of Baht 50,000 per month.

35.2.5 The subsidiary was granted leasehold rights to land by a company and the right to construct an office building on such land, with a lease term of 30 years, from December 1995 to November 2025. The ownership of this office building will be assigned to the sub-lessees upon the termination of the lease agreement.

### 35.3 Long-term service commitments

35.3.1 As at 31 December 2017, the Company had commitments in respect of an agreement to develop TFD Industrial Estate project in collaboration with the Industrial Estate Authority of Thailand. The Company has to pay an annual fee for supervision of services rendered within the area of the project of approximately Baht 1 million, commencing in 2009. Such fee may be increased by no more than 10% on the existing fee every 3 years.

35.3.2 As at 31 December 2017 and 2016, the Company and subsidiaries have commitments under service agreement as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
Up to 1 year	32	22	6	7
From 1 to 5 years	4	7	4	4
Total	<u>36</u>	<u>29</u>	<u>10</u>	<u>11</u>



### 35.4 Guarantees

35.4.1 As at 31 December 2017, the Company has provided guarantees for bank loan and credit facilities of subsidiaries totaling Baht 1,597 million (2016: Baht 1,562 million)

35.4.2 As at 31 December 2017, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries as follows:

Letter of guarantee	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
To guarantee performance under the agreement with the Industrial Estate Authority of Thailand	10	10	10	10
To guarantee relating to the electricity use and others	8	9	1	1
Total	18	19	11	11

### 35.5 Litigations

Outstanding litigations as at 31 December 2017 are detailed below.

- a) In 2012, a company (the plaintiff) sued the Company as a joint defendant (the fourth defendant), together with the local administration of Paknampran Sub-District, petitioning the Court to revoke the construction permit of The Colonial Kao Tao Hua Hin project, a project of the Company, since the construction permit allowed the construction closer than the 200 meter distance from the shoreline stated in an announcement by the Ministry of Natural Resources and Environment and such construction permit was therefore in violation of the law. The plaintiff also petitioned to have the court order the defendants not to carry out construction or any other action until the case is finalised. Subsequently, on 23 August 2013, the Administrative Court of First Instance ordered the suspension of the construction under the permit until the Court issues a judgement or others order otherwise. However, the Company appealed the order of the Administrative Court of First Instance on 25 September 2013.

On 27 March 2014, the Supreme Administrative Court reversed the order of the Administrative Court of First Instance, lifting the measures for temporary relief or protection before judgement.

On 21 November 2014, the Administrative Court of First Instance order to revoked the construction permit of condominium with a height over 12 meters from ground level up to the height of the building. However, the Company appealed against the order of the Administrative Court of First Instance on 19 December 2014.





The Company's management has used judgement to assess the outcome of the lawsuit and the damage caused by the suspension of construction work, and believes that they will not result in any damage to the value of project. The Company therefore did not record allowance for diminution in the value of the project or a provision for liabilities as a result of the lawsuit as at the end of the reporting period.

- b) In 2016, the subsidiary is being sued as defendant in relation to the breach of a sales contract, with the plaintiff asking the subsidiary to refund a deposit of Baht 0.5 million to the plaintiff and pay damages of Baht 2.8 million, or a total claim of Baht 3.3 million, together with interest at a rate of 7.5 percent per annum. In March 2017, the plaintiff withdrew the lawsuit.
- c) Injured parties sued government units and related persons for issuance of building construction permit on leased land of the Company's project, demanding the suspension of the construction project due to environmental impact.

On 14 September 2017, the Administrative Court of First Instance had ordered to revoke the Environmental Impact Assessment (EIA) of the Company's project. However, the Company appealed against the order of the Administrative Court of First Instance on 5 October 2017. The case is currently pending the appeal in the Supreme Administrative Court.

As at 31 December 2017, the project is under construction suspension. However, the Company's management believes that there will be no damage to the value of the Company's project. The Company therefore did not record an allowance for diminution in the value of the project as at the end of the reporting period.

### 35.6 Contingent liabilities

- a) Total Industrial Services Company Limited ("the subsidiary") has contingent liabilities in respect of the compensation payable to MFC Industrial Investment Property and Leasehold Fund ("the Fund"), in the event that the land of the Kingkaew Project is expropriated, in accordance with the conditions of agreement made between the subsidiary and the Fund. The maximum amount that the subsidiary may have to pay to the Fund is approximately Baht 26 million, calculated based on the rate specified in the agreement. The Company and the subsidiary's management have used judgement to estimate the losses in this event and believes that the Fund would not suffer any losses in the event that the land is expropriated and the subsidiary will not have to pay any compensation to the Fund. The subsidiary therefore did not record any contingent liabilities in respect of this matter as at the end of the reporting period.



- b) During the current year, Crown Development Co., Ltd. (“the subsidiary”) received notification of tax assessment included tax penalty totaling Baht 31.5 million from the Revenue Department as a result of a tax audit covering the tax year 2011, relating to specific business tax.

The subsidiary has submitted an appeal of the assessment to Tax Appeals Committee and no provision for the liability has been made in the financial statements.

As at 31 December 2017 the subsidiary has under pledged process with the Revenue Department as a guarantee for any tax liabilities that may arise, which depends on the outcome of the appeal.

### 36. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or disclose fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in available-for-sale securities - equity instruments	153	-	-	<b>153</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	1,778	<b>1,778</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,495	-	<b>3,495</b>

(Unit: Million Baht)

	As at 31 December 2017			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in available-for-sale securities- equity instruments	153	-	-	<b>153</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,495	-	<b>3,495</b>



(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Short-term investment in open-end				
fixed income fund - Debt instruments	-	13	-	13
Investment in trading securities - Equity instruments	202	-	-	202
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	1,544	1,544
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,101	-	3,101

(Unit: Million Baht)

	As at 31 December 2016			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in trading securities - Equity instruments	202	-	-	202
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,101	-	3,101

### 37. Financial instruments

#### 37.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivable, loans, investments, trade and other payable, bank overdrafts and short-term loans, liabilities under finance lease and hire-purchase agreement, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

##### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade and other receivable and loans. The management manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans to as stated in the statement of financial position.



## Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans, bank overdrafts and short-term loans, liabilities under financial lease and hire-purchase agreements, debentures, and long-term borrowings. However, since most of the Company's and its subsidiaries financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2017

	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	602	-	602	0.20 - 1.50
Trade and other receivables	-	-	-	47	47	-
Short-term loans to related parties and interest receivable	265	-	-	-	265	6.00
Investments in available-for-sale securities	-	-	-	153	153	-
Restricted bank deposits	-	208	-	-	208	0.30 - 1.50
	<u>265</u>	<u>208</u>	<u>602</u>	<u>200</u>	<u>1,275</u>	
<b>Financial liabilities</b>						
Overdrafts and short-term loans	1,092	-	23	-	1,115	4.00 - 10.00, MOR
Trade and other payables	-	-	-	267	267	-
Debentures	2,463	1,012	-	-	3,475	6.00 - 6.50
Long - term loans from financial institutions	56	318	1,888	-	2,262	4.11, 4.15, MLR
Liabilities under finance lease and hire-purchase agreements	3	1	-	-	4	4.46 - 9.24
Loans from related parties and interest payable	166	-	-	-	166	15.00
	<u>3,780</u>	<u>1,331</u>	<u>1,911</u>	<u>267</u>	<u>7,289</u>	



(Unit: Million Baht)

## Separate financial statement as at 31 December 2017

	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	501	-	501	0.20 - 1.50
Trade and other receivables	-	-	-	7	7	-
Loans to related parties and interest receivable	1,964	102	-	-	2,066	5.25 - 15.00
Investments in available-for-sale securities	-	-	-	153	153	-
Restricted bank deposits	-	189	-	-	189	0.30 - 1.50
	1,964	291	501	160	2,916	
<u>Financial liabilities</u>						
Overdrafts and short-term loans	1,020	-	-	-	1,020	6.20 - 10.00
Trade and other payables	-	-	-	125	125	-
Loans from related parties and interest payable	-	-	-	9	9	-
Debentures	2,463	1,012	-	-	3,475	6.00 - 6.50
Long-term loans from financial institutions	-	-	774	-	774	MLR
Liabilities under finance lease and hire-purchase agreements	3	1	-	-	4	4.46 - 9.24
	3,486	1,013	774	134	5,407	

(Unit: Million Baht)

## Consolidated financial statement as at 31 December 2016

	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	265	-	265	0.20 - 1.25
Short-term investment in open-end fixed income fund	-	-	-	13	13	-
Investment in trading securities	-	-	-	202	202	-
Trade and other receivables	-	-	-	52	52	-
Restricted bank deposits	-	80	-	-	80	0.80 - 2.25
	-	80	265	267	612	
<u>Financial liabilities</u>						
Overdrafts and short-term loans	1,977	-	-	-	1,977	4.00 - 7.25
Trade and other payables	-	-	-	280	280	-
Debentures	2,243	843	-	-	3,086	5.85 - 6.00
Long-term loans from financial institutions	52	375	1,278	-	1,705	MLR, 4.11, 4.15
Liabilities under finance lease and hire-purchase agreements	6	4	-	-	10	2.35 - 12.18
Loans from related parties and interest payable	109	78	-	-	187	15.00
	4,387	1,300	1,278	280	7,245	



(Unit: Million Baht)

## Separate financial statement as at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	192	-	192	0.30 - 1.20
Investment in trading securities	-	-	-	202	202	-
Trade and other receivables	-	-	-	18	18	-
Loans to related parties and interest receivable	2,377	123	-	-	2,500	5.25 - 15.00
Restricted bank deposits	-	61	-	-	61	0.80 - 2.25
	<u>2,377</u>	<u>184</u>	<u>192</u>	<u>220</u>	<u>2,973</u>	
<b>Financial liabilities</b>						
Overdrafts and short-term loans	1,930	-	-	-	1,930	5.25 - 7.25
Trade and other payables	-	-	-	131	131	-
Loans from related parties and interest payable	-	-	-	8	8	-
Debentures	2,243	843	-	-	3,086	5.85 - 6.00
Long-term loans from financial institutions	-	-	421	-	421	MLR
Liabilities under finance lease and hire-purchase agreements	5	4	-	-	9	4.29 - 12.18
	<u>4,178</u>	<u>847</u>	<u>421</u>	<u>139</u>	<u>5,585</u>	

**Foreign currency risk**

The Company's exposure to foreign currency risk is limited since nearly all business transactions are denominated in Thai Baht.

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investment in overseas subsidiaries. This investments are currently not hedge by derivative financial investments.

**37.2 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear interest rates which close to market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

During the current year, there were no transfers within the fair value hierarchy.



### **38. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.86 (2016: 3.48:1) and the Company's was 1.82. (2016: 2.42:1)

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.



# Business Overview

## 1. Structure of incomes of the Company and subsidiaries

	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Land and factory building business at the TFD Industrial Estate and other industrial estates						
- Sales incomes	-	-	18.17	1.84	103.39	10.15
- Rent and service incomes	116.55	13.33	141.47	14.35	152.71	14.99
2. Office space for rent business						
- Rent and service incomes	179.17	20.49	179.99	18.25	172.22	16.90
3. Residential condominium business	480.50	54.95	537.07	54.45	499.37	49.01
4. Other incomes	98.22	11.23	109.55	11.11	91.15	8.95
<b>Total incomes</b>	<b>874.44</b>	<b>100.00</b>	<b>986.25</b>	<b>100.00</b>	<b>1,018.84</b>	<b>100.00</b>

## 2. Business of each product line

### 2.1 Nature of products and service

The Company and subsidiaries develop properties in a variety of shapes and forms, as of December 31, 2014 can be classified into six main business groups as follows.

- Industrial estate
- Standard factory/warehouse
- Residential project (condominium)
- Office building for rent
- Property management service
- Managing Real Estate Investment Trust (REIT)

#### 1) Industrial estate

In 2007, the Company set up the TFD Industrial Estate at Bangpakong District, Chachoengsao Province, to develop land, set up basic infrastructure and build standard factory buildings. The Company signed a joint-operation contract with the Industrial Estate Authority of Thailand (IEAT) and provided for Thai and foreign investors lands for rent in two zones; namely, General Zone and Free Zone. Target groups of customers were businesses in the auto part industry, electronics and manufacturing industry not generating pollution.

To facilitate investors, the Company chose the site located not so far from Bangkok along the Motorway at Km 43 next to an exit into the Chachoengsao-Chonburi Highway. The site is flanked with convenient highways and not prone to flood which makes it extremely ideal to build factories and warehouses as a logistics center. Thanks to the site's competitive advantage as it's no more than 20 minutes from the Suvarnabhumi Airport and no more than 40 minutes





from the LaemChabang Deep Sea Port plus its close proximity to Bangkok, Thailand's capital, the location has become a very highly potential one. Most of the Company's customers are invested in electronic parts and auto part industries. In addition, the government plans to develop areas in Chachoengsao, Chonburi and Rayong as the Special Economic Zone. Known as the Eastern Economic Corridor (EEC), the megaproject will be connected with the country's western corridor. The government expects to invest around Baht 300 billion to develop basic infrastructure and provide tax privileges to support investment in this area, which in return should attract more than Baht 1.9 trillion worth of investment in 10 basic industries touted as Thailand's new engine of growth. The EEC is anticipated to become the country's main investment hub, which should benefit TFD's project area because it will boost the project's sales opportunity. As of December 31, 2016, the TFD Industrial Estate had two operation phases as follows.

#### **(1) TFD Industrial Estate 1**

Of the project's entire area totaling 303 rai, 230.47 rai of the TFD Industrial Estate 1 are generating incomes. Of this, 74 rai are in Free Zone and 156 rai are in General Zone. Since 2011, the Company has recognized incomes from the project both from sales of vacant land and sales of land along with completed factory buildings. There remained only 2.76 rai of the total income-generating lands left unsold.

#### **(2) TFD Industrial Estate 2**

The Company plans to expand the areas in the TFD Industrial Estate 2, which located next to the TFD Industrial Estate 1. The Company had purchased approximately 1,977 rai of vacant lands for the development, such lands was approved for the change to use for industrial purpose (purple zone) in December 2015. On November 10, 2016, TFD and The Industrial Estate Authority of Thailand (IEAT) entered into a joint operation contract where IEAT approved and allowed the Company to establish the TFD Industrial Estate Phase 2. The Company also received the approval of the Environmental Impact Assessment (EIA) report on July 26, 2017, and also got the approval of permission to do land plots consequently on March 2, 2018. As a result, currently, the Company can issue all title deeds and now is in the process of land development, landscape adjustment including the design and development of all public utility system.

#### **2) Standard factory/warehouse building**

The Company's business is to build standard ready-built factories and warehouses for sales in industrial estates and industrial zones at various locations to offer to investors where commuting conveniences, transport, communications, infrastructure, safety and appropriate surrounding environment are taken into consideration. Besides, factories are built both in the industrial zones and at free-trade zone as required by investors. The Company set up a subsidiary named Barnsley Warehouse Limited was established on April 22, 2003 and Bognor Regis Warehouse Limited was established on January 27, 2015 for investment in land and warehouse for sale and rent in the UK.

##### **a) Domestic Standard factory/warehouse building**

The Domestic standard completed factory is typically offered as a one-floor building with mezzanine floor for use as office in varying sizes from 1,000 square meters to 10,000 square meters. The factory is built at a fenced-in site to also include a security guard's house and parking space. The factory floor can accommodate 3 metric tons per square meter and 5 metric tons per square meter. Investors is able to various options to such as purchase or lease of warehouses or with a right to buy them later. The rental term of most lease agreements that the Company has signed with customers is 3 years with an option for renewal. Customer is required to deposit 3 - 6 months payment.



The following table features information of completed factory buildings and occupancy rate of both the Company.

Completed factory building	Number of factory buildings at the beginning of period	Number of factory buildings sold	Number of factory buildings at end of period		Average annual occupancy rate
			With tenants	No tenants	
<b><u>2015</u></b>					
Number (buildings)	13	-	4	9	-
Area (square meters)	66,485.00	-	8,610.00	58,325.00	12.95
<b><u>2016</u></b>					
Number (buildings)	34	-	8.50	25.50	-
Area (square meters)	105,601.00	-	20,390.00	85,211.00	19.31
<b><u>2017</u></b>					
Number (buildings)	34	2	14	18	-
Area (square meters)	105,601.00	3,450.00	29,230.00	72,921.00	27.86

As of December 2017, TFD had altogether 32 ready-built factories and warehouses as follows.

- 8 ready-built factories in the TFD Industrial Estate at Tha Sa-an, Chachoengsao Province (the Green Park 1 Project) totaling 57,575 square meters of sales and rental space (an average of 3,625-7,750 square meter of space per structure). One tenant already rent a total of 7,250 square meters.
- 21 ready-built factories and warehouses at Bangsaothong, Samutprakan Province (the Green Park 2 and 3 Project), which 2 units were sell in 2017 and 19 units were left for rent, totaling 35,666 square meters of rental space (an average of 750-3,330 square meter per structure). At present, we have nine tenants renting a total of 13,820 square meters ready-built factories.

In addition, we can be hired to build custom-made warehouses or factories in various designs to provide customers with options as they may want to buy a land with factory or lease the land with the factory or to get the right to buy land later.

The rental term of most lease agreements that the Company has signed with customers lasts 3 years with option for customers to renew. The Company requires customers to deposit 3 - 6 months payment.

The following table features information of completed warehouse buildings and occupancy rate of both the Company.

Year when lease agreements become due	Ratio of rent incomes vs. total rent incomes (%)
2018	17.84
2019	32.41
2020	39.29
2023	3.51
2028	6.95
<b>Total</b>	<b>100.00</b>



At present, the Company offers factories and warehouses for customers to rent. The table above shows the ratio of rent revenues compared to total rent revenues under lease agreements to be expired between 2018-2023 and 2028.

#### b) Warehouse in the UK

In addition, TISCOM has invested in properties in the UK through two subsidiaries as follows.

- Barnsley Warehouse Limited, which has entered into a long-term land lease agreement of two factories totaling 15,816 square meters currently leased to Beatson Clark Limited, a glassware manufacturer for use in chemical, food and beverages industries. The lease term is 20 years scheduled to expire on May 15, 2021 at the monthly rental rate of £50,416.
- Bognor Regis Warehouse Limited, which has bought the land with four warehouses, a single-story factory, a two-story office building and a dormitory totaling 27,628 square meters. The space is currently leased by John Wiley & Sons Limited, the world's leading printing house of school, research and education materials. The lease term is 15 years to expire in August 2021. The monthly rent is £141,667.

### 3) Residential project (condominium)

The Company started developing two residential condominium projects for the first time; namely, the Lakegreen Apartment Project and the 59 Heritage Project, At present, the Company has five ongoing projects as follows:

- The 15 Sukhumvit Residence Project
- The Harbour View Residence
- The Colonial Kao Tao Hua Hin Project
- The Mahadlek Residence Project
- The Artisan Rachada Project

#### (1) The 15 Sukhumvit Residence Project

Situated between Soi 13 and Soi 15 on Sukhumvit Road, the 2-3-73 rai project is a 25-floor reinforced concrete tower bought by the company in 2010. The total project value is Baht 3,716 million. The project's total useable area is 59,113 square meters of which 31,659 square meters are sellable areas. There are 505 units for sales of which 492 units are residential condominium and 13 units are for commercial purpose. As of December 31, 2017, the Company sold 483 residential units and commercial space for a total sales value of Baht 2,903.26 million. There remain 22 units of approximately Baht 659.12 million sales values left unsold.



