

ANNUAL

**JCK**  
INTERNATIONAL

# ANNUAL 2019 REPORT

บริษัท เจซีเค อินเตอร์เนชั่นแนล จำกัด (มหาชน)  
JCK International Public Company Limited



## 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

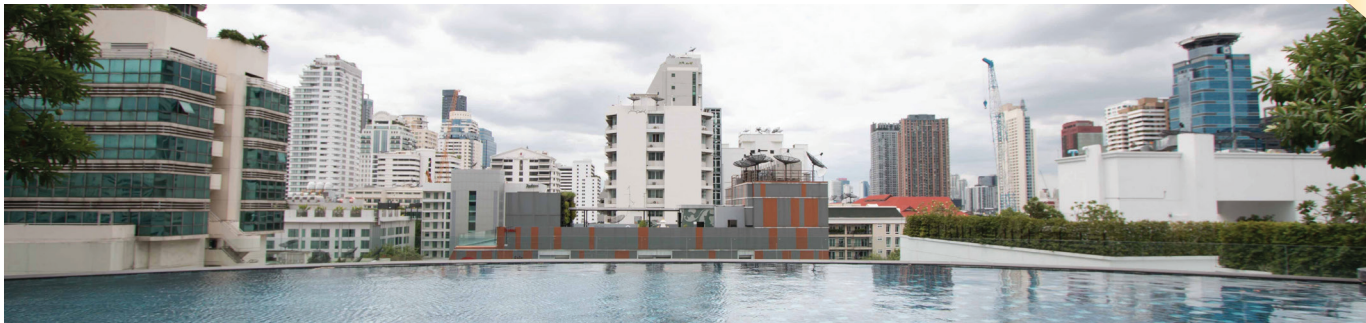


## วิสัยทัศน์

มุ่งมั่น สร้างสรรค์ พัฒนาอสังหาริมทรัพย์  
ด้านโรงงานอุตสาหกรรม อาคารสำนักงาน  
และที่พักอาศัย พร้อมการบริการด้วยใจอย่างต่อเนื่อง  
เพื่อสร้างความพึงพอใจสูงสุดแก่ลูกค้า



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# Financial Highlights

Unit : Baht Million

Lists	2019	2018	2017	2016
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## Financial Data:

1. Income from Sales and Service	389.48	2,127.82	915.68	876.69
2. Total income	426.41	2,362.96	1,018.84	986.25
3. Net profit (loss)	(469.36)	85.47	(474.58)	(318.35)
4. Total assets	8,256.95	8,479.29	10,492.48	9,680.54
5. Total liabilities	5,837.04	5,680.36	7,774.06	7,519.95
6. Shareholder's equity	2,419.91	2,798.93	2,718.42	2,160.59

## Financial Ratio:

1. Net profit to total income	-110.07%	3.62%	-46.58%	-32.28%
2. Return on equity	-17.99%	3.10%	-20.42%	-14.73%
3. Return on total assets	-5.61%	0.90%	-4.71%	-3.28%
4. Net profit (loss) per share (Baht)	(0.23)	0.03	(0.27)	(0.25)
5. Dividend per share (Baht)	-	-	-	-
6. Book value per share (Baht)	1.13	1.30	1.27	1.48
7. Current ratio (time)	2.32	2.61	1.56	1.39
8. Debt: Equity ratio (time)	2.41	2.03	2.86	4.07





# Message from the Chairman

Dear Shareholders,

I would like to inform that in the past year, our country has a great auspicious news which brought an extremely incomparable happiness for all Thai people nationwide, namely the Royal Coronation Ceremony of His Majesty King Rama X on May 4<sup>th</sup>, 2019, the accession to the complete enthronement as the tenth king of the Chakri dynasty monarchy, with his celebrating name of His Majesty the King “Phrabat Somdet Phra Paramendra Ramadhibodi Srisinra Maha Vajiralongkorn Mahisara Bhumibol Rajavarangkura Kitisirisumburna Adulyadej Sayamindradhipeshra Rajavarodom Borommanat Pobitra Phra Vajira Klao Chao Yu Hua”. His Majesty King Rama X then uttered his First Royal Command stating that “I shall sustain, preserve and continue, and shall reign with righteousness for the benefit and happiness of the people forever.” On this occasion, His Majesty King Rama X has also bestowed upon Somdej Phra Rajini Suthida, his Queen consort, the title of Her Majesty Queen Somdet Phra Nang Chao Suthida Bajrasudhabimalalakshana Phra Borommarajini with full royal honour. On the following day, May 5<sup>th</sup>, His Majesty King Rama X holds the ceremony to grant His Majesty’s Royal Cypher and Royal Titles and then rides in the Royal Palanquin in the Royal Procession on Land encircling the city as an ancient traditional royal practice, affording the people the opportunity to attend and pay homage to their King, where the great numbers of citizens greeted him and voiced his blessing emphatically which brought delight to all citizens of Thailand.

I would like to inform that the economy in Thailand in the past year 2019 was another tough year for us though there were some positive factors from the election held on March 24, 2019. However, when looking at the economic figures, it indicated that the growth rate was still very low with the GDP for the whole year grew at only 2.4%, especially in the fourth quarter, during October to December, which the growth was only 1.6%, remarked as the lowest rate in the past 5 years, which was a result of the main factors which was the slowdown in global economy due to the prolonged United States-China trade war since the mid of 2018, and was still remaining the key factor that had great impact to the slowdown in worldwide economy and world’s trade volume for the whole year 2019. Although both parties are currently in a truce to move forward to signing the first phase of the agreement but the tensions which arising from the retaliation with the tax measures between the United States and China do not cause only the economic impact but also cause the fluctuation in the money markets and exchange rates including impact on business operation in various sectors worldwide. The strength in Thai Baht has affected in the negative export value, the delay of the year 2020 budget process including the effects of the drought in the country, all these factors have negative impacts to the economy of the country. Office of the National Economic and Social Development Board has anticipated that the GDP in 2020 will have tendency to expand at 1.5 – 2.5% or on average of 2% per year which is considered to be lower than the previous year from all the aforementioned factors combined with the outbreak of the Covid-19 virus which has widely shaking impact spread all over the world right now.