## (2) The Harbour View Residence

In 2015, Crown Development Co Ltd invested in a 1-3-31 rai of land with building located on Ranong Road, Kwaeng Klongtoey, Klongtoey District, Bangkok. The project will be developed as a 472-unit condominium with saleable area of 20,000 square meters. As of March 31, 2016, the Company entered an agreement to sell the entire project in advance to Blue Ocean Real Estate Co Ltd at a total price of Baht 1.620 billion.

At present, it hires Saeng Fa Construction Co Ltd as the project's structural, architectural and hardscape contractor and MECT Co Ltd as its M&E engineering, electrical and communication, sanitation and fire-protection, air-conditioning and ventilation and hardscape contractor. As of December 31, 2017, the construction progress was at 70.60%. We received a total of Baht 246 million from Blue Ocean Real Estate Co Ltd as a down payment and installments. The ownership should be transferred by mid 2017. Details of schedules to receive the remaining payments are as follows.

- Baht 697 million by March 31, 2018
- Baht 677 million by June 30, 2018



## (3) The Colonial Kao Tao Hua Hin

A residential condominium, the project is located at Kao Tao, Tambon Paknam Pran, Pranburi District, Prachuab Kiri Khan Province, in the 9-0-42 rai of land. With a total value of around Baht 3,375 million. The Company already completed the construction of the 3-storey office building which was used as a sales office. The construction of a condominium building however was temporarily suspended in December 2014 since the project was involved in a lawsuit (Details are in Section 1, Topic 3: Risk Factors). As of December 31, 2016, the Company continued to delay the project due to the litigation.





#### (4) The Mahadlek Residences

The residential project consists of one 41-storey building located in a 1-3-28 rai of land in Soi Mahadlek Luang 2, Rajdamri Road. The land owned by Office of Privy Purse. The lease term is 30 years from the due construction period (which according to the contract requires that the construction period of the project be five years from the day it has been approved by Bangkok Metropolitan Administration (BMA) to build a project) or from the day the construction is finished, whichever is earlier.

The Mahadlek Residences Project's Environmental Impact Assessment Report (EIA report ) was already approved by the Office of Natural Resources and Environmental Policy and Planning (ONEP) on June 10, 2014 and also received the Building construction permit on June 1, 2016. However, at present the Company has temporarily delayed the investment in this project due to the lawsuit has been filed against the Administrative Court regarding the accusation of the Approval of EIA Report and the permission of construction were not proper. The Court has then ordered the temporary suspension of the construction and on September 14, 2017, the Central Administrative Court has judged the revoke of the project's EIA report which thereafter the Company had appealed the judgment. Currently it is being under the process of consideration by the Supreme Administrative Court.



#### (5) Project The Artisan Ratchada

The Residential Condominium located in soi Thiamruammit, Huai Kwang Sub-district, Huai Kwang District, Bangkok with the total area of 8-1-27.4 Rai to develop as a residential condominium for sale, consists of 4 buildings of 34 storeys, total 1,334 units. Total salable area of 69,000 square meter while total usable area is approximately 128,000 square meter. Total sale revenue is 6,500 million Baht. The Company has entered into a joint venture agreement with Beauty Honour Enterprises Limited ("BH") for the purpose of establishment of BGY & TFD Properties Co., Ltd ("BGY&TFD") to be a developer for the Project Artisan Ratchada, the structure of shareholdings between CROWN and BH is at 51 : 49. Currently, this project has started the construction and plans to finish and start to sale which will enable the Company to realize the revenue by the end of 2019.



#### 4) Office building for rent

In 2008, the Company jointly invested in the office for rent business via SG in which it holds 49.91 percent shares where SG has invested in the right to lease the land and the SG Tower 1 office building as well as the right to sub-lease the land and The Millennia office building (SG Tower 2) located in Soi Mahadlek Luang 3, Rajdamri Road, and Langsuan Road for a total rentable area of 26,846.18 square meters. Both the land and the SG Tower 1 are owned by the Office of the Private Privy (the lessor) while the ownership of the land where the Millennia Office Building is located is held by GF Holding Co Ltd (the sub-lessor). The ownership of the Millennia building itself however is held by SG which will belong to GF Holding Co Ltd when the lease term is due in 2025. TFD meanwhile manages the two office buildings for rent. Details are as follows.

##### (1) SG Tower 1

The building is located on the 2-3-85 rai of land at No. 161/1 Soi Mahadlek Luang 3, Rajdamri Road, Kwaeng Lumpini, Pathumwan District, Bangkok. SG Tower 1 is a 19-storey office tower plus two stories of underground parking space offering of common areas and 8,108 square meters of parking space (for 220 cars). As of December 31, 2017, 78.05 percent of the tower's total rentable areas were rented. The building has an average rent income of Baht 6.62 million a month.

##### (2) The Millennia (SG Tower 2)

The building which is located at 62 Langsuan Road, Kwaeng Lumpini, Pathumwan District, Bangkok is situated on the 1-3-22 rai of land and houses one 26-storey office building plus one underground and 9,870 square meters of parking space (to accommodate 220 cars). As of December 31, 2017, 77.93 percent of the tower's total areas were rented. The building has an average rent income of Baht 5.97 million a month.

Most of the rental terms of lease agreements and its customers are three years with options for customers to renew the lease. The Company requires customers to deposit three months' rent as a down payment.

The following table features the Company's office buildings as of December 31, 2017 under operation.

Office building	Location	Nature	Total rental areas (square meters)	Rent area under lease agreements (square meters)	Remaining rent areas (square meters)	Occupancy rate
SG Tower 1	161/1 Soi Mahadlek Luang 3, Rajdamri Road, Kwaeng Lumpini, Pathumwan District, Bangkok	One 19-storey office tower plus two stories of underground parking space	14,924.82	11,649.43	3,275.39	78.05%
The Millennia	62 Langsuan Road, Kwaeng Lumpini, Pathumwan District, Bangkok	One 26-storey office building plus one underground parking space	11,937.65	9,303.40	2,634.25	77.93%
<b>Grand total</b>			<b>26,862.47</b>	<b>20,952.83</b>	<b>5,909.64</b>	<b>78.00%</b>



## 5) Property management service

The Company started selling land and factory buildings to the TIF1 Property Fund for the first time in 2005 before selling additional assets to the TIF1 Property Fund and the M-II Property Fund again in 2007, 2012 and 2013. Aside from selling land, factory and warehouse buildings, the Company has been appointed as a property manager of the property funds as well as property manager of SG's office buildings for rent in return for management fees summarized as follows.

### The TIF1 Property Fund and the M-II Property Fund

- Property management fees and additional premiums
- Brokerage fees for securing new tenants
- Brokerage fees for contract renewal
- Brokerage fees in case of property sales or transfer of property leasehold (excluding sales of property to property manager or persons within the group of property manager)

(More details can be seen in the property manager appointment contract under Section 3-4: Operating assets.)

As of December 31, 2017 the following are properties managed by the Company:

- (1) The TIF1 Fund is a property fund consisting of freehold assets which mainly invests in land and Factory building located in industrial estates. The TIF1's properties include 25 factories and one consist of 12-units Flatted Factory building located in each of the following sites:

Industrial estate/industrial zone	Location	Types of service	Areas (square meters)	Number of units (units)
1. The Hi-Tech Industrial Estate	Ayutthaya	Land+Factory	17,248.00	12
2. The Bangpa-in Industrial Estate	Ayutthaya	Land+Factory	1,980.00	1
3. The Navanakorn Industrial Estate	PathumThani	Land+Factory	2,310.00	1
4. The Amata Nakorn Industrial Estate	Chonburi	Land+Factory	9,150.00	7
5. The Bangkadi Industrial Estate	PathumThani	Land+Factory	1,800.00	2
6. The Bangkadi Industrial Estate (four-storey apartment building)	PathumThani	Apartment	8,811.00	12
7. The TFD Industrial Estate 1	Chachoengsao	Vacant land Land+Factory	3,240.00	2
<b>Grand total</b>			<b>44,539.00</b>	<b>37</b>

- (2) The M-II Fund is a property fund of freehold and leasehold assets which mainly invests in properties and the rights to lease property. The M-II's properties include 36 factories and 17 warehouses located in each of the following sites



Industrial estate/ industrial zone	Location	Types of service	Types of ownership	Areas (square meters)	Number of units (units)
1. The Navanakorn Industrial Estate.	PathumThani	Land+Factory	Freehold	2,160.00	2
2. The TFD Industrial Estate 1	Chachoengsao	Land+Factory	Freehold	27,810.00	16
3. The Laem Chabang Industrial Estate	Chonburi	Land+Factory	Freehold+Leasehold <sup>1</sup>	19,350.00	18
4. The Kingkaew Warehouse	SamutPrakan	Land+ Warehouse	Freehold+Leasehold <sup>2</sup>	15,034.00	17
<b>Grand total</b>				<b>64,354.10</b>	<b>53</b>

Note: 1. Factories are freehold properties while lands are leasehold properties. The right to lease the land (28-0-66.09 rai) is to be expired in 2042 while the right to sub-lease the land (1-0-80 rai) will expire in 2018.  
2. Warehouses are freehold properties while lands are leasehold properties. The right to lease the land (25-1-96 rai) is to be expired in 2036.

- (3) SG's office buildings for rent which consist of two office buildings connected to each other between Soi Mahadlekluang 3, Rajdamri Road and Langsuan Road. Details are as follows:

Office buildings for rent	Rentable area (square meters)	Type of assets	Ownership of the assets
1. SG Tower 1	14,924.82	Right to lease the land and office building (expired in 2023)	The Office of Private Privy
2. The Millennia	11,931.65	Right to sub-lease the land and office building (expired in 2025)	JF Holding Co., Ltd.
<b>Grand total</b>	<b>26,856.47</b>		

#### 6.) Management of trusts for investment in real estate and leasehold (TFDRM)

TFD Real Estate Management (TFDRM) conducts its business as the Trust manager for investment in real estate and leasehold. As at December 20, 2016, TFDRM has been approved by the SEC to be the Trustee for Property Investment in real estate. Currently, TFDRM is undergoing to run the feasibility study and to acquire assets in order to set up a trust fund to invest in real estate and leasehold rights.

### 3. Marketing and competitions

#### Marketing strategies

##### 1) Industrial estate

Target groups of customers for the Company's industrial estate business are supporting industry and major operators who have already bought vacant land in the TFD Industrial Estate. Major target groups of customers are small and medium-sized enterprises (SMEs). Which do not generate pollution who however look for transportation convenience. This refers especially to electronics and auto part manufacturers





The TFD Industrial Estate is located at two meters above sea level and therefore is not prone to flooding. That's why the project is in great demand from investors wishing to buy vacant lands and rent factories here. The project also enjoys Zone 2 investment promotion privileges from the Board of Investment (BOI). In close proximity to Bangkok, the strategic location of the industrial estate gives the project a great competitive advantage. In addition, as of December 31, 2017, the Company accumulated around 2,000 rai of land to be developed as an industrial estate. The land accumulation was gradually done at lower costs compared to its sales prices.

The land in any industrial estate is highly demanded by investors, demands for land in the TFD Industrial Estate have consistently increased. The Company's pricing of its land and rent will however be based on construction costs, funding costs and land prices in the neighborhood. The Company adjusts both the rent and sales prices of vacant land to accord with market conditions on a yearly basis.

The Company has two major sales and distribution channels; namely, sales office of the Company and real estate agents.

At the other end, it communicates with markets through billboards erected at the TFD Industrial Estate, newspapers and websites.

## 2) Standard factory building/warehouse building

Target groups of customers in the completed factory and warehouse for rent business are small and medium-sized enterprises (SME) as well as Thai and foreign operators wishing to restrict their investment risk during the initial investment phase.

Some foreign investors prefer to set up factory and warehouse in an industrial estate thanks to available public infrastructure and related industrial services. In addition, by concentrating in the industrial estate, they can take advantage from developed transportation system, raw material management and interdependency with other industrial counterparts. This is especially the case of the automobile industry and the petrochemical industry. In addition, completed factory and warehouse building help them save time and labor costs to build a factory to manufacture products. That's why factory and warehouse building for rent is an alternative that enables investors to reduce investment costs while enhancing their competition flexibility. Customers can choose to rent factory and warehouse buildings during an initial phase and will only buy industrial land, factory or warehouse of their own when business subsequently expands. This service also helps the Company to maintain a good long-term relationship with customers as they could focus more at their strategic investment without having to put money into land, factory or warehouse and thereby reduces investment costs while increasing investment returns. As a result, the Company factory and warehouse location and its comprehensive one-stop service center are indeed its competitive advantage.

To set the rent, locations of factory and warehouse as well as rents demanded by competitors or nearby industrial estates are taken into consideration to ensure that the rent remains competitive.

The Company has two main distribution channels; namely, through salespersons and real estate agents. In addition, the Company also advertises through media such as billboards erected at the TFD Industrial Estate, newspapers and website.

## 3) Residential building (Condominium)

Target groups of customers in the residential building project of both the Company are medium-income earners who eye for a condominium in the heart of the city close to skytrain and those wishing to have the second home for weekend retreat.



As of December 31, 2017, the Company have four condominium projects under development and/or sold and/or waiting to be transferred to customers which include (1) the 15 Sukhumvit Residence Project; (2) The Harbour View Residences, (3) the Colonial Kao Tao Hua Hin Project; and (4) The Mahadlek Residence Project (5) The Artisan Rachada Project. Competitive advantage of the Company in the condominium business is a result of the management's long-time experience in the real estate development industry which enables the Company to effectively select an ideal site for residential projects.

Sales of the project are conducted through two main channels, namely, our salespersons and real estate agents.

#### **4) Office building for rent**

Target groups of customers are Thai and foreign operators wishing to secure an office in the Central Business District (CBD). The Company's main group of customers is foreign business introduced to the Company by word-of-mouth.

Locations of these two office buildings are connected between SoiMahadlekluang 3, Rajdamri Road and Langsuan Road which are close to two BTS Skytrain stations of Rajdamri and Chidlom. The site is considered a strategic location which helps enhancing the Company's competitive advantage in this office for rent business.

Determines the rent of its office space on the basis of original rents it currently charges customers while rents of neighboring offices are also taken into consideration to ensure the Company's competitiveness. The Company has a policy to adjust its rents every three years based on the rental term to consistently reflect market conditions.

The Company has two major sales and distribution channels consisting of direct sales through the Company's sales office and sales through brokers.



# Status of Industry and Competition

## 1) Industrial Estate

Industrial Estate Authority of Thailand (IEAT) plans to develop new industrial estates in provinces along the border to accommodate anticipated demands resulted from the Asean Economic Community (AEC) already taken off since 2015. This refers especially to Kanchanaburi and Chiangrai provinces. The IEAT also plans to develop eight new industrial estates in provinces along the East-West economic Corridor. On June 28, 2016, the cabinet resolved to approve a plan to develop the Eastern Economic Corridor Development Project in which the Thai government expected to put in around Baht 300 billion to attract more than Baht 1.9 trillion investment from investors. The area was anticipated to become Thailand's major investment hub linking the country with the western corridor and Myanmar's Dawei as well as connecting through marine transportation with port towns in Cambodia and China. The project will be mainly in three eastern provinces, namely, Chonburi, Rayong and Chacheongsao; and will be divided into the basic industry zone, the infrastructure development zone and the urban development zone. Investment will be made in 10 target industries aimed to drive Thailand's new engine of growth. The Industrial Estate Authority of Thailand (IEAT) still eyes private-sector partners to develop small industrial estates to accommodate needs of small and medium-sized enterprises (SMEs).

The Board of Investment will renew its investment promotion privileges in response to the AEC and also to enhance Thailand's competitiveness since every Asean country now offer investment privileges to attract foreign investors, who, however, express concerns in new investment zones under the newly-amended investment promotion policy as some areas in Thailand still lack proper infrastructure to accommodate industrial development. The government should enhance public utilities and facilities for anticipated investments. However, foreign investors still express concern over the investment zoning under the new investment promotion policy since some areas in Thailand still lack basic infrastructure to accommodate their needs. The government therefore is urged to enhance infrastructure to meet investment requirements. The government should enhance public utilities and facilities for anticipated investments.

The government plans to develop a special economic zone nationwide especially in provinces with Friendship Bridge linking us with our neighbors and along economic corridors linking the East with the West. All special economic zones will consist of commercial, residential and industrial areas. This will have a highly significant meaning to the industrial estate market in the future.

Sales prices of land inside an industrial estate or park will depend on locations, distances from transportation infrastructure and project developers. Sales prices of land offered in Bangkok industrial estates are the highest since Bangkok is the transportation hub with her own port and airports, followed by those in Chachoengsao and Rayong provinces. A vast difference of land prices between Bangkok and Chachoengsao is due to the fact that several industrial estates are located in close proximity to Bangkok. Meanwhile, industrial estates further away from Bangkok find their land prices cheaper especially those in Prachinburi and Saraburi provinces due to their longer distance from Bangkok and their lack of port.

Competition in the industrial estate business remains moderate thanks to few operators and high investment required. Direct competitors are five industrial estates located in proximity; namely, Gateway City, Wellgrow, Amata Nakorn, Asia and TPark. Thanks to the TFD Industrial Estate's strategic location which gives a competitive edge to the project, the Company is able to be a price maker among the standard factory/warehouse business located nearby.

## 2) Land with standard ready built factory / warehouse

For industrial estate development industry, the process will start from the industrial land development, invest in fundamental structures in the industrial land and then sell land to industrial entrepreneurs to build factory and warehouse. The manufacturers / investors may have a choice to rent the factory and warehouse instead so as to decrease such



investment and also risk from any uncertainties which may occur. Also the investors will have convenience from full range services from the industrial estate developer. In addition the industrial estate development, the standard ready-built factory and warehouse also attract foreign entrepreneurs who want to set up their manufacturing bases in Thailand without to invest in ownership in factories and warehouses.

Supply of standard ready-built factory and warehouse can be classified into 2 main types : supply from developers who also own industrial lands , thus the developer of factory and warehouse is the same person as the owner of industrial estate , and supply from developers who build factory and warehouse on the industrial land , either purchased or rent from other developers. For example, the company that builds factory and warehouse for rent on the land purchased from the industrial estate developer in various locations etc. The demands of the standard ready-built factory and warehouse for rent come from the manufacturers who do not want to own the factory and warehouse in order to decrease the project's investment and for the flexibility in the operation. Moreover, Thailand is still a great choice for foreign investors because of its location, which located in the central part of Asia, skill workers, good infrastructure including the rules and regulations which support the investment from abroad. Therefore, the demand for the factory and warehouse for rent is still increase.

Competition in the standard ready-built factory/warehouse remains moderate since there aren't many operators and the business requires high investment similar to the business of industrial estate. In addition, most investors and businesses who wish to rent factory or warehouse usually have in mind their desirable location proven complementary to their operation. The Company's direct competitors in this business are industrial estates in the same area who provide standard ready-built factories and warehouses for rent. Besides, with the TFD Industrial Estate Project's strategic location that gives a lot of competitive advantage to the Group, TISCOM's competitiveness is high, allowing it to be a price maker among others in the same business located in the same area.

### 3) Residential Condominium

According to the research report of Colliers International Thailand Co., Ltd., it has anticipated that the overall condominiums in Bangkok in the year 2017 will comprised of the new projects launched in Q.3 /2017 about 18,810 new units which increased from the second quarter. Though the overall Thailand economy during the first three quarters of 2017 still had tendency to be positive but the purchasing power in the condominium market had insignificantly increase. There were remaining units unsold in the market approximately 36,000 units which become a major concern for all developers since all developers have to expand their business every quarter, whereas they cannot delay the launch of their new projects or boost the unsold units available in hand before starting the new project. Thus the developers have to create the difference for all their projects, both in terms of overall project design, project style, room design including the common area on the top floor etc. to attract the buyers. Furthermore, the developers also seek for the distribution channels to sell to foreign buyers and investors before sale to Thai people. Though many Condominium projects which started to sale in the past few months had higher selling price than average price of other projects in the same location. The Condominium market in Bangkok has expanded continuously in 2017 and will continue to grow in the future along the construction route line of BTS. Though the purchasing power of Thai people is still limited and those foreign buyers in Thailand who buy the units mostly have their intention only for investment purpose, thus all developers should aware about these concerns before making their decision to sell to foreign buyers

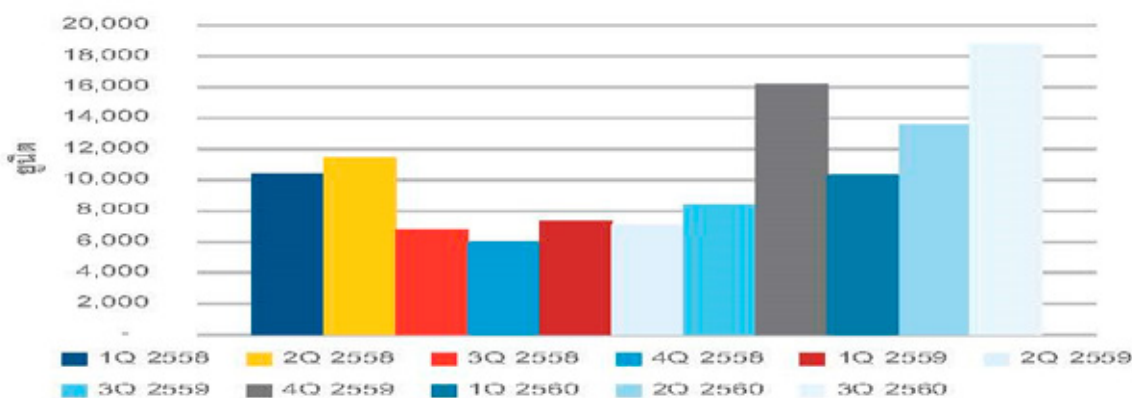
Q4/2016 continued to witness several negative factors ranging from the world's unstable economic condition to security matters in various countries especially within the world's major powers. Coupled with the passing of HM the King Bhumibol Adulyadej last October, property developers preferred to postpone the launch of their projects originally planned in Q4/2016 to 2017 instead.



In the first three quarters of year 2017, the Condominium in Bangkok has expanded significantly comparative to the last 1-2 years, with the amount units of condominium which opened for sale in the first three quarters of 2017 totaled 18,810 units, which was the highest figures during the past year as a result of the improvement in economic outlook and clear directions of the investment in the public sector.

For the sale rate, the average sale rate of condominium which launched to open the sale during 2015 - Q.3 / 2017, the average sale rate of condominium which average sale price below 200,000 Baht per square meter was at 76% comparing to the condominium which average sale price above 200,000 Baht per square meter, the average sale rate was also at 75%, very closed to the first type. However, when compared in terms of number of units sold, the amount of units sold of the condominium with average sale price below 200,000 Baht per square meter was significantly higher than those sale price above 200,000 Baht in significant multiple.

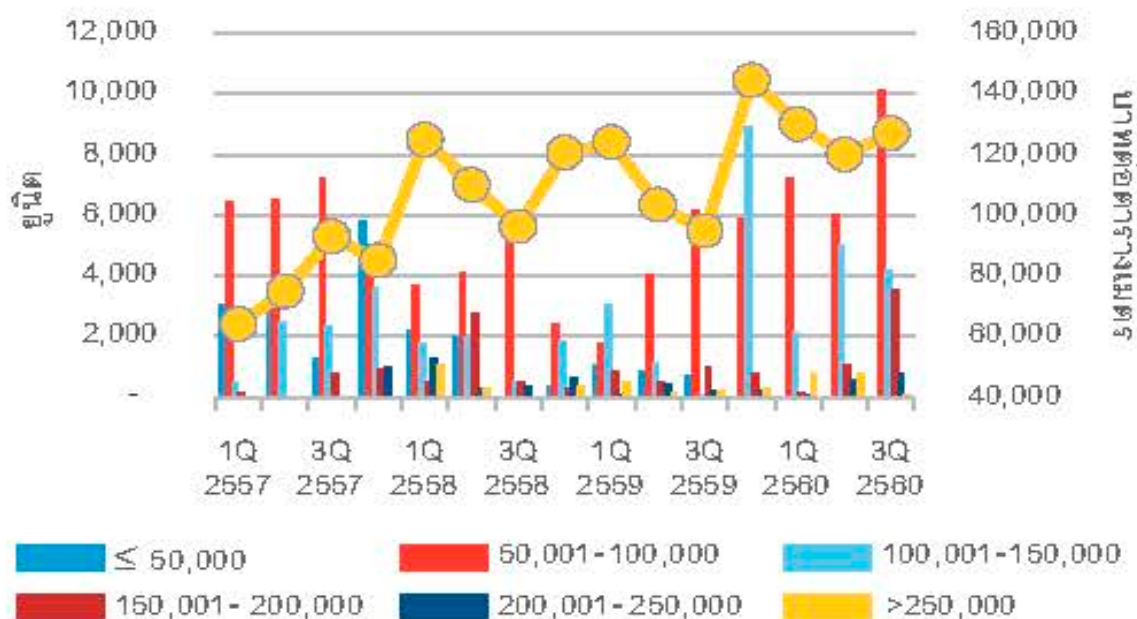
Chart comparing newly launched condominium projects during 2016 - Q3/2017



Source: Research Department, Colliers International Thailand

Average sales rate of condominiums which launched to sale in Q.3/2017 : The average sale rate in Bangkok was approximately 77% and still had unsold units available in the market about 36,000 units, of which 55% of the unsold were in the range of selling price of 50,000 - 100,000 Baht per square meter. The price of many condominiums which launched for sale in the past few years and in 2017 which can be sold easily were also in this range of price. Though many developers had increased the proportion of High-end or Luxury projects but they could not ignore the middle to lower market which was the largest market in Bangkok.





Source: Research Department, Colliers International Thailand

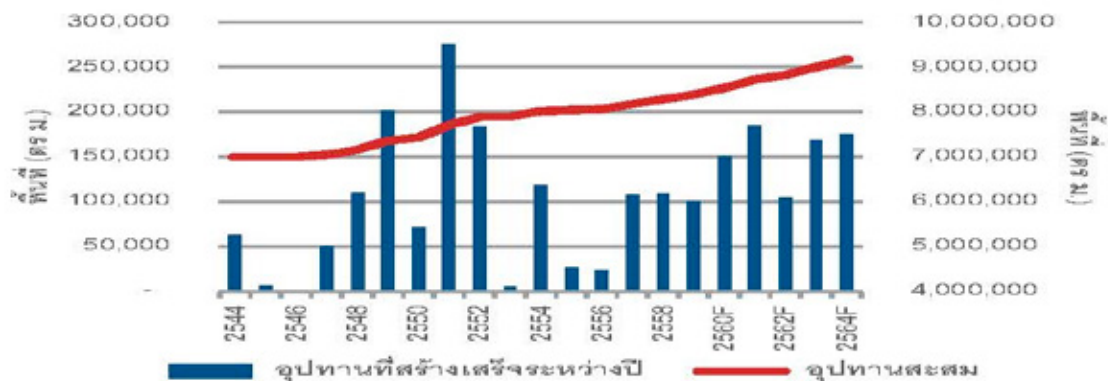
The Company was also facing high competitions in the residential condominium since the average selling price of new condominium projects during the past two years has increased continuously by 15-20% per year or even higher percentage in some locations. Some developers have interested to set the price of the project at 50,001-100,000 Baht per square meter. Especially in 2017. In addition, about 50% of new condominiums which opened for sale in Q. 3 / 2017 were located in the route line of the construction of BTS which the price of land was lower than the land in the inner city area. Condominium projects with the selling price above 200,000 Baht per square meter during the first three quarters of 2017 had the unit volumes higher than volumes in the same period of time in 2016. Some projects which had opened the sale in the past few years had also relaunched the sale again. The Condominiums which launched for sale in Q.3 of 2017 mostly have the price range below 100,000 Baht per square meter. The average price of condominiums which launched for sale in Q.3/ 2017 has not increased significantly, but still increased from the same period of the prior year and the years before. Our direct competitors included other condominium projects within the proximity of our project. Yet, with the management's years of experience in this business, TFD was able to select and procure a site ideal for the development of condominium. Together with appropriate and competitive pricing since ours are existing projects acquired to complete the development that enabled us to operate at cheaper costs compared to our competitors', TFD was able to effectively compete with other contenders in the condominium business.

#### 4) Office Building

According to Collier International (Thailand), as of Q3/2017, there was hardly any new office space supply coming into the market. Most new office buildings are under construction out of the city's business district. In addition, additional space of 633,560 square meter were under construction and scheduled to complete within 2018-2021. However, some office buildings are under planning stage and will disclose to the market in the near future



Comparative diagram of the supply of office buildings accumulated during 2001 - 2021

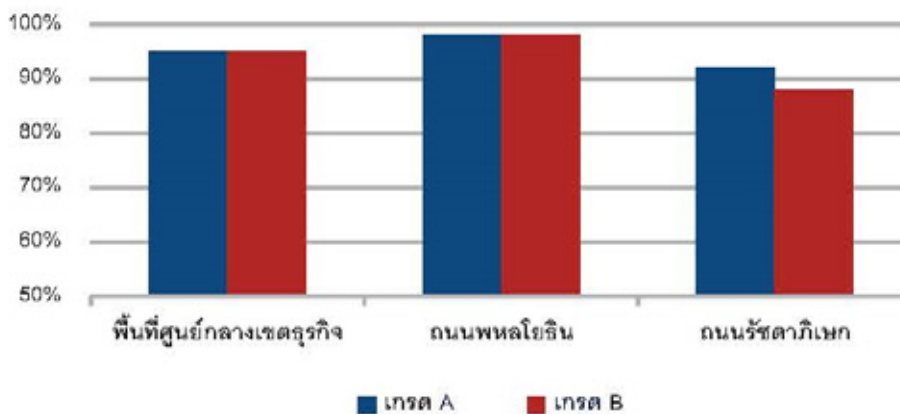


Source: Research Department, Colliers International Thailand

Remark : F = Estimated office space to be completed between 2017-2021

An average rental rate of office building space in Bangkok stood at 90% and it usually increases in Grade A office buildings located in close proximity to mass transit systems. Those located further away receive lesser attention. Grade A office buildings along Phahonyothin Road saw their rental rates increased the highest to stand at 98% while rental rates of Grade B offices in the central business district (CBD) stood at 95%. The average rental rate of office building space soared the highest last year after the past several years thanks largely to demands for office space from Thai and foreign companies especially in the CBD and along Ratchadapisek Road.

Diagram: Rental rates of office building space classified by locations as at Q4/2016

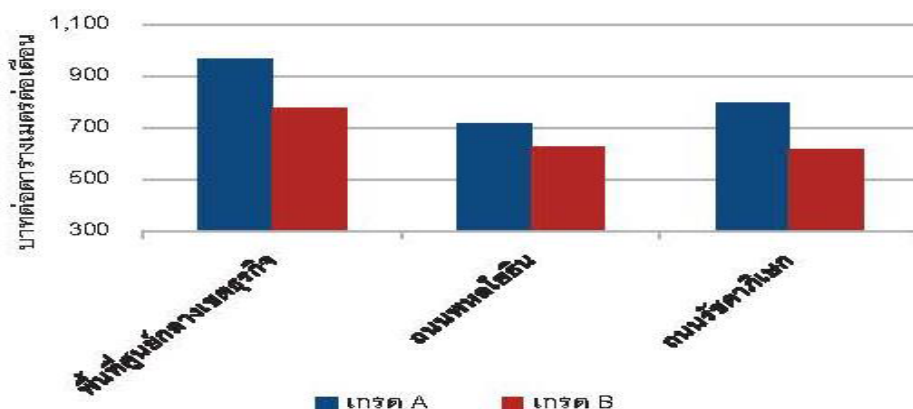


Source: Research Department, Colliers International Thailand



An average rent of office space in the CBD was the highest or 56% higher than the average market rate thanks to their strategic locations together with the fact that demands for Grade A office space significantly rose during the past several quarters. Most Grade A office space commanded the very high rental rate or almost to their 100% full rental capacity which sent a chain reaction to their rents which continued to climb up every quarter. Certain Grade A office space in the CBD commanded a rent of more than Baht 950 per square meter per month. Some Grade-A office building increased their rent by more than 5% after the occupation rate was about to be saturated. Other office buildings along Ratchadapisek Road adjusted their rents by 5-10% after witnessing robust demands in the area. In addition, certain new office buildings saw their occupation rates nearly reach 100% or up to 100% even before their construction would complete.

Diagram: Average rent classified by locations as at Q4/2016



Source: Research Department, Colliers International Thailand

The competitive condition of the office building for rent under the operation by SG deemed to be low because of continuous growth in demand while the supply was limited especially in the CBD. In addition, the target customers of SG are the foreign customers who are introduced by the existing customers. The direct competitor in this business is other office buildings for rent in the same location of SG. However, with the strategic and competitive advantage point of SG from its location, SG still have a potential to compete with other companies in the same industry.

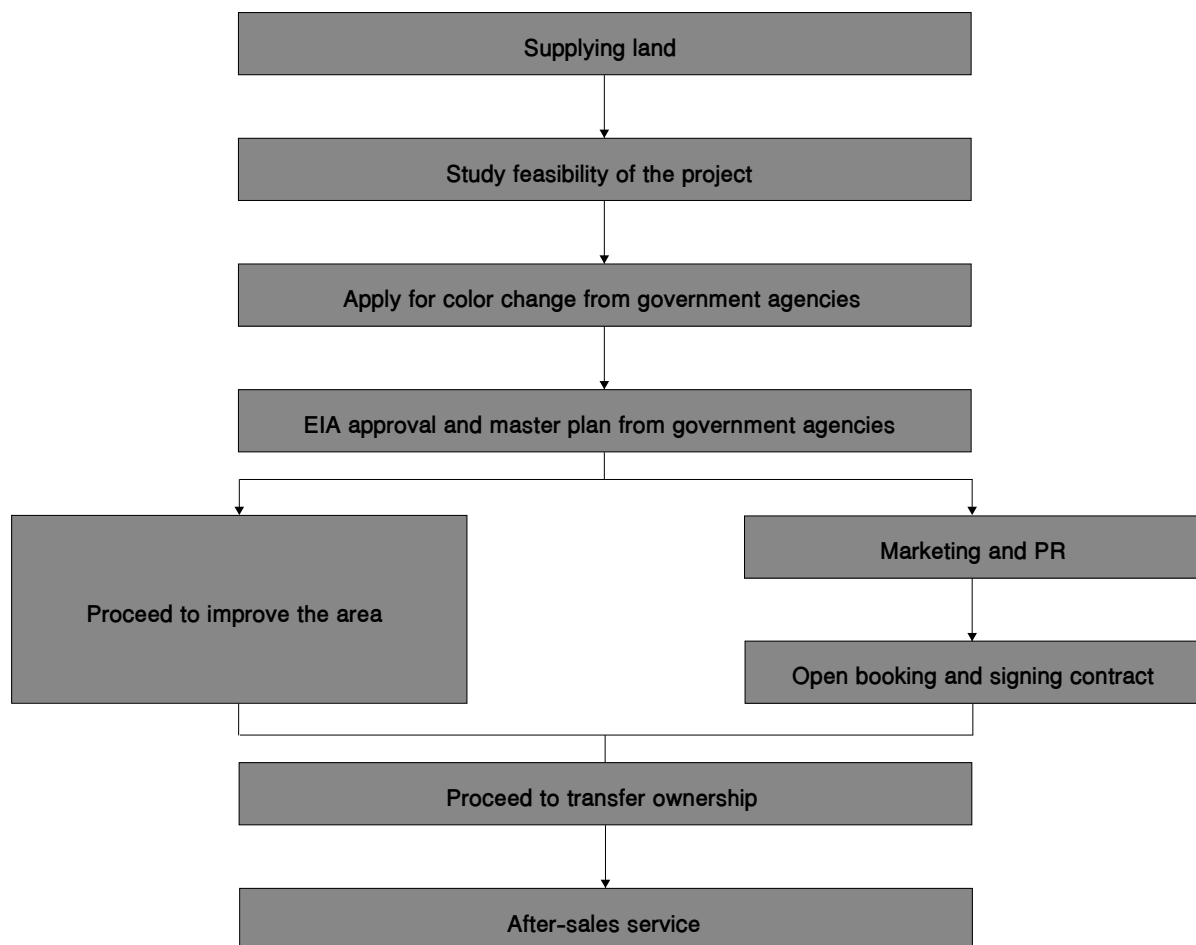




## Product or Service procurement

### 1) Industrial estate

The Company has spent 3-5 years duration to develop land for the project TFD Industrial Estate phase 1 . Such time does not include the time in process of asking for permission from related authorities which is the key factor to the time duration. Another factor is season as it is very hard to develop in the rainy season. The main materials and services in developing land to set up Industrial estate comprises of land, contractor, project designer or planner and construction materials such as cement and steel etc. The contractor that the Group Company has assigned to do the construction part for the project will also responsible to procure such materials.



The main materials and services in developing land to set up Industrial estate comprises of land, contractor, project designer or planner and construction materials such as cement and steel etc. The contractor that the Company has assigned to do the construction part for the project will also responsible to procure such materials.

### 2) Standard ready-built factory / warehouse

The Company has spent 6-7 months duration to build the standard ready built factory and warehouse which also exclude the time spent on permission from related authorities. The duration of timefor building depend on the time spent on permission from related authorities and also the season as it is hard to build in the rainy season, same factors as the case to develop the industrial estate.



The main materials and services in building the standard ready built factory and warehouse consists of land, contractor, project designer or planner and construction materials, the same ingredients as used to develop land for the industrial estate. The contractor that the Group Company has assigned to do the construction part for the project will also responsible to procure such construction materials.

### 3) Residential Condominium

The Company have spent 2.5-3 years duration to develop and build the Condominium, not taking in to account the time in process of asking for permission from related authorities. The time used in building each condominium project will depend mainly on the size of the project.

Main materials in building Condominium project are land, contractor, Project designer and construction materials such as Precast concrete, glass and aluminum etc. The contractor that the Group Company has assigned to do the construction will also responsible to procure such construction materials.

### 4) Office building

The Company also operate the office building for rent, by co-operate with the partnership, Schubert Holdings Plc., Ltd, to take over SG Company which owns 2 office buildings. After such investment, the Company also acts as the project management company.



**Unfinished Work**

At 31 December 2017, the inventory of the Company are as shown in the table.