For our Company during the past year, the Company has established BGY and TFD Property Co., Ltd to operate the residential condominium project in Ratchadapisek Thiamruammit area under the project name “The ARTISAN” with total area of approximately 8 rai, comprising of 4 buildings of 34-storey condominiums, total space of 123,470 sq.m. with salable area of 70,000 sq.m. The project comprises of 1,337 residential units and 56 commercial units, with a total project cost of Baht 6,800 million. Currently, it has already been sold for more than 90% despite the oversupply in the residential condominium market and is expected to be sold out within the year 2020. The company will be able to transfer the ownership to our customers by the second quarter of 2020, thus the Company will receive income from this project within this year.

For the Industrial estate business, the Company still continuously sell the area to industrial investors, except for the current situation from the outbreak of Covid-19 virus which results in some business deal have been delayed from what was scheduled. In addition, in 2019, the Company received the land leasehold rights from the Treasury Department of total 1,300 rai for 50 years, located in Nakhon Phanom, closed to the Thai-Lao Friendship Bridge which can connect to China, Vietnam and Laos People’s Democratic Republic (Laos PDR) and in the near future, the Double-track railway will link and connect, which will make these area to be the significant business area. The Company plans to develop this plot of land as a project namely “The ONE Nakorn Phanom” which will become another important source of income for the Company in the future.

As a result from the global and Thai economic situations, which have great impact to the slowdown in investment from foreign investors due to their concerns on economic and political situation of Thailand, in 2019 total revenue of the Company and its subsidiaries was Baht 426.41 million, decrease from the previous year 2018, with the loss before finance cost and income tax reduction at Baht 82.26 million. However, after deducting finance cost and income tax, the Group faced a loss of Baht 469.36 million due to the Company’s policy to maintain its liquidity in appropriate level thus the finance cost was relatively high. However, with the strong determination from our management and employees, with our efficiency in managing the existing assets, I am confident that in 2020, the Company’s performance will definitely be profitable.

The Company would like to thank our employees for their cooperation and unity, and would also express our sincere gratitude for the strong support from our shareholders, customers, business partners, financial institutions, mass media, investors both local and foreign including general public. The Company sincerely hopes that it will gain trust and kind support consistently in the future.

Sincerely,

(Dr. Apichai Taechaubol)  
Chairman



# Board of Directors



**Dr. Apichai Taechaubol**

Chairman  
Executive Chairman

**Mr. Prasong Vara-ratanakul**

Independent Director  
Audit Committee Chairman  
Corporate Governance, Nomination  
and Remuneration Committee  
Chairman

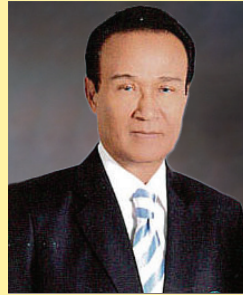


**Mr. Chetawan Anuntasomboon**

Independent Director  
Audit Committee Member  
Corporate Governance,  
Nomination and Remuneration  
Committee Member  
Appointed in the position of  
Audit Committee Member and  
Corporate Governance, Nomination and  
Remuneration Committee Member  
since May 14, 2019.

**Mr. Anukul Ubonnuch**

Director, Executive Director,  
Managing Director  
Appointed in the position  
of Managing Director  
since April 5, 2019.



**Mr. Tawil Praisont**

Independent Director and Audit  
Committee Member  
Appointed in the position of  
Independent Director and Audit  
Committee Member  
since August 14, 2019.

**Mr. Gumpol Tiyyarat**

Director  
The term as Executive Director  
and Managing  
ended since April 4, 2019.



**Mr. Tseng, Kuo-Chan**

Director  
Appointed in the position of Director  
since August 14, 2019.

**Mr. Kittawat Taechaubol**

Director, Executive Director,  
Director Deputy Managing Director



**Ms. Siriporn Tamenant**

Director, Executive Director,  
Director Deputy  
Managing Director, Administration and  
Information Technology  
Appointed in the position of Director and  
Executive Director  
since June 10, 2019

**Dr. Sutham Vanichseni**

Independent Director  
Audit Committee Member  
Corporate Governance,  
Nomination and Remuneration  
Committee Member  
Resigned from the position of director  
since August 1, 2019



**Mr. Sommart Sangkhasap**

Independent Director  
Audit Committee Member  
Corporate Governance,  
Nomination and Remuneration  
Committee Member  
Resigned from the position of  
director since May 1, 2019.



## Dr. Apichai Taechaubol

### Chairman

Appointed on March 14, 2018

### Executive Chairman

Appointed on January 20, 2012

Age : 64 years old

---

### 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

### Director position in another listed company :

Chairman - JCK Hospitality PCL.

### Director position in non-listed company :

Director - BGY & TFD Properties Co., Ltd.

Chairman - TFD Real Estate Management Co., Ltd

Chairman and Executive Chairman Crown Development Co., Ltd.

Chairman Total Industrial Services Co., Ltd.

Director and Executive Chairman J.C. Kevin Development Co., Ltd.

Director and Executive Chairman – SG Land Co., Ltd.

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### Working Experience :

Director - AEC Securities PCL.

Director - Barnsley Warehouse Limited

Director - Bognor Regis Warehouse Limited

Vice Minister for Office Of Prime Minister

Director to the DASTA

Advisor to Deputy Minister of the Internal Affairs Ministry

Consultant to the Thai/Chinese Chamber of Commerce

Chairman - Princeton Park Suites Co., Ltd.







## Mr. Prasong Vara-ratanakul

Audit Committee Chairman

Independent Director

Corporate Governance, Nominating and Remuneration Committee Chairman

Appointed on April 30, 1999

Age : 72 years old

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### Education :

Master of Public Administration Chulalongkorn University

Bachelor of Commerce Chulalongkorn University

Bachelor of Law Ramkamhaeng University

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### 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

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### Director position in another listed company :

Independent Director and Audit Committee Chairman JCK Hospitality PCL.