Project	type	Project's details											
		Rai-ngan-wa	% of progress	Total unit		Number of units sold		Number of units unsold		Number of units already transfer the ownership		Number of units awaiting for transfer	
				units	Value (MB)	units	Value (MB)	units	Value (MB)	units	Value (MB)	units	Value (MB)
The Harbour View Residences	Condominium 24 storey	1-3-31	70.60	472	1,620	-	-	-	-	-	-	-	-

Remark : As of March 30, 2016, TFD signed an agreement to sell the entire project to Blue Ocean Real Estate Co Ltd for Baht 1.620 billion. At present, TFD receives both down payments and instalments from customers totaling Baht 256 million. The project is scheduled for delivery to customers within 2017. The remaining Baht 1.364 billion will be paid by mid 2018. Details of scheduled payments of the remaining sums are as follows:

- Baht 697 million to be paid within March 31, 2018
- Baht 667 million to be paid within June 30, 2018

# Policy on the Conflict of Interest and Connected Transaction with Subsidiaries

## 1. Policy on the conflict of interest

The policy of the Company involves the conflict of interest is based on the principle that any decision-making of the personnel at all levels of the business must perform for the optimized interest of the Company only. The said decision shall be made free of personal influence, family tie or close associates, who may affect the decision-making to decide which the optimized interest of the Company is. Especially for all personnel to work full time for the Company in full capability, and should not have interest in other business outside the Company to take the time off or dedication to the duty on responsibility for the Company, and may cause damage to it.

The conflict of interest may happen in case the personnel of all levels have the personal interest or family members or close associates on finance or other sides in the business, which may receive interest from the decision-making of that person in performance of duty to the Company or realize its activity or operation or future plan.

The Company deems to be the duty of personnel of all levels to avoid having involvement in finance and/or relation with the outsiders, who may result in the Company to lose interest or cause conflict on loyalty or interest or obstruction of effective performance.

The Company has the policy to safeguard its justified interests, while to have the scope of freedom in various activities of the personnel of all levels to the minimum.

## 2. Examples of the situations on the conflict of interest

The personnel of all levels should take the following examples as guidelines for their interest and consider it as an importance thing for working Disclose and consult in step to help unravel problems or lead into the appropriate solutions. They should ask for advice when they are in situation of doubt or confuse.

### 2.1 General investment

The general rule of this matter is the personnel of all levels, family members or close associates must not hold the shares or receive interest from the competitor companies or any enterprises, including the customers, trade partners/sellers that the Company has contact.

The purchase of shares of the listed companies in the SET or investment via the mutual fund or investment units are not conflict of interest, as long as it does not affect the performance with the Company.

### 2.2 Supply of goods and services to the Company

The conflict of interest may happen if the personnel at the level of family or close associates supply goods or service to the Company as a trade partner/seller. If that person can lead or influence to the said operations, although no duty involved the business operations of the Company with that business.

In the event that the personnel of all levels of the Company have a family member or close associate as an employee, owner, customer, trade partner/seller or competitor, and s/he participates in the decision-making involve with the business related with that enterprise, shall be regarded as conflict of interest.

Likewise, if the customer, trade partner/seller or employee of a competitor has a family member as employee of the Company, then it is not appropriate to authorize that person the power to influence on a decision-making in the company's activity involve with the family member.



The Company shall not buy or lease property, equipment, raw material or use service from an employee of the Company, family member or close associate, and not sign a contract for that matter (except the employment contract) except in a special case and approved in writing from the Managing Director.

### 2.3 Entertainment and gifts

The personnel of all levels should not receive entertained things, gifts, passenger tickets, sports tickets and other tickets for recreation or entertainment or offers that are personal matters involving their duty, if such action can lead to binding the Company or cause them to be put in the situation of conflict of interest.

### 2.4 Accepting academic job as a host or public service or any positions

The management or employee can participate in the outside activities with good reasons. In several cases the Company encourages its personnel to participate in the external activities as it deems those activities may expand the perspective and experience to its personnel, which can help to improve the job of these people to the Company even more. The personnel who accept the jobs in professional institutions as lecturers, public service or offices such as a director, consultant, etc, they must ask for approval from the Managing Director before acceptance of the job or title. The employee that received approval should be realized that s/he would not bring the Company or his/her title to bind the outside activity, except by approval to do so.

In the event that the management or employee is appointed the secretary of the Board of Directors of the Company or agent in the management of a project/director in an affiliate or subsidiary shall not be regarded as a conflict of interest.

## 3. Definitions

“Family” means the person with relation to the personnel of all levels from the bloodline or legal marriage, including legally adopted persons.

“Close member” means the person with involvement with the personnel of all levels in any relations closely.

### Connected Transactions

#### 1. Connected person with possible conflict of interest and nature of the relationship

Connected person with possible conflict of interest	Nature of Relationship
JC Kevin Development Co.,Ltd. (JC Kevin), (formerly named VCAL Business Group Co.,Ltd), a developer of condominiums for sale, office buildings for rent and hotels	Mrs. Chalida Taechabol (Mr. Apichai's wife) holds 100% of JC Kevin's shares. Mr. Apichai Taechaubol and Mr. Chotiwit Taechaubol (Mr. Apichai's son) are JC Kevin's directors.
JC Kevin Food & Beverage Co.,Ltd operates a hotel, restaurant, bar and nightclub business (JC Food).	JC Kevin holds 100% shares of JC Food. Mr. Apichai Taechaubol, Mr. Chotiwit Taechaubol and Mr. Kritawat Taechaubol (Mr. Apichai's son) are JC Food's directors.
Mr. Apichai Taechaubol	Executive Chairman and Major Shareholder
Mrs. Chalida Taechaubol	Mr. Apichai Taechaubol's wife



## 2. Connected transactions between the Company and subsidiaries vs. connected person with possible conflict of interest

In 2015, 2016 and 2017, the Company and subsidiaries conducted the following transactions with connected persons having possible conflict of interest but without such conflict.

### Transactions relating to the general operation

Connected person with possible conflict of interest	Company	Nature of Transaction	Value (Million Baht)			Necessity and rationality
			2015	2016	2017	
JC Food	TFD	<u>Entertainment fees</u> : TFD used JC Kevin's hotels and restaurants to entertain guests and meeting rooms to hold the Board of Directors' meeting and the Shareholders' meeting.  <u>Account payable</u>	2.80	5.38	4.62	JC Food offered a 10% discount from normal rates given to general customers.  <u>The Audit Committee's opinion</u> :  The transaction was found reasonable and it was convenient to TFD as both the restaurant and meeting rooms were close to TFD's office while TFD also enjoyed a special discount.
JC Kevin	TFD	<u>Office rent</u> : TFD signed an agreement to rent a total of 2,497 square meters of office space on the 2 <sup>nd</sup> , 4 <sup>th</sup> to 6 <sup>th</sup> Floor of JC Kevin's building for use as TFD's headquarters. The rent and the service fees totaled Baht 1,123,650 a month (Baht 450 per square meter). The three-year rent will end on December 31, 2016. The agreement then renewed, and the rental fee is charged at Baht 1,279,175 per month (Baht 475 per square meter). Lease term is 3 years which ended December 31, 2019.  <u>Advance down payment</u>  <u>Account payable</u>	22.90	24.49	28.69	The company has considered leasing office space from JC Kevin, because it is a new building with enough space to meet the demand. And office rental rates are comparable to nearby office buildings.  <u>The Audit Committee's opinion</u> :  Regarding The Meeting of the Audit Committee No. 2/2013 held on March 14, 2013 and 7/2016 held on November 10, 2016, The entering into such connected transaction is reasonable. Because not only the building of JC Kevin is a new building, but the office space is also meet with TFD's demand. Besides TFD also gets rental rates that can be comparable to office buildings in the immediate vicinity.
			6.98	6.98	7.94	
			0.15	0.31	0.20	



## Value (Million Baht)

Connected person with possible conflict of interest	Company	Nature of Transaction	2015	2016	2017	Necessity and rationality
JC Kevin	TISCOM	Office rent: TISCOM signed an agreement to rent a total of 196 square meters of office space on the 3 <sup>rd</sup> floor of JC Kevin's building for use as its headquarters, of which the rent and the service fees totaled Baht 88,200 a month (Baht 450 per square meter). The three-year rent will end on December 31, 2016. <u>Advance down payment</u> <u>Account Payable</u>	0.83  0.53 0.04 0.05	0.99	-	
JC Kevin	CROWN	<u>Other receivables:</u> On December 25, 2013, Crown signed an agreement to sell and buy 138 rai of land totaling Baht 800 million with JC Kevin under the following terms of payment: 1. 1 <sup>st</sup> installment of Baht 300 million to be paid on the agreement date. 2. 2 <sup>nd</sup> installment of Baht 20 million and Baht 180 million to be paid on January 30, 2014 and March 31, 2014, respectively. 3. The remaining Baht 300 million to be paid within June 30, 2014, which was the ownership transfer date.	180.00	-	-	<b>1) Purchase of the Khao Yai Land</b> CROWN signed an agreement to sell and buy 138 rai of land totaling Baht 800 million with JC Kevin to develop a real estate project for sale. The TFD Board of Directors felt that the transaction was normal with general business conditions. It would also benefit TFD since the project would allow Crown to continue developing a residential project after its 15 Sukhumvit Residences Project had been completed. Prior to the purchase, TFD had hired a land appraisal firm to acquire required information for making such a decision. Subsequently, Asia Plus Co Ltd, TFD's financial advisor who oversaw the filing of documents for the offering of TFD's securities to the Securities and Exchange Commission (SEC), viewed that the transaction, was normal, without business condition in general of which the value exceeded 3% of the net tangible assets which, according to relevant notifications, required TFD to seek approval from its Board of Directors, disclose the information to the Stock Exchange of Thailand (SET) and seek approval from the Shareholders' Meeting. TFD meanwhile felt that the transaction,

Connected person with possible conflict of interest	Company	Nature of Transaction	Value (Million Baht)			Necessity and rationality
			2015	2016	2017	
JC Kevin	CROWN	As of January 30, 2014, Crown paid a total of Baht 320 million to JC Kevin. On December 30, 2015, JC Kevin made a partial payment of Baht 140 million to Crown. On January 22, 2016, partial payment of Baht 15 million was made. On February 12, 2016, partial payment of Baht 25 million was made. On April 20, 29, 2016, partially paid for Baht 52 million, and August 24, 2016, partially paid Baht 30 million, and on December 28, 2016, the remaining 58 million baht was fully paid. <u>Accrued interest</u>	0.07	-	-	if realized, would need an opinion from an independent financial advisor in order to seek approval from the Shareholders' Meeting which could have delayed the land purchase and affected its capital-mobilizing plan. It's Board of Directors' Meeting No. 3/2557 on March 3, 2014, as a result, resolved to allow Crown to terminate the land purchase and ask JC Kevin to return the down payment to Crown. Yet, the SEC suggested TFD to seek an opinion from the Shareholders' Meeting for the purpose of transparency and compliance with corporate governance, notifications of the SEC and the SET. TFD submitted the transaction to its Board of Directors No. 14/2557 held on July 30, 2014 to review its approval decision. This time, TFD re-adjusted its project development plan to reflect the ongoing economic and political uncertainty. Two independent land appraisers were hired to assess the land price, which resulted in two appraisal prices of Baht 808.20 million and Baht 777.71 million, respectively. The management then persuaded JC Kevin to reduce its sales price to suit the newly-appraised prices and together with the fact that Crown had an opportunity cost for not being able to seek other benefits from the down payment placed with JC Kevin. The following two scenarios were foreseen based on conditions of the new agreement:







Connected person with possible conflict of interest	Value (Million Baht)				Nature of Transaction	Company	Necessity and rationality
	2015	2016	2017				
							<p><b>2) Terminating the land purchase agreement</b></p> <p>On September 30, 2014, the Extraordinary Shareholders' Meeting No. 2/2557 resolved to not approve Crown to buy the land. This means JC Kevin had to return Baht 320 million down payment plus an interest of 5.5% per annum to Crown within 90 days from the date of such resolution (due on December 29, 2014).</p> <p><b>3) 1<sup>st</sup> repayment extension of the down payment</b></p> <p>On December 29, 2014, JC Kevin paid an accrued interest totaling Baht 17.68 million to Crown. It also negotiated to extend the repayment period of this down payment of which details of terms and conditions were as follows.</p> <p>1. The repayment period of Baht 320 million down payment would be extended for another year from its due payment date on December 29, 2014.</p> <p>2. A 7.0% interest per annum rate would be paid on a monthly basis from December 29, 2014 to the day JC Kevin completely repays both the principal and the interest to Crown.</p>



Connected person with possible conflict of interest	Value (Million Baht)				Nature of Transaction	Company	Necessity and rationality
	2017	2016	2015				
							<p>3. 30 units of condominiums in Building C of the “Sathorn Heritage Residences” project located on Narathiwat Rajanagarinda Road, Kwaeng Yannawa, Sathorn District, Bangkok, for a total saleable area of 3,288.49 square meters would be mortgaged as a payment guarantee. JC Kevin would solely responsible for mortgage fees and other expenses. Besides, Mr. Apichai Taechaubol, who guaranteed the payment, agreed to remain a guarantor. The transaction was a connected one under the category of financial assistance of which the size exceeded 3% of the net tangible asset, which, based on related notifications, required TFD to seek approval from its Board of Directors’ Meeting, disclose information to the SET and also seek approval from the Shareholders’ Meeting. TFD Board of Directors’ Meeting No. 2/2015 held on February 23, 2015 resolved to approve Crown to extend the repayment period of the down payment and to seek an approval from the Shareholders’ Meeting to be convened on April 27, 2015.</p> <p><b>4) 2<sup>nd</sup> repayment extension of the down payment</b></p> <p>Subsequently, on December 29, 2015 and February 15, 2016, JC Kevin issued a letter asking to delay its payment of Baht 320 million principle together with the interest thereon to Crown from the original deadline of December 29, 2015 to December 29, 2016. JC Kevin also asked that Bath 2.8 million penalty from late payment be exempted where JC Kevin would compensate this delay by paying an interest.</p>

Connected person with possible conflict of interest	Value (Million Baht)				Nature of Transaction	Company	Necessity and rationality
	2015	2016	2017				
							<p>rate during this extended period which would be raised to 7.25% per annum while other conditions shall remain the same as in the original contract. On December 30, 2015, JC Kevin made a partial payment of Baht 140 million to Crown, leaving Baht 180 million remained unpaid</p> <p>The transaction was a connected one under the category of financial assistance of which the size exceeded 3% of the net tangible asset, which, according to related notifications, required TFD to seek approval from its Board of Directors' Meeting, disclose information to the SET and also seek approval from the Shareholders' Meeting. TFD Board of Directors' Meeting No. 2/2016 held on February 29, 2016 resolved to approve Crown to extend the repayment period of the down payment and to seek an approval from the Shareholders' Meeting to be convened on April 29, 2016. JC Kevin paid the remaining amount back on December 28, 2016.</p> <p><u>The Audit Committee's opinion:</u></p> <p><b>1) The purchase of the Khao Yai land</b></p> <p>The Audit Committee's Meeting No. 10/2014 held on July 30, 2014 viewed that purchasing the land from JC Kevin would be another way to generate new incomes and profits to both Crown and TFD. The new land price was also lower than what had been appraised by independent appraisers. In addition, contractual conditions were corresponding</p>



Connected person with possible conflict of interest	Value (Million Baht)			Nature of Transaction	Necessity and rationality
	2015	2016	2017		
					with the land purchase criteria in general. The Audit Committee felt appropriate to propose the matter to TFD Board of Directors' Meeting for consideration and for seeking approval from its Shareholders' Meeting.
					<b>2) Termination of the land purchase agreement</b> On September 30, 2014, the Extraordinary Shareholders' Meeting No. 2/2014 resolved not to approve Crown to buy the land.
					<b>3) 1<sup>st</sup> repayment extension of the down payment</b> The Audit Committee's Meeting No. 2/2015 held on February 20, 2015 viewed that JC Kevin offered 7.0% interest rate per annum to Crown in exchange for the repayment extension, which was higher than TFD's average financial cost. Besides, JC Kevin had already paid the accrued interest in 2014 to Crown. It had also agreed to mortgage its asset to guarantee such payment, of which the value appraised by an independent appraiser was higher than the outstanding debt. Moreover, Mr. Apichai Taechubol personally guaranteed the repayment. The Audit Committee felt appropriate to seek an approval from the Board of Directors' Meeting and to submit the matter to seek approval from TFD Shareholders' Meeting.

Connected person with possible conflict of interest	Value (Million Baht)				Nature of Transaction	Company	Necessity and rationality
	2015	2016	2017				
							<p><b>4) 2<sup>nd</sup> repayment extension of the down payment</b></p> <p>Having reviewed JC Kevin's necessity and intention to repay Crown and JC Kevin's history of interest payment, the Audit Committee's Meeting No. 2/2016 held on February 26, 2016 viewed that JC Kevin's request to relax a payment condition and to be exempted from a penalty was acceptable and fair to the firm based on the following reasons:</p> <ol style="list-style-type: none"> <li>1. JC KEVIN had paid a higher interest rate by raising it to 7.25% per annum to compensate for an extended period it had asked to repay the amount. In the past, JC Kevin constantly repaid the interest to Crown on time on the due date each month. Besides, Crown could recognize the interest paid by JC Kevin as its revenue.</li> <li>2. The interest received from JC Kevin was higher than the Company's average financial cost, which was around 6% per annum.</li> <li>3. The value of condominium units currently mortgaged was higher than the outstanding debt. Mr. Apichai Taechaubol continued to be the co-guarantor. JC Kevin also delivered a post-dated cheque as an additional guarantee of debt payment to Crown.</li> <li>4. A request for an exemption of Baht 2.8 million penalty incurred from Baht 140 million principal that JC Kevin eventually paid to Crown on December 30, 2015 was acceptable as it was late for only one day, not considering that the late payment was due to force majeure beyond JC Kevin's control. The Audit Committee</li> </ol>



Connected person with possible conflict of interest	Value (Million Baht)				Nature of Transaction	Company	Necessity and rationality
	2015	2016	2017				
							<p>5. Relaxing the term of payment for JC Kevin would benefit both Crown and JC Kevin than pursuing a legal action as the latter would cost a lot of time and expenses. The alternative would also minimize impact to reputation of the Company, its directors and major shareholders.</p> <p>Besides, this financial assistance would not affect TFD's liquidity and financial position. Based on the consolidated financial statements as of December 31, 2015, TFD registered cash and cash equivalents of Baht 304.16 million, which was enough as its working capital. The Audit Committee felt appropriate to seek approval from the Board of Directors' Meeting and to submit the matter to seek approval from TFD Shareholders' Meeting.</p>

### Loans between the Company and subsidiaries vs. connected person with possible conflict of interest

- None -

### Guarantee of financial institution loans

Connected person with possible conflict of interest	Borrower	Guarantee	Total amount (Million Baht) as of Dec 31 2016	Outstanding (million Baht)			Nature of Transaction	Necessity and Rationale
				As of Dec 31, 2015	As of Dec 31, 2016	As of Dec 31, 2017		
Mr. Apichai Taechaubol	TFD	✓	990.00	95.00	55.00	-	Personal guarantee	This guarantee was corresponding to borrowing conditions of a financial institution of which the project loan was used as a working capital and for buying lands and building projects operated by TFD and its subsidiaries. The transaction would benefit their businesses.  <u>The Audit Committee's opinion:</u>  The guarantee was necessary and reasonable. The transaction would benefit performances of both TFD and its subsidiaries.
	TFD	✓	800.00	312.25	-	-		
	TFD	✓	140.00	312.06	63.39	-		
	TFD	✓	1,600.00		-	775.80		
	TISCOM	✓	150.00		131.62	118.52		
	TISCOM	✓	380.00		283.86	294.73		
	TISCOM	✓	235.00		100.27	235.00		
	TISCOM	✓	185.00		111.27	78.50		
	CROWN	✓	510.00		233.50	391.70		

### 3. Approval process or measures of connected transactions

The Board of Directors will approve a connected transaction as follows.