Independent Director and Audit Committee Member We Retail PCL.

### Director position in non-listed company :

Independent Director and Audit Committee Chairman Thai Property PCL

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### Working Experience :

Director and Audit Committee Chairman Krungthep Land PCL.

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## Mr. Chetawan Anuntasomboon

### Independent Director

Appointed on February 28, 2018

### Audit Committee Member

### Corporate Governance, Nomination and Remuneration Committee Member

Appointed on May 14, 2019

Age : 66 years old

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### Education :

Barrister at Law Institute Legal Education Thai Bar Association

Bachelor's Degree in Law Ramkhamhaeng University

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### Directors Program Training from IOD

ELP, Class 17/2019

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### Director position in another listed company :

Independent Director and Audit Committee of JCK Hospitality PCL.

### Director position in non-listed company :

- None -

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### 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. Tawil Praisont

Independent Director

Audit Committee Member

Appointed on August 14, 2019

Age : 83 years old

---

### Education :

Master's Degree in Public and Administration, Syracuse University, USA.

Master's Degree in Political Science (Honor), National Institute of Development Administration

Bachelor's Degree in Political Science, Chulalongkorn University

Certificate in Political and Administrative Science, Institute of Social Studies, Netherland.

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### Directors Program Training from IOD

- None -

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### Director position in another listed company :

- None -

### Director position in non-listed company :

- None -

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### Working Experience :

Deputy Speaker of the House of Representatives

Minister of the Ministry of University Affairs

Member of the House of Representatives, Nakhon Si Thammarat, for 2 terms

Member of the House of Representatives, Bangkok, for 5 terms

Party list Member of the House of Representatives for 1 term

Elective Senator, Nakhon Si Thammarat

Municipal clerk of Sungai Kolok Subdistrict-Municipal Office, Narathiwat

Municipal clerk of Phatthalung Town-Municipal Office, Phatthalung

Secretary of City-Municipal Office Mayor, Bangkok

District Supervisor of Phranakorn district and Bangkhuntien district, Bangkok

Director of Policy and Planning, Bangkok Metropolis Administration (Government officer Level 10)

Vice President of Rangsit University

Bachelor's Degree Special Instructor in Metropolis Administration Subject, Faculty of Social Science, Kasetsart University

Master's Degree Special Instructor in Metropolis Administration Subject, Faculty of Political Science, Thammasart University

Special Instructor in many institutes, for instance, Ramkhamhaeng University, Burapha University, King Prajadhipok's Institute.

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## Mr. Anukul Ubonnuch

### Director

Appointed on February 1, 2002

### Executive Director

Appointed on February 27, 2017

### Managing Director

Appointed on April 5, 2019

Age : 61 years old

---

### 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

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### Directors Program Training from IOD

DCP, Class 7/2001

Director Diploma Examination

Chartered Director, Class 5/2009

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### Training from other Institute

Graduate Diploma in Public Law and Management, Batch#6, King Prajadhipok's Institute

Certificate of Applied Psychology for National Security, Batch#89, The Institute of Applied Psychology,

National Defence Studies Institute

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### Director position in another listed company :

- None -

### Director position in non-listed company :

Director BGY & TFD Properties Co., Ltd.

Director SG Land Co., Ltd.

Managing Director, Director Total Industrial Services Co., Ltd.

Managing Director, Director Crown Development Co., Ltd.

Director Midman Marketing and Engineering Co., Ltd.

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### Working Experience :

Director - Barnsley Warehouse Limited

Director - Bognor Regis Warehouse Limited

Managing Director (1996 – 2005) Credit Foncier Unico Housing Limited

Chief Legal Department (1992 – 1995) Laem Thong Bank PCL.







## Mr. Krittawat Taechaubol

### Director

### Executive Director

Appointed on April 11, 2014

### Director Deputy Managing Director

Appointed on January 1, 2019

Age : 29 years old

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### Education :

Master of Science in Real Estate City, University of London United Kingdom

Bachelor's Degree in Management Sciences The London School of Economics and Political Science  
United Kingdom

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### Directors Program Training from IOD

DCP, Class 196/2014

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### Training from Other Institute

BBL Internship Program #58, Bangkok Bank PLC

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### Director position in another listed company :

- None -

### Director position in non-listed company :

Director BGY & TFD Properties Co., Ltd.

Director Total Industrial Services Co., Ltd.

Director, Executive Director SG Land Co., Ltd.

Director, Executive Director Crown Development Co., Ltd.

Director High Active Consultant Tech Co., Ltd.

Director Rim Nam Bangpakong Co., Ltd

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### Working Experience :

Marketing Analysis Manager J.C. Kevin Development Co., Ltd.

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## Mr. Gumpol Tiyarat

### Director

Appointed on February 1, 2002

\*The term as Executive Director and Managing Director ended since April 4, 2019.

Age : 66 years old

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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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### Director position in another listed company :

- None -

### Director position in non-listed company :

Director Total Industrial Services Co., Ltd.

Director Crown Development Co., Ltd.

Director J.P.V. ACCOUNTION AND LAW Co., Ltd.

Director STAR BIZ COLLECTIONLAW Co., Ltd.

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### Working Experience :

Tax Economist Officer of Revenue Department

Ex-Police Sub-commission on Laws & Regulations Royal Thai Police

Director Executive Director SG Land Co., Ltd.

Ex-Managing Director Princetonparksuite Co., Ltd.

Director DITTHAPADA Co., Ltd.





## Mr. Tseng, Kuo-Chan

### Director

Appointed on August 14, 2019

Age : 59 years old

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### Education

Diploma in Li De Commercial and Technical ; Vocational School, Kaohsiung, Taiwan

---

### Director position in another listed company :

- None -

### Director position in non-listed company :

President of Jaie Haour Group

- Jaie Haour Industrial Co., Ltd.
- Shangxin Construction Industrial Co., Ltd.
- Yongqing Construction Engineering Co., Ltd.