- The Management is to submit a report to the Board of Directors. Information in the report is to be comprehensive and adequate for consideration in order to protect investors while explaining why the transaction is necessary and appropriate.
- Related persons have no right to vote.
- Appraisal by recognized independent appraiser is required.
- Opinion from independent director or member to the Audit Committee is required.
- Legal or regulatory compliance is required

If a connected transaction meets a guideline given by the Board or if it's a normal business transaction, the transaction will be considered subject to an approval under the authority of the Executive Board and/or the management.





# Risk Factors

## 1. Risks of maintaining the financial ratio of the company

Risk from TFD is to maintain the net Debt to Equity ratio according to criteria stated in the rights of debentures. As of December 31, 2016, it offered the following debentures.

Debentures	Net D/E ratio based on the debentures terms
TFD Plc. debentures No. 1/2016 No. 2 due in 2018	Not over 4.5 times as of end of the annual fiscal year.
TFD secured debentures No. 1/2017 No. 1 due in 2018*	Not over 4.5 times as of end of the annual fiscal year.
TFD secured debentures No. 1/2017 No.2 due in 2019*	Not over 4.5 times as of end of the annual fiscal year.
TFD secured debentures No. 2/2017 No.1 due in 2019*	Not over 4.5 times as of end of the annual fiscal year.
TFD short-term secured debentures No. 1/2017 due in July 2, 2019 which the issuer is entitled to redeem before such due *	Not over 4.5 times as of end of the annual fiscal year.

As at December 31, 2017, the Company maintained its Net Debt-to-Equity ratio at 2.30 times which was lower than the specified ratio on the abovementioned debentures term (4.5 times). The Net D/E ratio decreased from the ratio in 2016 which was at 2.91, due to the Company has allotted newly issued ordinary shares two times which were 1) the allotment of 250 million newly issued ordinary shares via private placement on June 29, 2017 at the offering price of Baht 2.0 per share, total fund received of Baht 500 Million baht and 2) the allotment of 25 million newly issued ordinary shares via private placement on August 22, 2017, total fund received of Baht 50 million which resulted in the increase in the shareholders' equity of Baht 213.94 million to total shareholders' equity of Baht 2,374.52 million while the total Net liabilities has also increased. As at December 31, 2017, the Company net liabilities was Baht 6,249.72 million, which decreased from the amount in 2016 which was 6,297.33 million

In addition, on December 26, 2017, the Company has issued newly issued ordinary shares with TFD-W5 to existing shareholders in total amount of Baht 482.24 million thus the total paid up capital has increase to Baht 2,147.03 million ( as at January 5, 2018) thus the Company anticipated its Net D/E ratio should decrease from the prior period.

In such case that the Company cannot maintain its Net Debt-to-equity ratio according to criteria regarding the Terms and Conditions of the Issuer and Debenture-holders which was set at 4.5 times at the end of each accounting year for all 5 lots of debentures as follow :

TFD Debentures	No. 1/2016 No.2	due in 2018
TFD Secured Debentures	No. 1/2017 No. 1	due in 2018
TFD Secured Debentures	No. 1/2017 No. 2	due in 2019
TFD Secured Debentures	No. 2/2017 No. 1	due in 2019
TFD Secured Short term Debentures	No.1/2017	due July 2, 2018, with the issuers right of early redemption

And the debentures which will offer this time is " TFD Secured Debentures No. 1/2018 , due in 2020 with the issuers right of early redemption" which may cause the Company to binding the event of default according the terms of debentures and may cause all debentures to be immediately due from redemption.



The net D/E ratio according to the terms of debentures for the year 2017 was 2.30 times. The Company also aware of the risk of maintaining such ratio at the level which shall not exceed the level specified in the terms of debentures stated above.

In addition, it had other measures to maintain liquidity and the net D/E ratio as well as to ensure that its capital structure remained at an appropriate level whereby

1) The Company expects to receive Baht 1,364 million from sales of its Harbor View Residences Project in mid 2018 after signing a contract to sell the entire project to Blue Ocean Real Estate Co Ltd on March 30, 2016 at a total price of Baht 1.620 billion. As of December 31, 2017, it received Baht 256 million of down payment and installments from customers. The construction of the project will complete within February 2018 and the ownership should be transferred by mid 2018. Schedules of the remaining payments are:

- Baht 697 million to be received within March 31, 2018
- Baht 667 million to be received within June 30, 2018

2) The Company expected the revenue income from sale of land in the TFD Industrial Estate 2 which currently the numbers of interested customers to buy the land in the Industrial Estate has increased which the Company forecasts that the sale will be done and revenue can be realized in the second quarter of 2018.

3) On December 26, 2017, the Company has issued newly issued ordinary shares with TFD-W5 to existing shareholders in total amount of 241.12 million shares at Baht 2 each per share, amounting to Baht 482.24 million thus increase the paid up capital to be Baht 2,147.03 million ( as at January 5, 2018 )

From all the above-mentioned factors , the Company's financial status and operating results should be improved which will result in the better Net D/E ratio and in conclusion this risk factor shall not have any impact on the Company.

## 2. Risks of ability to pay principal and interest

The Company calculated and disclosed interest rate coverage ratios in two ways as follows.

1. Calculation from profit (loss) before financial expenses and income tax expenses plus depreciation costs and amortization divided by financial expenses: the ratios were 0.21, 0.45 and 0.31 times for 2017, 2016 and 2015, respectively. In 2017, the ratio decreased from end of 2016 after the Company recorded lower profit before financial expenses.

2. Calculation from the manual to prepare Form 56-1 by computing from cash flow from operating activities + interest paid from operation + tax divided by interest paid from operation and investment: the ratios were at -0.77, -0.42 and -3.12 for 2017, 2016 and 2015, respectively. The 2017 ratio was increase from 2016 after the Company recorded higher cash flow from operating activities while payment of operating interest went down.

The Company pursued a cautious policy to repay interest. In addition, there was a plan to increase capital and expand the amount of debentures issued for debt payment in order to increase liquidity and for project development. As of December 31, 2017, there remained Baht 942.50 million long-term loans from financial institutions. Details are as follows.

Unit: Million Baht

Lender	Company	Project	Credit Type of	Amount	Loan withdrawn	Remaining Loan
A financial institution	TFD	Tha Sa-an	Term loan - Long	1,600.00	775.80	824.20
A financial institution	CROWN	The Harbour	Term loan - Long	510.00	391.70	118.30
<b>Total</b>				<b>2,110.00</b>	<b>1,167.50</b>	<b>942.50</b>



Furthermore, the Company forecasts the cash inflow from the issuance and sale of the 4th series of warrants ("TFD-W4"), the revenue from sale of units of Project 15 Sukhumvit Residences, revenue from the Harbour View Residences and the revenue from sale of land in the TFD Industrial Estate 2 of which the details are included in the risk factor regarding the maintenance of financial ratio and also in the fund raising and the expansion of Debentures as Approved by the Shareholders' Meeting

Nonetheless, the Company still mostly aware of its liquidity management in order to be able to pay back all principals and interests in each installments on time as set in the terms. As at December 31, 2017, the Company and its subsidiaries had short term Bill of exchange outstanding of Baht 1,110 million and the Company also had contingent liability from the guarantee of the issuance and sale of Bill of exchange to the subsidiary in total amount of Baht 110 million. The details of the bill of exchange issued by the Company and its subsidiary are as follow

Issuer	term	Amount of B/E (Copy)	Issue Amount (Million Baht)
TFD	3 months - 9 months	69	1,000.00
TISCOM	6 months -11 months	1	110.00*

\*remark : Guaranteed by the Company

The Company has the total Bill of Exchange which will be due during January to March 2018 ( information as at December 31, 2017) total Baht 150 million and also Debentures which will be due in February 2018 of Baht 767 million. The Company has planned to renew the bills of exchange which will be due maturity as indicated and also to issue new debentures. (TFD Debenture 1/2018) and will use the fund receipts from the TFD Debenture 1/2018 together with the cash flow from its operation to redeem its debenture which will be mature in February 2018

#### Details of B/E due for payment in January to March 2018

Due Date	Value (Million Baht)	Note
January 17, 2018	60	Four B/E valued each at Baht 10 million One B/E valued each at Baht 20 million
February 16, 2018	70	Three B/E valued each at Baht 10 million Two B/E valued each at Baht 20 million
March 30, 2018	20	Two B/E valued each at Baht 10 million
<b>Total</b>	<b>150</b>	

### 3. Liquidity Risk

As at December 31, 2017, the Company has total liabilities of Baht 7,774.07 million which comprised of the proportion of current liabilities to long term liabilities at the ratio of 64.11 : 35.89 of total liabilities. At December 31, 2017, the Company's current liabilities which due within one year stood at total Baht 4,302.43, comprising of Bill of Exchange of Baht 1,115.36 million and the current portion of debenture which will be due in one year of Baht 2,462.92 million, the current portion of long term debt from the financial institutions of Baht 558.86 million and current portion of long term borrowing from related parties including interest payable of Baht 165.74 million. Total net long term liabilities ( net of the current portion due within one year) was Baht 2,715.97 million, consisted of Debentures of Baht 1,012.23 million, Liabilities under financial lease and hire-purchase agreement of Baht 0.66 million and the long term loans from financial institutions of Baht 1,703.08 million.



Since the ratio of TFD's short-term liabilities was higher than the long-term liabilities, thus this may affect the Company's liquidity if it could not pay the short-term Bill of Exchange which due for redemption. However, as the Company was already aware of this risk, it has managed the above-mentioned ratio by partially repay the short term liabilities according to its plan to increase its liquidity as elaborated under the topic of the risk to maintain financial ratio. Furthermore, it also plans to issue long term debentures to raise fund to repay the short-term loans in order to restructure the short-term liabilities into medium-term instead.

## 4. Business and Operational Risks

### 4.1 Legal risk in relation to the property business

Since the laws, rules and regulations governing the property sector are constantly amended, the group may be exposed to a risk resulted from such regulatory change, which includes amendment of the Land Development Act, rules and regulations on zoning, town and country planning laws and designation of additional green-zone rural and agricultural areas and decreasing of the designated purple industrial zones. Legal and regulatory changes as well as changes in approval procedures will affect the group's operation or delay projects currently run by the group.

To manage this risk, the group is monitoring these regulatory changes on a regular basis to adjust its business direction to reflect such changes.

### 4.2 Risk from disputes under the Colonial Khao Tao Huahin Project and the Mahadlek Residences Project

The Company was filed a complaint by another company as a co-defendant (the 4<sup>th</sup> defendant) against Paknam Pran Sub-District Administration Organization whereas the plaintiff asked the Court to revoke the construction permit of the Colonial Khao Tao Hua Hin which is the project of the Company. The complaint was the charge of the construction permit that has been issued to a project which located closed to the shoreline less than 200 meters which was against the notification of Ministry of Natural Resources and Environment, so the construction permit was deemed to violate the law and thus the defendants cannot develop or do anything until the final judgment was made to the case. On August 23, 2013, the Administrative Court of First Instance had ordered the temporary suspension of the construction until the Court has any further judgment. The Company has subsequently appealed the order on September 25, 2013.

On March 27, 2014, the Supreme Administrative Court revoked the Administrative Court of First Instance by revoking its judgment and to order for the Protective measures or procedure for temporary relief before the final judgment.

On November 21, 2014, the Central Administrative Court issued a ruling to revoke the construction permit exclusively to the part of a condominium tower that was higher than 12 meters above the ground. TFD already appealed the ruling by submitting its opposition to the Supreme Administrative Court on December 19, 2014.

As of December 31, 2017, TFD already invested Baht 451.98 million in the project. However, if the Central Administrative Court decides against TFD, we can still appeal the ruling or order of the Central Administrative Court to the Supreme Administrative Court. If the Supreme Administrative Court finally decides to bar TFD from building the project based on the existing design, we can change the design to reflect any legal provision where the project could be smaller or we could decide to sell the project to other investors. If TFD eventually loses the case and the court rules or orders that the permit be revoked, we could still file a lawsuit against the Paknam Pran Sub-District Administration Organization for compensations and loss of business opportunity.

However, the management exercised its discretion by assessing the case TFD was sued and possible damage from the construction suspension and was confident that no damage would incur to the project's value. That's why TFD did not book a provision for the fall of the project's value or estimated liabilities from this litigation as of end of



the reporting period. The project meanwhile was appraised by Asset Asia Corporation Co Ltd on February 12, 2017 to be around Baht 482.16 million, which was higher than the present value of TFD's investment in the project. As of February 23, 2017, TFD used the land and construction of the project as part of its collateral to guarantee its debentures No. 1/2560.

For the Mahadlek Residences Project which now the Company has received the approval of the Environmental Impact Assessment Report (EIA report) from the Office of Natural Resources and Environmental Policy and Planning (ONEP) on June 10, 2014 and also received the Building construction permit on June 1, 2016. However, at present the Company has temporarily delayed the investment in this project due to Central Administrative Court has then ordered the temporary suspension of the construction and on September 14, 2017, the Central Administrative Court has judged the revoke of the project's EIA report which thereafter the Company had appealed the judgment. Currently this case is being under the process of consideration by the Supreme Administrative Court. For the Colonial Khao Tao Hua Hin, the Company has suspended the construction temporary as the project is still in the process of prosecution.

#### 4.3 Risk from additional lands to be accumulated for the development of TFD2 Industrial Estate

As of December 31, 2017, TFD expanded its investment by buying approximately 1,977 rai of vacant lands in an area adjacent to the TFD1 Industrial Estate to be developed as the TFD2 Industrial Estate, such lands was approved for the change to use for industrial purpose (purple zone). On November 10, 2016, TFD and The Industrial Estate Authority of Thailand (IEAT) entered into a joint operation contract where IEAT approved and already allowed the Company to establish the TFD Industrial Estate 2. The Company also received the approval of the Environmental Impact Assessment (EIA) report on July 26, 2017, and also got the approval of permission to do land plots consequently on March 2, 2018. For the first phase of land for development in the TFD Industrial Estate 2, the total land area was 841 rai, which currently the Company is in the process of land development, landscape adjustment including the design and development of all public utility system while preparing and submitting the Environmental Impact Assessment Report (EIA report) which has then received the approval on July 26, 2017. On March 2, 2018, the Company also got the approval of permission to do land plots and consequently the Company can issue all title deeds.

Yet, the company plans to manage the risk by signing an agreement with real estate agents who will negotiate the prices within conditions set by us and who will proceed to close the deal for us eventually. The agents consist of those outside Chachoengsao Province and those residing within the province, which makes the operation to scour the land more flexible.

#### 4.4 Risk from shortage of contractors

Construction contractors are extremely necessary for the real estate development business. TFD and its subsidiaries therefore are exposed to a possible risk from the shortage of construction contractors, which may send a ripple to the group's construction work and project development as it could delay the projects from their plans and will affect the group's financial status and operation results.

However, TFD and subsidiaries plan to manage this risk by seeking contractors through a bidding process. After reviewing selected contractors, TFD and subsidiaries will monitor their operations and assess them through the quality of their work. Contractors who are assessed by TFD and subsidiaries will have their names listed in our Approved Supplier List for consideration to build the group's future projects.

#### 4.5 Economic and political risks

The business of TFD and subsidiaries may be affected by economic and political volatility and other macroeconomic factors especially in relation to the industrial estate business, the ready-made factory and warehouse business and the office for rent business. This is because main customers of these businesses are foreign investors who may curb



their investment or relocate their operation away from Thailand, which will lower demands in the businesses mentioned above. The risk may inevitably affect the group's financial status and operation results.

Yet, the group manages this risk by diversifying its portfolio into other businesses including real estate development for industrial, residential and office for rent purposes. Besides, the group offers options for entrepreneurs to decide either to buy or rent land, factory and warehouse to minimize their investment risk. This not only responds to the needs of our customers but also reduces the volatility of fluctuating demands faced by our group as a result of economic, political and other macroeconomic variables.

#### **4.6 Risk from renewal of lease agreements**

TFD's business to construct standard factory or warehouse for clients to rent in several industrial estates or industrial zones is exposed to a risk of finding new customers or the fact that existing customers may not renew their lease agreements in the case of existing customers who have signed an average three-year rental term, which could affect future incomes of the group. However, based on past performances, rent of TFD's standard factories and warehouses remained stable or sometimes TFD could not even build enough factories and warehouses to meet demands of customers. Besides, most customers renewed the lease agreement, which means the period during which warehouses and factories remained vacant was very few. The risk therefore is quite low and the firm remains quite competitive.

The office for rent business's risk is when tenants decide not to renew their lease agreements, most of which last for three years. Therefore, if a lot of tenants refuse to renew the agreements and we could not find new tenants to replace them, it will directly affect our cash flows and operation results. Yet, based on previous performances, the occupation rate of the office building was as high as 80% and more. Most customers renewed their contracts since our office buildings were located in a strategic prime area. Besides, rental rates of both buildings remained competitive compared to others. This risk to have any effect to us therefore is quite low.

#### **4.7 Risk from renewing lease rights and sub-lease rights in the office building business**

SG has invested in the rights to lease land together with SG Tower 1 office building by signing a contract with Office of the Privy Purse. It has also invested in the rights to sub-lease the land together with the Millennia Office Building (SG Tower 2) by signing an agreement with GF Holding Co Ltd to operate the office for rent business. The contract term between SG and Office of the Privy Purse is 30 years and will be due in October 2023 or 6 years from now. The term of the sub-lease agreement between SG and GF Holding Co Ltd is 30 years and will be due in November 2025 or around 8 years from now. SG therefore has a risk of not able to renew the lease and the sub-lease agreements with Office of the Privy Purse and GF Holding Co Ltd, respectively, which could materially affect financial status and operation results of TFD and its subsidiaries. In 2015, SG earned Baht 182.18 million from rents and service fees and enjoyed a net profit of Baht 18.25 million, or 10.01% of the total revenues. In 2016, SG earned Baht 180.85 million from rents and service fees and recorded a net profit of Baht 21.38 million or 11.82% of the total revenues. For the nine month of 2017, SG had rental and services income of Baht 131.19 million and net profit of Baht 14.77 million which is 11.26 % of total revenue.

#### **4.8 Risk from requirements to pay compensations based on agreements made between TFD and subsidiaries with the M-II Property Fund**

In December 2012 and August 2013, TFD and TISCOM sold lands and factories for rent in the TFD Industrial Estate, Navanakorn Industrial Promotion Zone and Laem Chabang Industrial Estate to the M-II Property Fund. In addition, TISCOM transferred the rights to lease lands in the Laem Chabang Industrial Estate to the M-II Property Fund and agreed to sell lands and rented constructions located in the Kingkaew Project. In the agreements, TFD and TISCOM are obliged to pay compensations or to absorb additional expenses incurred in the future as follows.



- (A) A term for TFD and TISCOM in relation to the lease rights of the M-II Property Fund in an agreement to lease the land belonged to Ports Authority of Thailand (PAT) due in December 2018 provides that TFD and TISCOM have agreed to jointly compensate Baht 10 million to the M-II Property Fund if the fund cannot register the renewal of rights to lease PAT's land at least for a period equivalent to the land lease period under the land lease agreement executed with the Industrial Estate Authority of Thailand (IEAT). On January 25, 2017, the Laem Chabang Industrial Estate Office has sent the letter to inform the Company of the renewal the land lease agreement of the Port Authority of Thailand for another 30 years starting from January 1, 201 onwards.
- (B) A term in relation to TISCOM (if the King Kaew land is expropriated) provides that TFD and TISCOM have jointly agreed to compensate the M-II Property Fund where the amount will be calculated from an area in square meters multiplied by the land plot being rented out which is however affected by land expropriation if the land in the King Kaew Project is entirely or partially expropriated. In addition, TFD and TISCOM have agreed to replace, renovate or repair the property so that it's in the original condition prior to the land expropriation and ready for use if such expropriation prevents the M-II Property Fund or small tenants from using the land; or if any part of the property has to be replaced, renovated or repaired.
- (C) A term in relation to TISCOM (if the lease agreement cannot be renewed with the Huabchem Group) due for the first period in February 2036 and where the second stage sub-lease agreement was already renewed by another 30 years to end in February 2066 provides that TFD and TISCOM have agreed to compensate Baht 40 million to the M-II Property Fund if the fund cannot renew the lease agreement with the Huabchem Group (who is the landlord in an agreement to lease and develop land signed with TISCOM) and register such lease for 30 years.

As a result, TFD and TISCOM could be exposed to the risks of having to pay compensations based on the agreements made above with the M-II Property Fund, which could mean additional expenses that TFD and TISCOM are to be liable to in the future.

#### 4.9 Risk from dependence on major customers

A subsidiary has invested in two locations offering warehouse and factory for rent. Each location however is entirely rented by one single customer, which could pose a risk from the tenant's refusal not to renew the contract and could therefore affect incomes of TFD and subsidiaries in the future. However, the tenant has executed a long-term agreement and is likely to renew the contract since it has rented the warehouse and factory for its business for quite some time. Relocating to a new site will cause a lot of expenses in procuring and relocating the tenant's machinery and other properties.

## 5. Financial risk

### 5.1 Risk from interest rates and regulations of Bank of Thailand in relation to the property sector

#### Risk from interest rate changes

##### 1. Impact to client's decision to buy residential unit

Most customers in the residential condominium business will usually seek home loans from financial institutions. As a result, interest rates and loan payment conditions are major factors affecting their decisions. If the loan interest is higher, it will affect the customer's financial costs and may delay their decisions to buy.





TFD plans to manage this risk by learning customer's behaviors and desires and by providing purchasing terms and conditions and down payment methods that will respond to customer's need while relieving their financial burden as much as possible when buying a condominium unit.

## 2. Impact to the group's financial costs

The group seeks loans from financial institutions to develop current and planned real estate projects. The interest rate increase will also affect the group's financial costs.

### Risk from the Bank of Thailand's regulatory changes in relation to the property sector

At present, the Bank of Thailand closely monitors credit approval by commercial banks. The central bank focuses more at the quality of approved credits, which makes commercial banks being more restricted when approving their loans. In addition, criteria for credit approval were adjusted and loan amounts for each collateral were reduced when extending to non-major clients in general. This means clients who seek home loans from financial institutions have to have more down payments in hands, which may affect their purchasing power and their decision to buy. Alternatively, the fact that commercial banks are stricter for credit approval will help screen customers who have real purchasing power for us at a certain level.

## 5.2 Liquidity risk and risk to access funding sources

The property development business is in need of capital for buying land and developing it and for construction and sales activities. While huge investment is required upfront, the company will get most payments of its sales value on the title deed transfer date only, which will take place after construction is completed. The group has a period of project management from 2-5 years depending on the project's nature and size. As a result, the business is exposed to a risk of liquidity management and access to funding resources for use in the business.

Yet, plans to manage this risk by careful review of a project that it will develop. This starts from choosing a right location, conducting the project's feasibility study and hiring project consultant to ensure every project's success. In addition, TFD and subsidiaries are raising funds from diverse channels ranging from the equity market to financial institutions to reduce too much dependency from a particular funding source.





# Management Discussion and Analysis

## 1. Overview of the business operations and significance changes

The Company and its subsidiaries have operated the business of real estate development for sales and rent in many sectors, with the core business is in the Industrial Estate Development. The Company's business currently can be classified in 5 sectors as follows :

- 1) Business of industrial estate development
- 2) Business of land with standard ready-built factory / warehouse
- 3) Business of residential buildings
- 4) Business of office building for rent
- 5) Business of asset management services
- 6) Managing Real Estate Investment Trust (REIT)

## 2. Operating Performance and Profitability

### 2.1 Revenue

#### Total Revenue

TFD's total revenues come from sales revenues of land and factory buildings, sales revenues of condominiums, rent incomes and service fees, profits from sales of property for investment purpose, dividend incomes and other incomes.

Unit: Million Baht			
Total revenues	Year 2015	Year 2016	Year 2017
Sales revenues of land and factory buildings	-	18.17	103.39
Sales revenues of condominiums	480.50	536.17	499.37
Revenues from rent and service	295.72	322.35	312.92
Dividends	21.23	15.62	9.03
Interest incomes	27.28	8.84	10.96
Unrealized gain from transfer investment	-	15.53	-
Gain on changes in value of trading securities	-	50.63	-
Other revenues	23.39	18.94	83.17
<b>Total revenues</b>	<b>848.12</b>	<b>986.25</b>	<b>1,018.84</b>

Total revenue of the Company during the year 2015-2017 was equaled to Baht 848.12 million, Baht 986.25 million and Baht 1,018.84 million consecutively. In 2016, total revenue was Baht 986.25 million, an increase of 16.29 % compared to 2015 from the increase income from sale of condominium units and also the increase in gain on changes in value of trading securities.

In 2017, the Company's total revenue was Baht 1,018.84 million, an increase of Baht 32.59 million from 2016 or a 3.30% growth from the increase in sale of land and factories and also other income which was profit from the asset transfer of Artisan Project to BGY&TFD.



#### Revenue from sale of land and factory buildings

Revenue from sale of land and factory buildings (Million Baht)	Year 2015	Year 2016	Year 2017
Revenue from sale of land and factory building	-	18.17	103.39
<b>Total Revenue</b>	<b>-</b>	<b>18.17</b>	<b>103.39</b>

In 2015, the Company earned no income from sales of land and factory but in 2016 it earned revenue from sale of land in TFD Industrial Estate 1 of 1.98 rai at the value of Baht 18.17 million. Consecutively, in 2017, the Company earned revenue from sale of land and factory in Bang Sao Thong project total 3 units which total sale value was Baht 103.99 million.

For the progress in the development of TFD Industrial Estate 2, currently the Company has got the approval of permission to do land plots from the Industrial Estate Authority of Thailand on March 2, 2018 and has already arranged for the land plots which is expected to start the sale and realized the income in the year 2018.

#### Revenue from sale of Condominium units

Revenue from sale of Condominium units (Million Baht)	Year 2015	Year 2016	Year 2017
The 15 Sukhumvit Residences Project	480.50	536.17	499.37
<b>Total Revenue</b>	<b>480.50</b>	<b>536.17</b>	<b>499.37</b>

The Company has developed residential project for sale both in the center of the city and in some recreation areas. There are now 5 projects which are 1) 15 Sukumvit Resident Project 2) The Harbour View Resident 3) The Mahadlek Residence Project 4) The Colonial Khao Tao Hua Hin Project and 5) The Artisan (Ratchadapisek) Project.

During 2015-2017, the Company had revenue from the sales of condominium units of Baht 480.50 million, 536.17 million and 499.37 million respectively. All of the revenue comes from the sale of the 15 Sukumvit Resident Project.

Revenue from the sale of condominium units in 2016 increased by 11.59 % as a result of the increase in the transfer of ownership of the units sold in the 15 Sukumvit Residences Project which increased from the previous year from the Company's promotion campaign to boost the sale such as commission provided to existing customers who recommend the new customers, the offer of furniture and all electrical appliances for customers including the increase communication channels such as to set up the Project booth at the department stores, the advertisement in several media such as print media, website, Facebook and Instagram.

In addition, to enhance the Company to continuously earns the income flow from the sale of condominium units, at the beginning of 2015, the Company has bought the land with structure of The Harbor View Residences Condominium Project on Na Ranong Road, Bangkok, to develop into a residential condominium for sale. On March 16, 2016, the Board of Directors has approved the sale of the entire project once the construction was completed to Blue Ocean Real Estate Co Ltd at a total price of Baht 1.620 million. The construction, which now has progressed around 89.13% is expected to complete by March 2018 and shall be delivered and all sales revenues should be recognized by 2018 mid-year.

In 2017, the revenue from the sale of condominium units was Baht 499.37 million, a decrease of Baht 36.80 million or 6.86% when compare to the year 2017 due to the slowdown in the economy in the country.



For more information, the progress in other condominiums as Artisan Project, nowadays the development and construction have been started which the project is estimated to completed and start realize the sale revenue by the last quarter of 2019. For the Mahadlek Residence Project which the Company has received the approval of the Environmental Impact Assessment Report (EIA report) from the Office of Natural Resources and Environmental Policy and Planning (ONEP) on June 10, 2014 and also received the Building construction permit on June 1, 2016. However, at present the Company has temporarily delayed the investment in this project due to Central Administrative Court has then ordered the temporary suspension of the construction and on September 14, 2017, the Central Administrative Court has ordered the revoke of the project's EIA report which thereafter the Company had appealed the judgment and expects the Court will cancel the order within the year 2018. For the Colonial Khao Tao Hua Hin Project, the Company has suspended the construction temporary as the project is still in the process of prosecution. (Details are provided in section 1 Business Overview Topic 3. Risk Factors.)

#### Revenue from Rental and Service

Rental and service fee incomes are generated from the Land and Factory or Warehouse for Rent Department, which buys or rents lands in the long run for development purpose and which builds factories or warehouse and infrastructure for rental of lands with ready-built factories or warehouse operated by TISCOM. In addition, the Office for Rent Department rents long-term lands for the purpose of developing office buildings for rental and services which operated by SG.

Revenue from Rental and Service (Million Baht)	Year 2015	Year 2016	Year 2017
Rental Revenue from factories and warehouse	116.55	142.35	140.70
Rental Revenue from office building	179.17	179.99	172.22
<b>Total Revenue</b>	<b>295.72</b>	<b>322.34</b>	<b>312.92</b>

During 2015-2017, the Company's revenue from rental and services was recorded at Baht 295.72 million, Baht 322.34 million and Baht 312.92 million respectively. In 2014, TISCOM has set up its subsidiary Barnsley in United Kingdom to invest in land and warehouse for rent which caused TISCOM to started the inflow from the rental revenue in UK and continued to increase in 2015. In January, 2015 TISCOM also set up another subsidiary named Bognor to invest in the second land and warehouse which resulted in the rental revenue in 2016 increased 9.00% from the year 2015 or in total Baht 26.62 million as a result of the increase in the rental warehouse space.

For the year 2017, the Company's revenue from rental and services was recorded at Baht 312.92 million, a decrease from last year of Baht 9.42 million or 2.92 % as a result of the rental warehouse space in UK (which reduce in form of Thai Baht from the devaluation of Pound ) while the revenue from the warehouse and factory rental locally has increased in line with the increase in number of space rent. In addition, the revenue from office condominium of SG has decreased due to some customers did not renew the contracts.



### Other revenue

Other revenue is all other incomes from non-core business of the Company which includes dividend, interest, management fee and other miscellaneous income.

Other revenue (Million Baht)	Year 2015	Year 2016	Year 2017
Dividends	21.22	15.62	9.03
Management Fee	13.99	17.03	12.01
Gain on changes in value of transfer investments	-	50.63	-
Unrealised gain from transfer investments	-	15.52	-
Interest earned	27.28	8.84	10.96
Other miscellaneous incomes	9.40	1.91	71.16
<b>Total Revenue</b>	<b>71.89</b>	<b>109.54</b>	<b>103.16</b>

During 2015-2017, the Company's other income was recorded at Baht 71.89 million, Baht 109.54 million and Baht 103.16 million subsequently. In 2016, other revenue was booked at Baht 109.55 million, an increase of Baht 37.66 million or a growth of 52.39 % according to the market value of trading securities has increased thus the Company realized the gain on changes in value of trading securities, unrealized gain from transfer of investments and the increase in property management fee from the property fund.

In 2017, other income was Baht 103.16 million, a decrease of Baht 6.38 million or 5.82% reduction. This was due mainly to the decrease in the gain on changes in value of trading securities, unrealized gain from the transfer investments and the decrease in property management fee from the property fund while the revenue from the transfer of asset of the project Artisan from the subsidiary to the joint venture company has increased.

## 2.2 Cost and Expense

### Total Cost

TFD's total expenses consist of costs of sales of land and factory buildings, costs of sales of condominium units, costs of rental and services, sales expenses, administrative expenses, loss on changes in value of trading securities and losses from exchange rates as follows.

Total Cost (Million Baht)	Year 2015	Year 2016	Year 2017
Cost of land and factory building	-	8.36	87.10
Cost of condominium unit	376.49	395.76	410.24
Cost of rental and services	169.16	181.14	184.58
Selling Expenses	34.72	50.24	67.07
Administrative Expenses	264.43	233.66	232.90
Loss on sale of trading securities	-	54.27	0.29
Unrealized loss from transfer investment	-	-	9.73
<b>Total Cost / Expenses</b>	<b>844.80</b>	<b>923.43</b>	<b>991.91</b>



During the year 2015 – 2017. Total expenses were recorded at Baht 844.80 million, Baht 923.43 million and Baht 991.91 million, consequently. In 2016, total expenses was Baht 923.43 million, up from 2105 of Baht 78.63 million or a growth of 9.31% mainly from the increase in cost of sales and expenses of the 15 Sukumvit Resident Project which increased in line with the sales as a result of the expenses on promotional campaigns to boost the sales and also the cost of rental and services which also increased in line with the additional new rental spaces including the loss on sales of investment in M-II Trust fund of Baht 54.27 million.

In 2017. Total expenses was at Baht 991.91 million, an increase of Baht 68.48 million from the previous year or a growth of 7.42%, mainly from the increase in revenue from sale of land and factory, thus yielded in the cost of sales of land and factory also increased.

#### Cost of land and factory building

Unit: Million Baht

Sales costs of land and factory buildings	Year 2015		Year 2016		Year 2017	
	Million Baht	% of revenues	Million Baht	% of revenues	Million Baht	% of revenues
Sales cost of vacant land	-	n/a	8.36	46.01%	-	n/a
Sales cost of land with factory	-	n/a	-	n/a	87.10	84.24%
<b>Total</b>	<b>-</b>	<b>n/a</b>	<b>8.36</b>	<b>46.01%</b>	<b>87.10</b>	<b>84.24%</b>

During 2015-2017, the Company earned no revenue from the sale of land and factory, thus there was no cost for this kind of sales. However, in 2016, the Company sold one plot of vacant land in the TFD Industrial Estate 1, the area of 1.98 rai at the sale price of Baht 18.17 million. In 2017, the Company received the revenue from the sale of land and factory in the Bang Sao Thong Project of units with total sales of Baht 103.39 million

#### Cost of Condominium unit

Unit: Million Baht

Sales costs of condominium	Year 2015		Year 2016		Year 2017	
	Million Baht	% of revenues	Million Baht	% of revenues	Million Baht	% of revenues
The Sukhumvit 15 Residences Project	376.49	78.35%	395.76	73.81%	410.24	82.15%
<b>Total</b>	<b>376.49</b>	<b>78.35%</b>	<b>395.76</b>	<b>73.81%</b>	<b>410.24</b>	<b>82.15%</b>

Costs of condominium sales totaled Baht 376.49 million, Baht 395.76 million and Baht 410.24 million in 2015, 2016 and 2017 respectively, all of which were a result of sales of the 15 Sukhumvit Residences Project. The project had an average cost ratio of around 74-82% of its condominium sales revenues. The result its costs was different each year was due to an average sales price per square meter of the project which was varied based on different floors or locations of condominium units being sold each year while an average cost per square meter was more or less the same.



### Cost of rental and services

Unit: Million Baht

Costs of rent and service	Year 2015		Year 2016		Year 2017	
	Million Baht	% of revenues	Million Baht	% of revenues	Million Baht	% of revenues
Rental cost of warehouses	44.25	37.97%	57.71	40.54%	60.83	47.95%
Rental cost of office buildings	124.90	69.71%	123.43	68.58%	123.75	71.86%
<b>Total</b>	<b>169.15</b>	<b>57.20%</b>	<b>181.14</b>	<b>56.20%</b>	<b>184.58</b>	<b>54.11%</b>

During 2015 - 2017, the Company's cost of rental and services was booked at Baht 169.16 million, Baht 181.14 million and Baht 169.33 million respectively. In 2016, the cost of rental and services was Baht 181.14 million, an increase of Baht 11.98 million from 2015 or a growth of 7.08% which in line with the increase in sale revenue. However when considered the structure of cost, it was slightly decreased when compared to the previous year as the reduction in the cost of office rental.

In 2017, the Company's cost of rental and services was booked at Baht 169.33 million, a decrease from 2016 of Baht 11.81 million or 6.52 % as a result of decrease in the cost of warehouse rental has decreased.

### Sales and Administrative Expenses

Sales expenses of the Company consists of the advertising and promotion, salary, sale management and commission etc. While the administrative expenses which consists of salary, director's remuneration, traveling expenses and allowances.

Unit: Million Baht

Sales and administrative expenses	Year 2015		Year 2016		Year 2017	
	Million Baht	% of revenues	Million Baht	% of revenues	Million Baht	% of revenues
Sales expenses	34.72	4.09%	50.24	5.43%	67.07	6.58%
Administrative expenses	223.97	26.41%	233.66	23.76%	232.90	22.86%
<b>Total</b>	<b>258.69</b>	<b>30.50%</b>	<b>283.90</b>	<b>28.79%</b>	<b>299.97</b>	<b>30.42%</b>

During 2015 - 2017, cost of sales totaled Baht 34.72 million, Baht 53.55 million and Baht 67.07 million respectively which represented 4.09%, 5.43% and 6.58% of the total revenues, respectively. In 2016, cost of sales totaled Baht 53.55 million, representing a 54.23% increase totaling Baht 18.83 million from the year 2015. The increase was aligned with increasing sales revenues. When take into account the ratio of cost of sales to the total sales revenues, the 5.43% in 2016 represented an increase from the rate of 4.09% in 2015. This was due to in 2016, TFD had policy to close the project and therefore expedited sales of the project by organizing marketing and sales promotion campaigns to stimulate sales, which then resulted in higher cost of sales.

In 2017, cost of sales totaled Baht 67.07 million, an increase of Baht 13.52 million or a growth of 25.25 % due to the increase in cost of sales and also the increase in commission for the factory sale.



Administrative expenses

During 2015 - 2017, The Company's administrative expenses equaled to Baht 223.97 million, Baht 230.35 million and Baht 232.90 million consequently or when comparing to the total revenue, the percentage of Administrative to total Sale was 26.41 %, 23.36% and 22.86 %. The Administrative expense in 2016 was Baht 230.35 million, an increase of Baht 6.38 million or up 2.85% when compared to the prior year from the office rental fees which the price has been adjusted.

For the year 2017, The Company's administrative expenses equaled to Baht 232.90 million, an increase of prior year of Baht 2.55 million or a growth of 1.11 % due to the increase in expense to set up REIT.

Financial expenses

During 2015 - 2017, The Company's finance cost were recorded at Baht 346.07 million, Baht 391.68 million and Baht 413.88 million accordingly. In 2016, the financial cost was Baht 391.68 million, an increase of Baht 45.61 million or a growth of 13.18% due to the Company had issued debentures and bill of exchange for the purpose to use in developing the Company and its subsidiaries' project and also for the increase of its working capital.

In 2017, the Company's finance cost was Baht 413.88 million, which increased from last year of Baht 22.20 million or a growth of 5.67 % due to the increase in Company's interest paid on debentures and bill of exchange.