Vice Chairman of the (Criminal) Correctional Association

Committee Member of Tainan After-Care Association

Executive Director of Lifeline Association

Executive Director of the Consultants of the Honorary Probation Officers Association.

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## Ms. Siriporn Tamenant

Director

Executive Director

Director Deputy Managing Director, Administration and Information Technology

Appointed on June 10, 2019

Company Secretary

Appointed on November 14, 2007

Age : 62 years old

---

### Education :

Master of Arts in English Naresuan University

Bachelor of Science in Business Administration (Finance) Roosevelt University, Chicago, U.S.A.

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### Directors Program Training from IOD :

Risk Management Program for Corporate Leaders (RCL), class 5/2016

Ethical Leadership Program (ELP), class 2/2015

Advanced Audit Committee Program (AACP), class 16/2014

Director Accreditation Program (DAP), class SEC/2014

Role of the Chairman Program (RCP), class 34/2014

Effective Minutes Taking (EMT), class 8/2007

Company Secretary Program (CSP), class 13/2005 and 22/2007

Role of The Compensation Committee (RCC), class 1/2006 Training from Other Institute

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### Training from Other Institute

Top Executive Program, Capital Market Academy, class 2

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### Director position in another listed company :

- None -

### Director position in non-listed company :

- None -

### Director position in another institution :

Director and President's Advisor Capital Market Academy

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### Working Experience :

Vice President, Secretary-General and Director

Independent Director and Audit Committee Member JCK Hospitality PCL.

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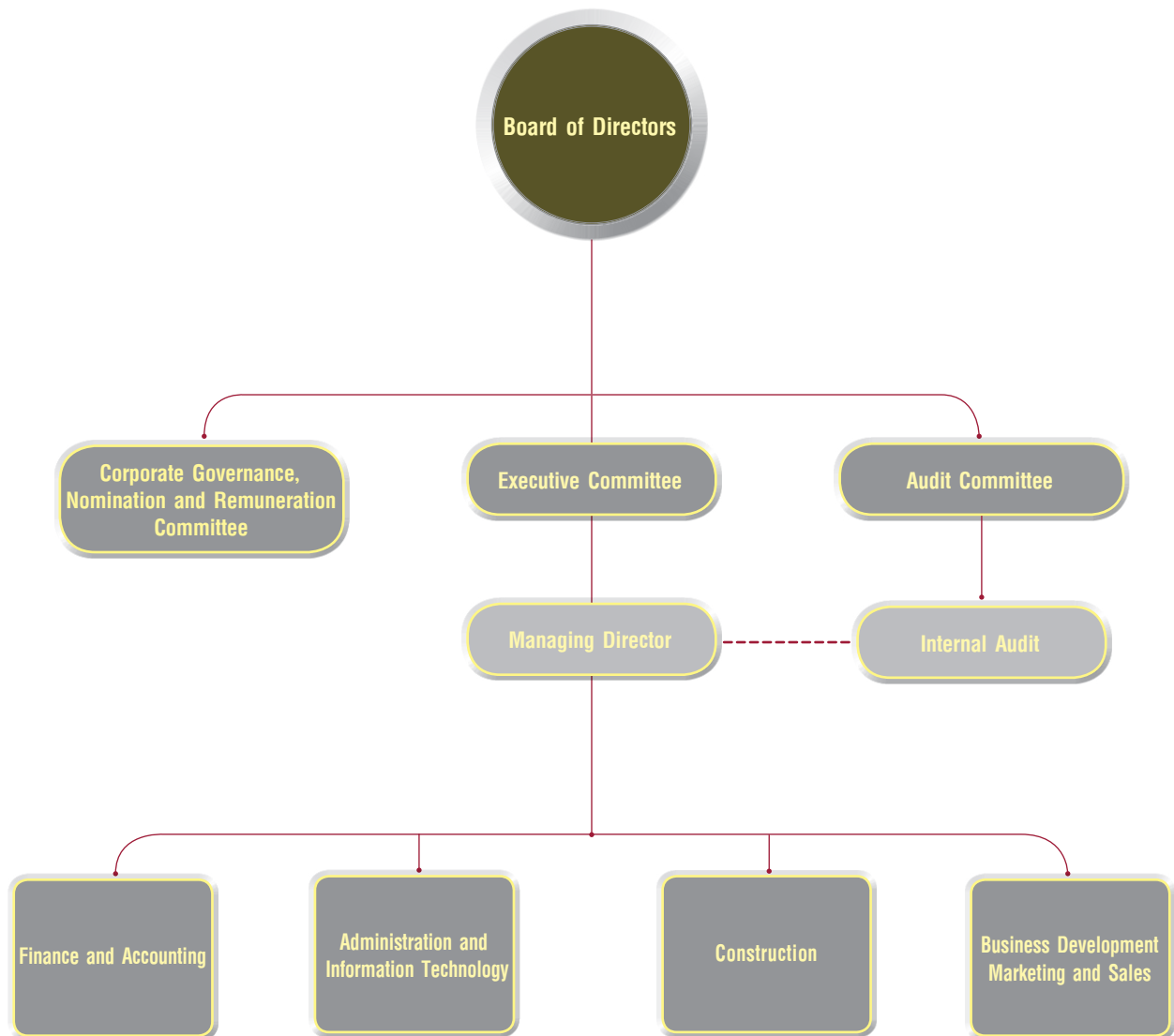




# Organization Chart



Organization Chart as of December 31, 2019



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



# Management



**Dr. Apichai Taechaubol**  
Executive Chairman



**Mr. Anukul Ubonnuch**  
Executive Director  
Managing Director

Appointed as Managing Director  
since April 5, 2019.



**Ms. Siriporn Tamenant**  
Executive Director  
Director Deputy Managing  
Director, Administration  
and Information Technology  
Company Secretary

Appointed as Executive Director  
since June 10, 2019.



**Mr. Krittawat Taechaubol**  
Executive Director  
Director Deputy Managing  
Director



**Mrs. Rachanee Siwawej**  
Deputy Managing Director,  
Finance



## **Dr. Apichai Taechaubol**

**Executive Chairman**

Joined JCK 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. Anukul Ubonnuch**

**Executive Director**

**Managing Director**

Joined JCK in 2002

\*Appointed as Managing Director since April 5, 2019

---

### **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. Krittawat Taechaubol**

Executive Director

Director Deputy Managing Director

Joined JCK in 2014

---

### **Education :**

- Master of Science in Real Estate City,  
University of London, United Kingdom
  - Bachelor's Degree in Management Sciences  
The London School of Economics and Political Science, United Kingdom
- 

## **Ms. Siriporn Tamenant**

Executive Director

Director Deputy Managing Director, Administration Information Technology

Company Secretary

Joined JCK in 1994

\* Appointed as Executive Director since June 10, 2019

---

### **Education :**

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

## **Mrs. Rachanee Siwawej**

Deputy Managing Director, Finance

Joined JCK in 1981

---

### **Education :**

- Bachelor's Degree in Commerce  
Thammasart University
- 







# Social Development in the year 2019





## Social Development in the year 2019

JCK International Public Company Limited (the Company) and its subsidiaries recognize the importance of their responsibility to the community and society in every area the group has conducted the business, especially in the fields of caring for the environment, making relationship and providing benefits to be returned to the community.

In 2019, the Company organized the activities to support and develop the community regularly in the area which the Company has operated its business, whether in relation to education, improvement of quality of living and donation of items to the foundation to help those who face such hardship, including those who live in remote area. The Company emphasizes on the collaboration of the Company, the entrepreneurs, its staffs and the community. The main activities in 2019 were as follows:

### Project “TFD Blood Donation to Support Humanity”

The Company in cooperation with the Industrial Estate Authority of Thailand (IEAT), organized the project “TFD Blood Donation to Support Humanity” to help for medical purpose and there were also people who wish to donate their bodies, organs and eyes, at the office of TFD Industrial Estate, which were held 3 times in 2019.



### Project “ECO GREEN NETWORK”



The Company together with the Industrial Estate Authority of Thailand (IEAT) invited the local authorities’ representatives, the entrepreneurs and the community to participate in the activities to study the industrial estate management system according to the ECO Green Network guidelines at Map Ta Phut Industrial Estate. The objective was to develop the industrial estate to be an Ecological Industrial Estate and to link the networks for social responsibility.

### Project “Environmental Governance” (so-called “White Flag, Green Star”)

The Company cooperated with the Industrial Estate Authority of Thailand (IEAT), to conduct the annual Environmental Governance practice (White Flag, Green Star) for 2019 to encourage the participation of people to monitor and supervise activities of industrial factories and to support the public to learn how to manage the environment and the safety of facilities in the Industrial Estate and to strengthen relationships with communities surrounding the TFD Industrial Estate.

### Project “TFD Open House”

TFD Industrial Estate, together with the Industrial Estate Authority of Thailand (IEAT) had organized the “TFD Open House” and allowed the local state agencies and people who live in the area around the TFD Industrial Estate to come and study the management of wastewater treatment systems in the TFD Industrial Estate.







### **Project “Sponsorship of School Materials, Stationeries, Sport Equipment and Lunch for Students at Border Patrol Police School”**

The Company together with the Kindness So Smile Group had organized the activities under the project “Kindness So Smile” which has been arranged continuously annually. In 2019, the Company had provided the school stationeries, sport equipment and luncheon to the children in the Border Patrol Police School, Ban Mong Khua, Mae Chan Sub-district, Umphang District, Tak Province.

### **Other Activities that the Company Arranged with the Entrepreneurs and the Communities**



### **National Children’s Day 2019**

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



### **Activities Program for the development of morality, ethics and quality of life for the elderly, disabled and disadvantaged people**

The Company collaborated with the Theppharach Sub-district Administrative Organization had supported the development of morality and ethics to create the quality of life and improvement of mental health which can adapt for conduct of life for the elderly, the disabled and disadvantaged people including general public.

### **Make Merit Activity**

The Company together with the Industrial Estate Authority of Thailand (IEAT), the entrepreneurs and communities surrounding the TFD Industrial Estate arranged the meritorious ceremony for the occasion of New Year 2019.

### **Project “SMEs Industry Transformation Center”**

The Company collaborated with the Industrial Estate Authority of Thailand (IEAT) had set up the SMEs Industry Transformation Center at the office of TFD Industrial Estate to be used as a training center to train and increase the knowledge in the area of product design and to invent the prototype which will build the connection between the entrepreneurs and related local parties to provide the complete service as a Co-working Space.





## Activities to support the annual event at Sukha Ram Temple (Sam Yaek) Nong Chok Subdistrict, Bang Pakong District, Chachoengsao Province

The Company joined together with the Nong Jok Sub-district Administrative Organization to provide support to the annual event of Sukha Ram Temple (Sam Yak), Nong Jok Sub-district, Bang Pakong District, in order to raise fund to use for the renovation of the religious place and to preserve the religion.

## Project “Drive Safely” by wearing a helmet and following the traffic rules

The Company cooperated with the Theppharach Sub-district Administrative Organization, organized the activity to promote the campaign to educate and encourage the entrepreneurs and the people to wear helmets while driving their vehicles and to follow the traffic rules which will lead to reduce traffic accidents.



## Activity to Support the Songkran Festival, Local Tradition and the Elderly's Day

The Company joining with the entrepreneurs in the Industrial Estate supported the Thai traditional Songkran and Elderly's Day of the year 2019 of Tha Sa-an Sub-district Administrative Organization and Nong Jok Sub-district Administrative Organization. The objective was to conserve and inheritance the Thai traditional culture.



## Activity on The First Day of the Buddhist Lent

The Company supported the first day of the Buddhist Lent activities by bringing Buddhist Lent candles to Tha Sa-An Temple and Sukha Ram Temple (Sam Yaek), Nong Chok Sub-district, Bang Pakong District, Chachoengsao Province, on the occasion of Buddhist Lent Day of the year 2019.