**2.3 Profitability**Gross margin

During 2015 - 2017, the Company's gross profit margin was 29.70%, 33.24 % and 25.53 % consecutively. Since in 2015, the Company earned no income from the sales of land and factory, whereas the sale of land in the industrial estate will yield in higher profit margin, as a result the gross margin in 2015 decreased. In 2016, the overall gross profit margin increased from the increase of sale of land in the TFD industrial estate 1. On the contrary, gross profit margin in 2017 has decreased as the gross margin of warehouse sale was lower than the margin of sale of land in the Industrial Estate and also because of the Company sold one big lot of condominium units to one customer which then affected the drop in gross margin of this business. The gross profit margin of the Company can be divided according to the main business type as follow :

Unit: Million Baht			
Gross Profit Margin ( % )	Year 2015	Year 2016	Year 2017
Sale of land and factory building	n/a	53.99%	15.76%
Sale of condominium units	21.65%	26.19%	17.85%
Sale from rental and services	42.80%	43.81%	41.01%
<b>Total Gross Margin</b>	<b>29.70%</b>	<b>33.24%</b>	<b>25.53%</b>

From the above table, the gross profit margin of the sale of land and factory in 2015 is not available as the Company did not have any sale of land and factory. In 2016, the Company sold 1 plot of vacant land in TFD Industrial Estate to existing customer who wanted to buy additional land to expand and serve for the increase in its capacity. While in 2017, the Company earned revenue from the sale of 3 warehouses in Project Bang Sao Thong at total price of Baht 103.39 million, which the gross profit margin was not as high as the margin from the sale of vacant land in the industrial estate.

During 2015-2017, its gross profit margin of the condominium business stood at 21.65%, 26.19%, and 17.85% respectively. The condominium business's gross profit margin was usually around 18-27%. The reason the gross profit margin each year varied is depend on difference in average sales prices per square meter according to locations and floor level of units sold each year while an average cost per square meter was nearly stable. In 2017, the gross profit margin



of the condominium business decreased significantly due to the sale of big lot (25 units) to single customer which then the selling price was lower than retail price.

During 2015-2017, gross profit margin for the rental and service business totaled 42.80%, 43.81%, and 41.01 % respectively. In 2016, the gross profit margin for the rental and service business slightly increased from the previous year to 43.81 % due to higher rental fees of warehouse and factory leased in 2016 compared to the average rental rate in 2015. In 2017, gross profit margin for the rental and service business was decreased due to the rental price in this year was decreased from the price in 2016 and also the decrease in rental income in UK due to the fluctuation of the exchange rate.

#### Operation profit

Operation profit in 2015, 2016 and 2017 was -8.83%, -5.33% and -8.32% respectively. This was mainly because the Company did not sell any land and factory. Besides, it recorded higher sales and administrative expenses.

#### Net profit

During 2015-2017, net profit margin totaled -35.48%, -32.28% and -46.58% respectively. The decline was due to higher financial cost and obligations as a result of the project expansion of the Company itself and its subsidiaries in the industrial estate business, the warehouse and factory for rent business and the condominium business where some projects were seeking approval or the construction of them was not yet completed. This made the Company unable to receive the incomes. For example, the TFD Industrial Estate 2 Project which has got the approval of permission to do land plots from the Industrial Estate Authority of Thailand on March 2, 2018 and expected to start the sale and realized the income in the year 2018. Also for The Harbor View Residences Project which is currently under construction and development and was expected the construction to complete within March 2018 and the total sales amount will be recognized in midst of 2018. In addition in 2017, the Company had realized the loss from the investment in BGY&TFD which is a joint venture to develop the Artisan Project of Baht 45.01 million. However, this project was expected to complete and realized the revenue by the end of year 2019. With all three projects which were expected to meet their schedules, the Company foresee its performance to improve in the future.

#### Earnings per share (EPS)

During 2015-2017, the earning per share to the Company's shareholders were -15.63%, -16.61% and -20.42 % consecutively as a result of the selling and administrative expense, finance cost and also the realized of loss from investment in the joint venture which increased, all these factors resulted in the Company had suffered from the increase in the operating loss .

### 3. Ability in assets management

#### Assets

Main assets of the Company consists of Project development costs, leasehold rights and investment properties. During 2015-2017, total assets of the Company were Baht 9,654.70 million, Baht 9,680.54 million and Baht 10,492.48 million respectively. In 2016, total assets changed insignificantly from the year 2015 by only Baht 25.85 million while in 2017, the total assets increased from year 2016 of total Baht 811.93 million, mainly from the increase in investment in joint venture company and the increase in cash and cash equivalents.

During 2015-2017, the return on assets was -3.53%, -3.29 % and -4.71 % consecutively. The return on assets which had tendency to decline was from the operating performance of the Company which still had loss as a result of the increase in the assets quite too much while some projects was in the state of getting the approval, especially the TFD Industrial Estate 2 which has just received the approval of permission to do land plots from the Industrial Estate Authority of





Thailand on March 2, 2018 and has expected to start the sale and realized the income in the year 2018. Also including The Harbor View Residences Project which is currently under construction and development and is expected the construction to complete within March 2018 and the total sales amount will be recognized in midst of 2018. In addition, the Company had realized the share of loss from investment in the joint venture company BGY&TFD which the realized figure was an increase of Baht 45.01 million.

#### Cash and cash equivalents

During 2015 -2017, the Company's cash and cash equivalents booked at Baht 304.16 million, Baht 265.41 million and Baht 602.29 million respectively. In 2016, the cash and cash equivalents decrease from amount in 2015 of Baht 38.75 million or down 12.74% due to the fact that the Company used the cash from operations and from financing and capital increase to pay for the deposit for purchase of land, to pay interest of loans, short term B/E and redeem the debentures. In 2017, the cash and cash equivalents increase from amount in 2016 of Baht 336.88 million as the Company received the funds from the increase in capital to existing shareholders on December 28, 2017.

#### Trade receivables and other receivables

During 2015 -2017, the Company's trade and other receivables was booked at Baht 21.62 million, Baht 52.42 million and Baht 46.52 accordingly. In 2016, the trade and other receivables increased from the year 2015 of Baht 30.80 million or a growth of 142.46 % due to the increase in unpaid of trade receivables of warehouse and factory rental in UK. However, in 2017 the Company's trade and other receivables decreased from the previous year of Baht 5.90 million or 11.26% decrease as a result of the collection of unpaid trade receivables of warehouse and factory rental in UK which yielded in the decrease in trade and other receivables when compared to 2016.

#### Costs of property development

During 2015-2017, costs of property development stood at Baht 6,461.08 million ,Baht 6,619.45 million and Baht 6,576.76 million respectively. In 2016, costs of property development rose by Baht 158.37 million from 2015 due to additional investments and development in the Harbor View Residences Project, TISCOM's construction of warehouse and factory and additional purchase of land for the TFD Industrial Estate 2 Project. In 2017, costs of property development decreased by Baht 51.69 million due to the transfer of cost of property development of the Project Bang Sao Thong which the rentals has increased to investment properties and also reduction from the sale of 3 units of warehouse while the Tha Sa-an Industrial Estate has invested more in raw land and invest more in utility system.

#### Investment in available-for-sales securities

During 2014-2015, investment in securities available for sales stood at Baht 225 million and Baht 208.12 million, respectively. Investment in securities available for sale that fell during 2014 and 2015 was due to declining market value of the investment. In addition, in 2015, the fund invested by the Company had its capital partially reduced and the share capital was refunded to the Company as a unit holder. In 2016, the Company did not invest in securities available for sale since it had transferred this investment to securities for trading purpose. In 2017, the Company has transferred the investment trading securities to investment in available for-sale.

#### Leasehold rights

Leasehold rights comprise the rights to leasehold lands and factory buildings. The leasehold rights in 2015, 2016 and 2017 totaled Baht 364.12 million, Baht 324.22 million and Baht 282.56 million, respectively, was a reflected the amortization of leasehold rights during the year.



#### Properties for investment purpose

Properties for investment purpose mainly consist of office buildings for rent and factories and warehouses for rent. During 2015 -2017, properties for investment totaled Baht 1,392.71 million, Baht 1,342.48 million, and Baht 1,526.85 million respectively. In 2016, properties for investment fell Baht 50.24 million from 2015 due mainly to amortization of asset. In 2017, this assets increased from 2016 of Baht 184.37 million due to the Company can rent more 5 factories to additional customer in the Bang Sao Thong Project.

## 4. Liquidity and sufficiency of funds

### 4.1 Source of Funds

Source of funds (Million Baht)	Year 2015	Year 2016	Year 2017
Total liabilities	7,752.57	7,519.95	7,774.06
Total equity	1,902.13	2,160.60	2,718.42
Debt to equity ratio	4.08	3.48	2.86

#### Liabilities

Main Liabilities of the Company comprised of short-term borrowing from the financial institutions, bill of exchanges, debentures and long-term borrowing from the financial institutions. In 2015-2017, total liabilities was Baht 7,752.57 million, Baht 7,519.95 million and Baht 7,774.06 million respectively. In 2016, the total liabilities decreased from the same period in 2015 of Baht 232.62 million, mainly because the repayment of short-term borrowing from the fund received from the capital increase. While in 2017, the amount increased from year 2016 of Baht 254.11 million, mainly due to the increase in long-term borrowing from financial institutions for the purpose to develop the project the TFD Industrial Estate 2.

#### Short-term loans from financial institutions

During 2015-2017, total Bank overdrafts and short-term loans from financial institutions was Baht 2,191.50 million, Baht 1,977.45 million and Baht 1,115.36 million respectively. In 2016, the short-term loans from financial institutions decreased by Baht 214.05 million from the capital increase to repay the short-term loans. In 2017 it also decreased for 862.09 million as the Company has used the cash flow from operations and cash received from the new debenture issuance to repay the short-term loans.

#### Trade and other payables

As at December 31, 2017, the Company had the debentures which not yet due in total of Baht 3,489.10 million. The details of debentures are as follow:



Symbols	Name of Debentures	Amount (million Baht)	Tenor (years)	Issuing Date	Maturity date	Interest rate (%)
TFD182A	TFD Secured Debentures No. 1/2017, No. 1 due in 2018	769	1	Feb 23, 2017	Feb 23, 2018	6.00
TFD185A	TFD Debentures No.1/2016, No.2 due in 2018	850	1.83	July 7, 2016	May 7, 2018	6.00
TFD18702A	TFD Secured Short term Debentures No.1/2017 due July 2, 2018, with the issuers right of early redemption	850	0.74	Oct 5, 2017	July 2, 2018	6.50
TFD192A	TFD Secured Debentures No. 1/2017, No. 2 due in 2019	528.5	2	Feb 23, 2017	Feb 23, 2019	6.00
TFD197A	TFD Secured Debentures No. 2/2017, No. 1 due in 2019	491.6	2	July 21, 2017	July 21, 2019	6.50

#### Long-term loans from financial institutions

During 2015-2017, total Long-term loans from financial institutions net of the current portion was Baht 893.59 million, Baht 1,048.93 million and Baht 1,703.08 million consecutively. In 2016, the long-term loans from financial institutions increased from the year 2015 of Baht 155.35 million due to the additional borrowing for the use in developing the Harbor View Residence Project. In 2017, the Company's long-term loans from financial institutions increased from the year 2016 of Baht 654.15 million due to the additional borrowing for the use in developing the Harbor View Residence Project and also for the TFD Industrial Estate 2.

#### Shareholders' equity

During 2015-2017, total Long-term loans from financial institutions net of the current portion was Baht 893.59 million, Baht 1,048.93 million and Baht 1,703.08 million consecutively. In 2016, the long-term loans from financial institutions increased from the year 2015 of Baht 155.35 million due to the additional borrowing for the use in developing the Harbor View Residence Project. In 2017, the Company's long-term loans from financial institutions increased from the year 2016 of Baht 654.15 million due to the additional borrowing for the use in developing the Harbor View Residence Project and also for the TFD Industrial Estate 2.

#### Debt to Equity ratio (D/E ratio)

During 2015-2017, the Debt to Equity ratio stood at 4.08, 3.48 and 2.86 times, respectively. The decrease of the D/E ratio in 2016-2017 was due mainly to in December 2016, it had received Baht 694.83 million from the right offering of capital-increase shares to existing shareholders. Partial fund raised from the capital-increase was used to repay the Company's short-term loans. Also in 2017 the Company has allotted 3 newly issued ordinary shares which were 1) the allotment of 250 million newly issued ordinary shares via private placement on June 29, 2017 at the offering price of Baht 2.0 per share, total fund received of Baht 500 Million baht and 2) the allotment of 25 million newly issued ordinary shares via private placement on August 22, 2017, total fund received of Baht 50 million and 3) on December 26, 2017, the Company has issued newly issued ordinary shares with TFD-W5 to existing shareholders at the ratio of 4.68 existing shares to 1 new ordinary share in total amount of Baht 482.24 million thus the total paid up capital has increase to Baht 2,718.42 million thus its Net D/E ratio should decrease from the prior period to 2.86 times.

## 4.2 Investment Cost

TFD and subsidiaries spend money mainly for expansion purpose. Projects currently operated by the group are the TFD Industrial Estate 2 Project, the warehouse and factory for rent project, the Tha Sa-An and Bangsaothong factories and warehouse for rent project, and two warehouse and factory for rent projects in the UK (through investments in Bransley



and Bognor. Others include the 15 Sukhumvit Residences Project, the Harbor View Residences Project (through investment in Crown), the Colonial Khao Tao Huahin Project, the Mahadlek Residences Project (invested by Company directly), The Artisan Rachada (invested via BGY & TFD) Project, investment in the office building for rent (through investment in SG) and investment in the M-II Property Fund. Main funding sources for these projects are mostly loans from financial institutions, debentures and funds raised from the capital-increase and working capital.

The Group's investment plan in the year 2017 are as follows :

Investment plan	Purpose	Investment value (Million Baht)	Year when investment fund will be paid	Funding sources	Impact to liquidity
TFD Industrial Estate 2	Land development for sale/rent	780	2018-2020	Loan+investment fund	No
The Harbour View Residences Project	Residential condominium for sale	275	2018	Loan+investment fund	No

#### 4.3 Liquidity adequacy

Cash flow (Million Baht)	Year 2015	Year 2016	Year 2017
Cash flow from operation activities	(1,811.92)	(696.47)	(182.30)
Cash flow from investment activities	(712.04)	280.19	(574.98)
Cash flow from financing activities	2,652.84	384.01	1,093.71
Increase difference from adjustment of statement of cash flow	17.40	(6.47)	0.44
Net cash flow between the periods	146.28	(38.74)	336.87

##### Cash flow from operation activities

During the year 2015-2017, cash flow used in operating activities totaled Baht 1,811.92 million, Baht 696.47 million and Baht 182.30 million. Cash flow used in operating activities in 2015 consisted mainly of Baht 1,153.27 million additional investment in the projects such as Crown's investment in the Harbor View Residences Project, TISCOM's purchase of land and construction of warehouse and factory at Bangsaothong and Tha Sa-an, plus another Baht 436.29 million interest paid in 2015 and land purchase for the TFD Industrial Estate 2 Project. In 2016, the Company invested Baht 231.98 million to buy additional lands in the TFD Industrial Estate 2 Project, to build factories and warehouses at Bangsaothong and to additionally invest in the Harbor View Residences Project. This also included another Baht 475.97 million paid for interest expenses during the period. For 2017, the cash flow used in operating activities totaled Baht 182.30 million mainly due to the interest payment of Baht 446.48 million

##### Cash flow from investment activities

During 2015 and 2017, cash flow used in investment activities totaled Baht 712.04 million and Baht 574.98 million respectively. While In 2016, however, the Company recorded Baht 280.18 million cash flow from investing activities. In 2015, cash flow used in investment activities was mainly a result of TISCOM's investment to buy the second land and warehouse project in the UK through Bognor totaling Baht 891.51 million while another Baht 140 million was received from



JC Kevin Development Co Ltd (a connected company), which repaid its debt. In 2016, cash flow received from repayment made by JC Kevin Development Co Ltd totaled Baht 122 million and in addition, there was another Baht 249.25 million received from sales of investment in the M-II Property Fund. In 2017, cash flow used in investment activities was Baht 574.98 million, mainly from the additional investment in Artisan Project through the joint venture company BGY&tal investment in joint venture company and short-term loan to related party increase in total of which cause the Company to have total value increase of Baht 510 million

#### Cash flow from financing activities

During 2015 and 2017, cash flow used in investment activities totaled Baht 712.04 million and Baht 574.98 million respectively. While In 2016, however, the Company recorded Baht 280.18 million cash flow from investing activities. In 2015, cash flow used in investment activities was mainly a result of TISCOM's investment to buy the second land and warehouse project in the UK through Bognor totaling Baht 891.51 million while another Baht 140 million was received from JC Kevin Development Co Ltd (a connected company), which repaid its debt. In 2016, cash flow received from repayment made by JC Kevin Development Co Ltd totaled Baht 122 million and in addition, there was another Baht 249.25 million received from sales of investment in the M-II Property Fund. In 2017, cash flow used in investment activities was Baht 574.98 million, mainly from the additional investment in Artisan Project through the joint venture company BGY & TFD investment in joint venture company and short-term loan to related party increase in total of which cause the Company to have total value increase of Baht 510 million

#### 4.4 Covenants and major commitments

TFD is to maintain the net Debt to Equity ratio according to criteria stated in the rights of debentures. As of December 31, 2016, it offered the following debentures.

Debentures	Net D/E ratio based on the debentures terms
TFD Plc. debentures No. 1/2016 No.2 due in 2018	Not over 4.5 times as of end of the annual fiscal year.
TFD Plc. secured debentures No. 1/2017 No.1 due in 2018	Not over 4.5 times as of end of the annual fiscal year.
TFD Plc. Secured debentures No. 1/2017 No. 2 due in 2019	Not over 4.5 times as of end of the annual fiscal year.
TFD Plc. Secured debentures No. 2/2017 No. 1 due in 2019	Not over 4.5 times as of end of the annual fiscal year.
TFD Plc. Short-term secured debentures No. 1/2017 No.1 due in July 2, 2018. Issuer is authorized to redeem debentures before due	Not over 4.5 times as of end of the annual fiscal year.

As at December 31, 2017, The Company has the net Debt to Equity ratio at 2.30 times which was lower than the specified ratio on the abovementioned debentures term (4.5 times). This was due to the Company's strategy to reduce the borrowings and financing cost by raise the funds from the issuance of new shares to existing shareholders and via private placement, to use the fund raised in all the projects including to tepay the short-term liabilities and to use as Company's working capital. This resulted in the declining in the ratio continuously from 2.91 times in 2016 and 3.56 times in 2015. The decrease in this ratio mainly due to the issuance of 3 allotment of ordinary shares which consists of 1) the allotment of 250 million newly issued ordinary shares via private placement on June 29, 2017 at the offering price of Baht 2.0 per share, total fund received of Baht 500 Million baht and 2) the allotment of 25 million newly issued ordinary shares via private placement on August 22, 2017, total fund received of Baht 50 million and 3) on December 26, 2017, the Company has issued newly issued ordinary shares with TFD-W5 to existing shareholders at the ratio of 4.68 existing shares to 1



new ordinary share in total amount of Baht 482.24 million thus the total paid up capital at December 31, 2017 has increase to Baht 2,718.42 million, its net liabilities has decreased from Baht 6,287.79 million at the end of 2016 to Baht 6,249.72 million at the end of 2017.

Therefore, the Company is confident that the Company can maintain the ratio of Net Debt to Equity according to the terms and conditions of the debentures. However, In such case that the Company cannot maintain its Net Debt-to-equity ratio according to criteria regarding the Terms and Conditions of the Issuer and Debenture-holders which was set at 4.5 times at the end of each accounting year throughout the tenor of debentures for all 5 lots of debentures as follow :

TFD Debentures	No. 1/2016 No.2	due in 2018
TFD Secured Debentures	No. 1/2017 No. 1	due in 2018
TFD Secured Debentures	No. 1/2017 No. 2	due in 2019
TFD Secured Debentures	No. 2/2017 No. 1	due in 2019
TFD Secured Short term Debentures	No.1/2017	due July 2, 2018, with the issuers right of early redemption

Which may cause the Company to binding the event of default according the terms of debentures and may cause all debentures to be immediately due from redemption

In addition, it had other measures to maintain liquidity and the net D/E ratio as well as to ensure that its capital structure remained at an appropriate level whereby

1) The Company expects to receive Baht 1,364 million from sales of its Harbor View Residences Project in mid 2018 after signing a contract to sell the entire project to Blue Ocean Real Estate Co Ltd on March 30, 2016 at a total price of Baht 1.620 billion. As of December 31, 2017, it received Baht 256 million of down payment and installments from customers. The construction of the project will complete within March 2018 and the ownership should be transferred by mid2018. Schedules of the remaining payments are:

- Baht 697 million to be received within March 31, 2018
- Baht 677 million to be received within June 30, 2018

2) The Company expected to earn the revenue from the sale of land in the TFD Industrial Estate 2 which currently there are many customers who are interested to purchase the land, which the Company foresees to close the sale and realize the revenue in the second half of the year 2018.

3) On December 26, 2017 the Company had issued newly issued ordinary shares with TFD-W5 to existing shareholders of 241.12 million shares at the Baht 2 per share, thus earned in total amount of Baht 482.24 million and causes the total paid up capital to increase to Baht 2,147.03 million (information as of January 5, 2018) for the purpose of reserve for the payment of debenture which will be redeemed in February 2018.

The factors mentioned above should improve the Company's financial position and performance which will in return enhance the net D/E ratio under the terms of debentures. The risk has no impact whatsoever to the Company.

#### 4.5 Payment of interest and principal

The Company has rigid policy to manage the payment of principal and interest and also has the plan to increase the capital and expand the debentures so as to raise fund to repay its debt, to increase its liquidity and to finance the development of the projects. As at December 31, 2017 the Company had the outstanding of loan unwithdrawn from the financial institutions to finance the development of the Company and its subsidiaries' project of total Baht 942.50 million which details arte as follow :



Unit: Million Baht

Lender	Company	Project	Credit Type of	Amount	Loan withdrawn	Remaining Loan
A financial institution	TFD	Tha Sa-an	Term loan - Long	1,600.00	775.80	824.20
A financial institution	CROWN	The Harbour	Term loan - Long	510.00	391.70	118.30
<b>Total</b>				<b>2,110.00</b>	<b>1,167.50</b>	<b>942.50</b>

In addition, the Company also forecasts that the cash inflow from the realize of sale revenue from the sale of units of 15 Sukumvit Residences Project, the Harbor View Residences Project and also the sale of land in TFD Industrial Estate 2 and including the plan to raise funds for the preparation of repayment of such above-mentioned debt .

Nonetheless, the Company has emphasized on the Company's liquidity management so that it can pay the principal including interest in each installment on time as schedule. As at December 31, 2017, the Company and its subsidiaries have the short-term B/E outstanding of Baht 1,115.50 million which include contingent liability that the Company has guarantee the debt instrument of B/E to its subsidiary of Baht 71.50 million. The details of B/E and P/N which issued by the Company and its subsidiary are as follow :

Issuer	Term	B/E amount	Issuer Amount (Million Baht)
TFD	3 months — 9 months	69	1,044.00
TISCOM	6 months — 11 months	1	71.50*

remark: \* Guaranteed by TFD



# Report of the Board of Directors' Accountability to the Financial Statements

The Board of Directors is responsible for the accuracy and completion of a consolidated statement of the company and its subsidiaries and financial information published in the Annual Report. The financial statement has been prepared on the basis of the Generally-Accepted Accounting Principles (GAAP) of Thailand upon an appropriate accounting policy regularly practiced, an exercise of discretion, the best estimate and the disclosure of adequate material information in notes to the financial statements for the best interest of shareholders and investors.

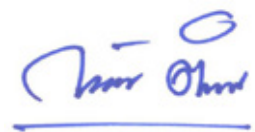
The Board of Directors has established and maintained an effective internal control to ensure that the company's accounting record is accurate, complete and adequate for the maintenance of our assets and for monitoring weaknesses to prevent corrupted or unusual practices that are material.

In this regard, the Board of Directors has set up the Audit Committee consisting of non-executive independent directors to be responsible for the quality of the financial statement and the internal control. The Auditor Committee's opinions regarding the matters are published in the Auditor Committee's report also included in the Annual Report.

The Board of Directors is of the opinion that the company's internal control system, in general, remains satisfactory, leading to its reasonable confidence that the financial statements of the company and subsidiaries as of December 31, 2017 are reliable in compliance with the GAAP and relevant laws, rules and regulations.



(Dr. Sunthorn Sathirathai)  
Chairman of the Board



(Mr. Gumpol Tiyarat)  
Managing Director





# Shareholders and Managements

The Directors and Management who are holding Ordinary Shares of the Company as at December 29, 2017

Full Name	Number of Ordinary Shares (Share)		
	29 Dec. 17	30 Dec. 16	Increase (Decrease)
1. Mr. Apichai Taechaubol	507,973,500	409,172,850	98,800,650
2. Mr. Gumpol Tiyyarat	380,000	150,000	230,000
3. Mr. Anukul Ubonnuch	250,000	-	250,000
4. Mr. Krittawat Taechaubol	43,995,000	43,995,000	-
5. Mr. Chaiporn Yokawajorn	250,100	-	250,100
6. Mr. Prakob Ruanglek	1,000	1,000	-

## Directors' and managements' remuneration as at December 31, 2016

(1) Baht 10,000,000 was approved by the 2017 AGM as remunerations for the Board of Directors where the Board of Directors shall allocate such remunerations to each director. The directors' remuneration received as the meeting allowance and annual compensation as follows:

Full Name	Positions	Meeting Allowance (Bt.)	Annual Compensation (Bt.)	Total Remuneration (Bt.)
1. Dr. Sunthorn Sathirathai	Chairman and Independent Director	162,000.-	1,440,000.-	1,602,000.-
2. Mr. Apichai Taechaubol	Director, Vice Chairman and Executive Chairman	162,000.-	960,000.-	1,122,000.-
3. Mr. Prasong Vara-ratanakul	Audit Committee Chairman, Corporate Governance, Nomination and Remuneration Chairman and Independent Director	262,000.-	720,000.-	982,000.-
4. Dr. Sutham Vanichseni	Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee and Independent Director	226,000.-	600,000.-	826,000.-
5. Mr. Sommart Sangkhasap	Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee and Independent Director	226,000.-	600,000.-	826,000.-
6. Mr. Gumpol Tiyyarat	Director, Executive Director and Managing Director	205,000.-	540,000.-	745,000.-
7. Mr. Anukul Ubonnuch *	Director and Executive Director	117,000.-	540,000.-	657,000.-
8. Mr. Krittawat Taechaubol *	Director and Executive Director	26,000.-	540,000.-	566,000.-
<b>Total</b>		<b>1,386,000.-</b>	<b>5,940,000.-</b>	<b>7,326,000.-</b>

Remark : \* Mr. Anukul Ubonnuch appointed in the position of Executive Director on February 27, 2017.

\* Mr. Krittawat Taechaubol The Board of Directors assigned to operate a subsidiary abroad since September 2016 to October 2017.



(2) The management's remuneration starts from the Assistant Managing Director level up to the Executive Chairman as follow:

Total of Remuneration	Managements	2017	Managements	2016
Salary / Annual Incentive	8	39,210,506	6	37,605,797.20

Remark : In 2017, there were 8 managements consist of

1) Mr. Apichai Taechaubol	2) Mr. Gumpol Tiyarat
3) Mr. Krittawat Taechaubol	4) Mrs. Siriporn Pinprayong
5) Mrs. Rachanee Siwawej	6) Ms. Vilai S. Ngow *
7). Mr. Prakob Ruanglek	8). Mr. Chaiporn Yokawajorn

\* Ms. Vilai S. Ngow resigned from the position of Deputy Managing Director, Property Management and Customer Relations on July 16, 2017



# Major Shareholders

as at December 29, 2017

	No. of Shares	%
1. Thailand Securities Depository Company Limited for Depositors (Thai Nationality)	1,214,678,298	56.58
2. Mr. Apichai Taechaubol	507,973,500	23.66
3. Mrs.Chalida Taechaubol	243,698,000	11.35
4. Thailand Securities Depository Company Limited for Depositors (Foreign Nationality)	179,346,205	8.35
5. Vibhavadi Foundation	180,000	0.01
6. Ms. Anisa Nana	162,518	0.01
7. Mr. Prawit Sarakitpreecha	118,787	0.01
8. Ms. Patchara Yakasem	52,275	0.00
9. Mr. Man Nana	45,287	0.00
10. Other	778,836	0.03
<b>Total</b>	<b>2,147,033,706</b>	<b>100</b>



# General Information

Thai Factory Development Public Company Limited (“TFD”),  
registered no. 0107537000475 (Bor Mor Jor. 294) with head office at  
18 Soi Sathorn 11 Yaek 9,  
TFD Building, Yannawa, Sathorn,  
Bangkok 10120, Thailand  
Tel : (66) 2676 4031-6, (66) 2676 3836-9  
Fax : (66) 2676 4038-9  
Website : [www.tfd-factory.com](http://www.tfd-factory.com)

## Nature of Business

The Company’s main activities are categorized according to its sources of revenue into 4 types as follows:

1. Industrial Estate
2. Sale and rental, Land, ready-made factory, warehouses, and management
3. Rental for office space, and property management service of real estate
4. Construction, Design, and Construction Control

## The Company’s Capital

The Company’s registered capital is Baht 2,096,335,206.- divided into 2,096,335,206 of ordinary shares with a par value of Baht 1. The Company’s shares issued has registered at 1,630,915,888 shares with a par value of Baht 1, and paid up of Baht 1,630,915,888.-. The ordinary shares remaining at 465,419,318 shares, divided as unpaid as follows:

- 1.) Ordinary shares in the amount of 427,825,468 shares to be reserved for the exercise of Warrants No. 4 (TFD-W4) which non exercise at 427,825,468 units with exercised price of Baht 3.262 and the last exercised date is on June 29, 2018.
- 2) Ordinary shares in the amount of 8,333 shares left after the allocation of Warrants No.4 (TFD-W4).
- 3) Ordinary shares in the amount of 37,585,517 shares left after the allocation of new ordinary shares through the Right Offering under a general mandate.

## The Subsidiary Companies

**Total Industrial Services Co., Ltd.** was established in April 2003 with registered capital of Baht 400 millions, TFD holds 100% of shares, and the Company’s activity provides the construction of standard factory and warehouses for sale and rent. Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok 10120, Thailand

Tel. : (662) 676-4055-57

Fax. : (662) 676-4064

Website : [www.tiscom.co.th](http://www.tiscom.co.th)

**Barnsley Warehouses Limited** was established in April 2014 with registered capital of GBP 630,000. TISCOM holds 100% of shares, with the objective to operate the investment in land and warehouse for lease and sale. Head office is situated at 10 Norwich Street, London EC4A 1BD, United Kingdom.



**Bognor Regis Warehouses Limited** was established in January 2015 with registered capital of GBP 1,620,000. TISCOM holds 100% of shares, with the objective to operate the investment in land and warehouse for lease and sale. Head office is situated at 189 Piccadilly St. James, London W1J 9ES, United Kingdom.

**CROWN Development Co., Ltd. (VSSL Enterprise Co., Ltd.)** was established in July 1998 with registered capital of Baht 951 millions, TFD holds 100% of shares, and the Company's activity provides real estate business. Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok 10120, Thailand

Tel. : (662) 676-4031

Fax. : (662) 676-4038

**SG Land Co., Ltd.** was established in June 1988 with registered capital of Baht 100.45 millions, TFD holds 49.91% of shares, and the Company's activity provides office building rental. Head office is situated at No. 161/1, Soi Mahad Lek Luang 3, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10500.

Tel. : (662) 651-9485, (662) 651-8577-78

Fax. : (662) 651-8575, (662) 651-9471

**TFD Real Estate Management Co., Ltd.** was established in July 2015 with registered capital of Baht 10 millions, TFD holds 100% of shares, and the Company's activity provides Property Fund and REIT. Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok 10120, Thailand.

Tel. : (662) 676-0288

Fax. : (662) 676-0277

## The Shares Registrar

### **Thailand Securities Depository Co., Ltd.**

The Stock Exchange of Thailand Building,  
93, Ratchadapisek Road,  
Dindaeng, Bangkok 10140

Tel. : (662) 009-9991

Fax. : (662) 009-9999

## Securities Dealer and Securities Underwriter (B/E and Bond)

### **Asia Plus Securities Public Company Limited**

3<sup>rd</sup> Floor, Sathorn City Tower, 175 South Sathorn Road,  
Thungmahamek, Sathorn, Bangkok 10120

Tel. : (662) 680-1111

Fax. : (662) 680-1014

### **KT ZMICO Securities Company Limited**

8<sup>th</sup>, 15<sup>th</sup> - 17<sup>th</sup>, 19<sup>th</sup>, 21<sup>st</sup> Floor, Liberty Square Bldg.,  
287 Silom Road, Bangrak, Bangkok, Thailand 10500

Tel. : (662) 695-5000



Fax. : (662) 695-5173

### The Auditor

Ms. Watoo Kayankannavee CPA No. 5423 or  
Ms. Waraporn Prapasirikul CPA No. 4579 or  
Ms. Chonlaros Suntiasvaraporn CPA No. 4523  
EY Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex,  
193/136-137 Rajadapisek Road,  
Klongtoey, Bangkok 10110  
Tel. : (662) 264-0777  
Fax. : (662) 264-0789-90

### The Solicitor

#### **The Far East Law Office (Thailand) Co., Ltd.**

24<sup>th</sup> Floor, No. 121/74-75,  
R.S. Tower, Dindaeng,  
Bangkok 10310  
Tel. : (662) 711-4912  
Fax. : (662) 711-4920

### The financial advisors\*

DS Prudential Management Co., Ltd.  
5<sup>th</sup> Floor 540 Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330  
Tel. : (662) 658-5988  
Fax. : (662) 658-5877  
\* The service contract ended April 30, 2017

### The Share Listings

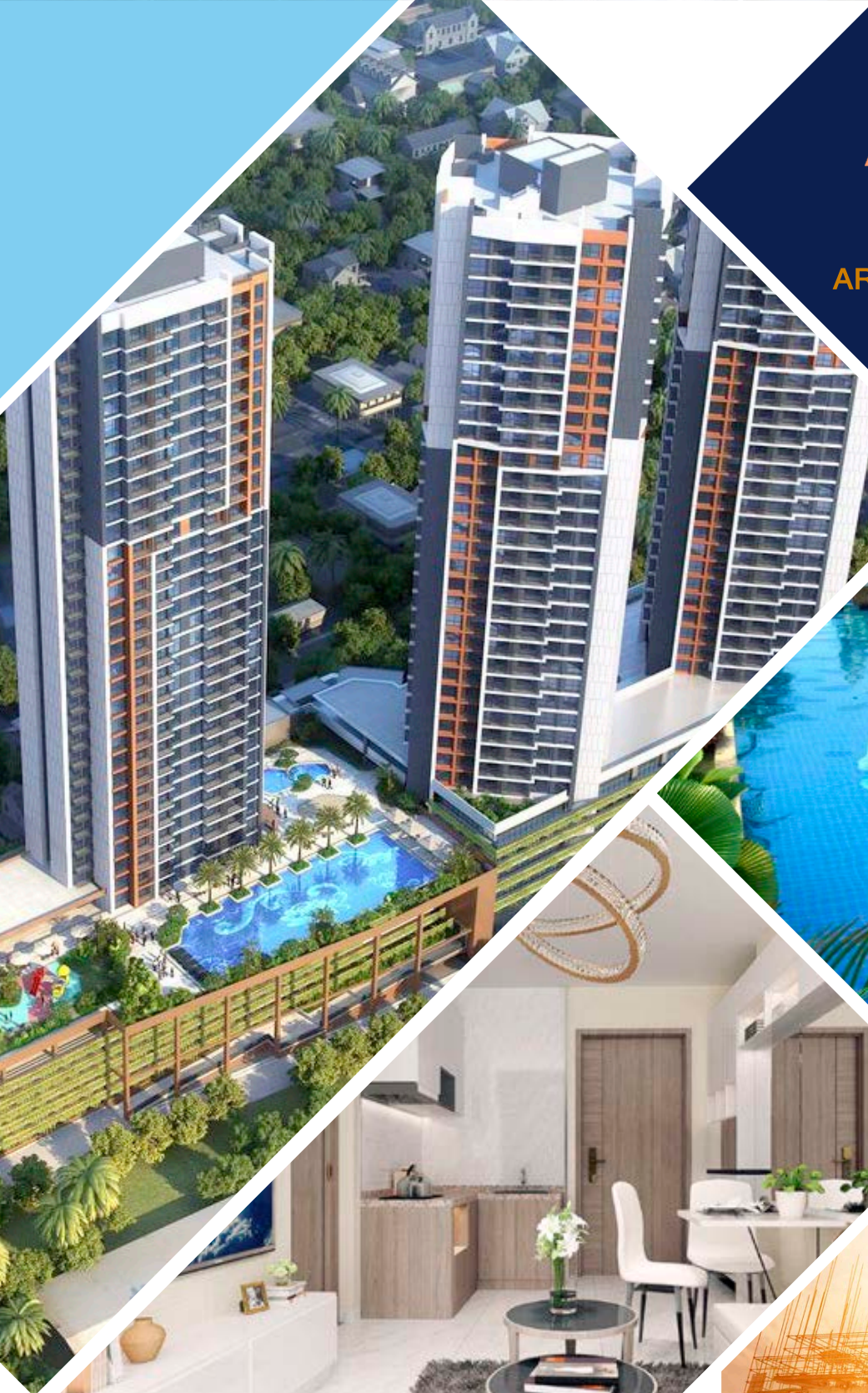
The Company's shares are listed and traded on the Stock Exchange of Thailand.

### The Bankers and Other Financiers

The Siam Commercial Bank Plc  
Bank of Ayudhya Plc.  
Bangkok Bank Plc.  
Thanachart Bank Plc.  
Krungthai Bank Plc.  
Land and Houses Bank Plc.







ARTISAN  
RATCHADA

ARTISAN Ratchada







# FACTORY LOCATION MAP







SINCE 1977

บริษัท ไทยพัฒนาโรงงานอุตสาหกรรม จำกัด (มหาชน)  
Thai Factory Development Public Company Limited

เลขที่ 18 ซอยสาทร 11 แขวง 9

อาคารทีเอฟดี แขวงยานนาวา เขตสาทร

กรุงเทพมหานคร 10120

โทรศัพท์ : (66) 2676 4031-6, (66) 2676 3836-9

โทรสาร : (66) 2676 4038-9

18 Soi Sathorn 11 Yaek 9,

TFD Building, Yannawa, Sathorn,

Bangkok 10120 Thailand

Tel : (66) 2676 4031-6 , (66) 2676 3836-9

Fax : (66) 2676 4038-9

[www.tfd-factory.com](http://www.tfd-factory.com)