## Activity to help flood victims

The Company, cooperated with the Nong Jok Sub-district Administrative Organization, to be a center for gathering the donation of consumable goods and other necessities for living and to hand out to the people who suffered from the flood in various areas in the northeast part.







### Project “Bank of underground water”

The Company, the Nong Jok Sub-district Administrative Organization, the entrepreneurs and the public in the area of TFD Industrial Estate had participated in the field trip to observe the procedure of the water management system for efficiency and sufficiency at the Wang Ham Hae Sub-district Administrative Organization, Khanu Woralaksaburi District, Kamphaeng Phet Province.



### Red Cross Activity

The Company together with Tha Sa-An Sub-district Administrative Organization supported the activity of “Red Cross Day” in Chachoengsao Province.

### Support the consumable goods to the highway district of Chachoengsao Province

The highway district of Chachoengsao Province had set up the Assistance Center to provide facility for convenience and safety at the Highway No.304 during the New Year holidays. On this occasion, the Company had supported the foodstuffs to the highway officials and also to the people in accordance with the facilitation and safety measures.



### Annual Ceremony Activity of Tha Sa-an Temple

The Company always emphasizes on the promotion and the conservation of Thai culture, the Thai wisdom and the preservation 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.



# Principle on the Good Corporate Governance Report

## Principles on the Good Corporate Governance Manual and Business Conduct

Realizing that corporate governance helps strengthen trust and confidence among investors, financial institutions, business partners and other stakeholders in the business in a sustainable manner, the Board of Directors of JCK International Public Company Limited (hereinafter referred to as the “Board of Directors”) has adopted the principles of corporate governance (CG) and business conduct in “the Company’s Corporate Governance Manual and Business Conduct” as a guideline for directors, executives, employees and other related persons to comply. 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.jck.international>

In 2019, the Board of Directors has reviewed and amended some principles appeared in the Company’s Corporate Governance Manual and Business Conduct to comply with the 2017 Corporate Governance Code (“CG Code 2017”) of the Securities and Exchange Commission (“SEC”), and also provided and promoted knowledge and understanding to the Company’s employees about the principles in the Company’s Corporate Governance Manual and Business Conduct, which considered as one of the disciplines to all of the Company’s employees to comply. Moreover, according to the compliance of such principles of the Company’s personnel last year, there were not any disobedience occurred.

The Company’s Corporate Governance Manual and Business Conduct can be divided into 11 important chapters as follows:

- Chapter 1 Business philosophy
- Chapter 2 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 explicable.
- 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 directors 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 sectors, the people and the stakeholders.
- The Board of Directors should consist of independent directors with knowledge and capability, and should convene a meeting at least 4 times a 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. The 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 disclosing 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 Audit Committee: The Board of Directors must appoint the Audit Committee as part of it from the directors at least 3 persons from which 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 conflict of interest, including reporting on governance of the business of the Audit Committee. At present, the Company has 3 independent directors who are members of the Audit Committee, and all 3 of them have knowledge for reviewing the Company financial report and relevant experience as follows:

- |    |              |                |                          |
|----|--------------|----------------|--------------------------|
| 1. | Mr. Prasong  | Vara-ratanakul | Audit Committee Chairman |
| 2. | Mr. Chetawan | Anuntasomboon  | Audit Committee Member   |
| 3. | Mr. Tawil    | Praisont       | Audit Committee Member   |

- The Corporate Governance, Nomination and Remuneration Committee: The Board of Directors on November 14, 2019 has appointed two independent directors as members of the Corporate Governance, Nomination and Remuneration Committee who 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. The two members of the Corporate Governance, Nomination and Remuneration Committee whose term of office is 3 years or until they are no longer the Company's directors, are as follows:

- |    |              |                |   |
|----|--------------|----------------|---|
| 1. | Mr. Prasong  | Vara-ratanakul | Corporate Governance, Nomination and Remuneration Chairman  |
| 2. | Mr. Chetawan | Anuntasomboon  | Corporate Governance, Nomination and Remuneration Committee |

In order to effectively perform their duties and to achieve their responsibilities as assigned by the Board, the Corporate Governance, Nomination and Remuneration Committee shall hold the meeting at least 2 times a year to consider and conduct any matters to achieve their responsibilities.

In addition, the Board of Directors clearly states a policy that independent directors shall serve on the Board not longer than 9 years consecutively starting from the date of their first appointment. In case of re-appointment, the Board shall appropriately review towards the necessity.





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

- The Board of Directors shall have the qualification and shall not have disqualification pursuant to the criteria under the Public Limited 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 5 listed companies and non-listed subsidiaries.
- The independent directors must have the qualifications concerning independency, according to the notification 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 shall attend the Board meetings and express opinions independently.
- According to the rules and regulations 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 3 members of the Board membership is made up of independent directors and the sub-committee 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 shall be in compliance with the rules and regulations regarding clause 16: 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 independent directors of the Company

1. Holding shares not to exceed 1% of the total shares with voting right of the Company, its parent company, subsidiaries, associates, major shareholders and controlling parties of the Company, provided that the shares held by the related parties of such independent director shall be included.
2. Not being or having never been an executive director, employee, staff, advisor receiving regular salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the Company, unless the foregoing status ended at least 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC). Such prohibition shall not include the case that such independent director used to be an official or advisor of the government sector that is the major shareholder or controlling party of the Company.
3. Not being 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 other directors, executives, major shareholders, controlling parties or the person who is in the process of nomination to be the director or the executive or controlling party of the Company or its subsidiary.
4. Not having or having never had business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholders, or controlling parties of any person having business relationship with the Company, its parent





company, subsidiaries, associates, major shareholders or controlling parties of the Company, 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 any business transaction in ordinary business manner, rent or lease of the immovable property, transaction related to assets or services, or provision or receipt of the financial support regardless of being lend or borrowing, guarantee, provision of assets as collateral, and any otherwise similar conduct which causes liability or obligation to the Company or counter party, provided that such liability is equal to or exceed 3% of the net tangible assets of the Company or equal to or more than Baht 20 million, 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 to be applied 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. Not being or having never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company and is not the significant shareholder controlling parties, or partners of the auditing firm which employs an auditor to the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company, unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
6. Not being or having never been the professional service provider, including a legal service or financial advisor receiving service fees for more than Baht 2 million per year from the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties, and is not the significant shareholder, controlling parties, or partners 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. Not being the director who is nominated to be the representative of directors of the Company, 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 Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor receiving regular 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 Company or its subsidiaries.
9. Not being in any character which may hinder to express independent opinion regarding the business operation of the Company.

Such independent director may be assigned by the Board of Directors to make decision in respect of collective decision on business operation of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the Company.

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

#### **3.1 Scopes of authority of the Board of Directors**

1. To review and approve actions as required by the laws.
2. To regularly review the 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 to 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 Directors' 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.

9. The Board shall ensure that the management regularly monitors, evaluates and makes reports on the company's financial status to the Board. The Board and the management shall ensure that any threats to the Company's financial liquidity and solvency are promptly addressed and remedied.
10. The Board shall ensure that it does not consciously approve any transactions or propose any transactions for shareholders' approval which could negatively affect business continuity, financial liquidity or solvency.
11. In the event of financial risk or difficulties, the Board shall enhance monitoring of the affairs of the Company and duly consider the Company's financial position and disclosure obligations.
12. The Board shall ensure that the Company has sound financial mitigation plans considering the stakeholders' rights, including creditor rights. The Board shall monitor the management's handling of financial risk or difficulties and seek regular reports.
13. The Board shall ensure that any actions to improve the Company's financial difficulties, by any mean, shall be prudently made.

### **3.2 Scopes of authority of the Sub-Committees**

The Board of Directors has set up 2 sub-committees; namely the Audit Committee and the Corporate Governance, Nomination and Remuneration Committee, whose significant responsibilities are as follows.

#### **3.2.1 Scopes of authority 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 system 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 towards 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 independency in case the Company's auditor provides other non-audit services which could lead to its lack of independence; and 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 system;
  - 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 authority 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; and to improve and update such policies for continuity to present;
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 with 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 an appropriate person to be 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 a director qualified as a member of the sub-committee for recommendation to the Board in case of vacancy;
9. To recommend how to evaluate performances of directors, the Board and the sub-committee and to follow up with the evaluation;
10. To review and propose amendments to the scopes of authorities and responsibilities of the Corporate Governance, Nomination and Remuneration Committee and to determine its remunerations that suit each situation;
11. To recommend any guideline on remunerations and the method to pay remunerations or other benefits to the Board, the sub-committees and the managing director with fair and reasonable criteria and to propose it to the Board of Directors for consideration;
12. To perform other functions as entrusted by the Board.

#### **4. Role and Responsibilities for Chairman**

The Chairman is responsible for leading the Board of Directors. The Chairman's duties should at least cover the following matters:

1. To oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's objectives;
2. To ensure that all directors contribute to the Company's ethical culture and good corporate governance;
3. To set the board meeting agenda by discussing with the managing director and the Company Secretary and to ensure that important matters should be included in the agenda;
4. To allocate sufficient time for the management to propose topics and for the directors to debate important matters thoroughly, and to encourage the directors to exercise careful contemplation and with independent judgement;
5. To promote constructive relations between executive directors and non-executive directors, and between the Board and the management.

#### **5. 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. The Company Secretary is to oversee the meeting of the Board of Directors and the shareholders as well.

##### **Qualifications of Company Secretary**

- Understand the Company's business and related roles and responsibilities of Company Secretary's functions, including having fundamental knowledge in principles of laws and regulations of governing agencies, the laws on public company and the laws on securities and exchange. The 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 corporate governance;
- Refrain from seeking personal interest from the Company's business opportunities; be able to keep the Company's secrets; hold morale and ethic and take into consideration of all stakeholders; and 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 consultation and advice to the Board of Directors in respect of laws, orders and regulations of the Company, as well as to ensure proper and consistent compliance; as well as to make reports on any significant change in matter of laws to directors;
- Organize the shareholders' meeting and the Board's 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 by the directors or executives and make submission as required by laws;
- Have information and IT reports under his/her responsibility to be disclosed to governing 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 the Company's news;.
- Conduct any other function as entrusted.

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

<b>Name</b>	Ms. Siriporn Tamenant
<b>Title</b>	<ul style="list-style-type: none"><li>- Director</li><li>- Executive Director</li><li>- Director Deputy Managing Director, Administration and Information Technology</li><li>- Company Secretary</li></ul>
<b>Education</b>	<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>
<b>IOD Training course</b>	<ul style="list-style-type: none"><li>- Ethical Audit Committee Program (ELP), Class 2/2015</li><li>- Advanced Audit Committee Program (AACP), Class 16/2014</li><li>- Director Accreditation Program (DAP), Class SEC/2014</li><li>- Role of the Chairman Program (RCP), Class 34/2014</li><li>- Effective Minute Taking (EMT), Class 8/2007</li><li>- Company Secretary Program (CSP), Class 22/2007</li><li>- Role of The Compensation Committee (RCC), Class 1/2006</li><li>- Risk Management Program for Corporate Leaders (RCL), Class 5/2016</li></ul>





## 6. Procedures on the Board meetings and the receipts of documents and data

- The office of the managing director to act as the secretary of the Company to hold board meetings, the shareholders' meetings, and to give advice on the various laws that the Board of Directors should know.
- The Company shall set the Board 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 the meetings.
- The Board of Directors should dedicate and pay attention to the Company fully and shall be ready to attend the meetings regularly at least once every 3 months, and as required in special circumstances, but not less than 6 times a year. It requires at least one half of the total directors to attend the meeting in order to achieve the quorum. Absence from the Board meetings more than 3 consecutive times without reasonable causes shall be regarded as not wanting to become the Company's director anymore.  
If the meetings are not monthly, the Company should submit to the Board, for the month of not having a meeting, a monthly report on the Company's performance so that it can monitor the management's 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.
- All directors should attend at least 75% of all the numbers of the Board meetings to be 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 adequately 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. Relevant documents for the meeting shall be sent to each director at least 5 business days in advance of the meeting.
- The Board of Directors can access to additional information by requesting documents, data, consultation and various services concerning the operations from the high-level management or the Company Secretary and may seek independent opinions from outside consultants, as necessary, to be supplemental in each meeting, at the Company's expense.
- The minutes of the Board meetings shall be prepared for clarity and reference.







## The Board of Directors' Meeting attendance in 2019

Time (s) / Total meeting

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Governance, Nomination and Remuneration Committee
1. Dr. Apichai Taechaubol	8/8	1/1		
2. Mr. Prasong Vara-ratanakul	8/8		5/5	7/7
3. Mr. Sommart Sangkhasap	3/3*		1/1*	3/3*
4. Dr. Sutham Vanichseni	6/6*		3/3*	5/5*
5. Mr. Chetawan Anuntasomboon	8/8		3/3*	3/3*
6. Mr. Tawil Praisont	1/1*		1/1*	
7. Mr. Gumpol Tiyarat	7/8	1/1*		
8. Mr. Anukul Ubonnuch	8/8	1/1		
9. Mr. Kritawat Taechaubol	8/8	1/1		
10. Mr. Tseng Kuo-Chan	0/1*			
11. Ms. Siriporn Tamenant	3/3*			

- Remark :
- \* Mr. Sommart Sangkhasap resigned from the position of Independent director, Audit Committee Member and Corporate Governance, Nomination and Remuneration Committee Member since May 1, 2019.
  - \* Dr. Sutham Vanichseni resigned from the position of Independent Director, Audit Committee Member and Corporate Governance, Nomination and Remuneration Committee Member since August 1, 2019.
  - \* Mr. Chetawan Anuntasomboon was appointed in the position of Audit Committee Member and Corporate Governance, Nomination and Remuneration Committee Member by the resolution of the Board of Directors' meeting no. 4/2019, held on May 14, 2019.
  - \* Mr. Tawil Praisont was appointed in the position of Independent Director and Audit Committee Member by the resolution of the Board of Directors' meeting no. 7/2019, held on August 14, 2019 in replacement of Dr. Sutham Vanichseni who resigned from the position of director since August 1, 2019.
  - \* Mr. Gumpol Tiyarat's term as the Managing Director and Executive Director ended since April 5, 2019.
  - \* Mr. Tseng, Kuo-Chan was appointed in the position of Director by the resolution of the Board of Directors' meeting no. 7/2019, held on August 14, 2019 in replacement of Mr. Sommart Sangkhasap who resigned from the position of director since May 1, 2019.
  - \* Ms. Siriporn Tamenant was appointed in the position of Director, Executive Director by the resolution of the Board of Directors' meeting no. 5/2019, held on June 10, 2019 in replacement of Dr. Sunthorn Sathirathai who resigned from the position of director since March 14, 2018.

## 7. 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 to be used as the framework for examination of the performance of the directors constantly.
- The Board of Directors should set its working standards with criteria and evaluation on its performance in order 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 3 years, and assessment results should be disclosed in the annual report.





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

- The Board of Directors shall set up an evaluation form where the Board and the sub-committees shall conduct a self-evaluation on a group basis 1 time a year by using a reference from the evaluation form of the SET and the Institute of Directors (IOD) as a framework to check and improve the performances of the directors. The name of evaluated directors and the results derived from the evaluation will not be disclosed. The evaluation form of the entire Board consists of 4 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, the 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 from all directors to present a summary of whether each of the topics is appropriate or to be improved.

### 8. Development of the Board and the management

- The Board of Directors encourages and facilitates the directors, executives, Company Secretary and related parties in order to attend coursework training to be 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 to be beneficial to his/her performance, including to organize 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.

In 2019, the Company assigned the Director and/or Executive to attend the training courses as follows

Name	Position	Program	Arranged by	Date
Mr. Chetawan Anuntasomboon	Independent Director/ Audit Committee Member/ Corporate Governance Nomination and Remuneration Committee Member	Ethical Leadership Program (ELP) 17/2019	Thai Institute of Directors	November 7, 2019

### 9. Separation of duties and responsibilities between the Board of Directors and the Management

The Company has clearly defined separate and respective roles, duties and responsibilities of the Company’s Board of Directors and those of the management as follows:

- The Company’s Board of Directors has the role of overall governance and oversight of the Company’s business operations so as to ensure that they are in accordance with all legal requirements as well as the corporate objectives and regulations of the Company as approved by the Board Meeting together with the Company’s policy on corporate governance, where by the Board of Directors need to make decisions with due care, integrity and in an honest manner for the maximum benefit of the shareholders.





- The Executive/Management Group has the duties and responsibilities to undertake normal operating activities of the Company based on policies determined by the Board, so as to achieve the established goals and corporate strategies.

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

In order to show the intention of the Company in doing the business with transparencies, merits and responsibilities towards the stakeholders, considering the society and the environment, the Company's ethical standards are set for the Board of Directors, the management and all the employees to use as the guidelines in practices in conjunction with the Company's rules/regulations as follows.

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

To be in compliance with the above principles, the Board of Directors and the management shall conform with the ethics as follows:

1. The Board of Directors and the management shall perform their duty according to the laws, objectives and regulations of the Company and the resolutions of the shareholder's meeting.
2. The Board of Directors and the management must manage the business for the benefit of the Company, the shareholders, and the employees at present and in the future, as well as to maintain the image of the Company.
3. The Board of Directors and the management must manage the business with integrity for the benefit of the Company, the shareholders and the employees at present and in the future.
4. The Board of Directors must have the important role in the control and decision-making on the policy, including appointing the management to manage daily affairs, and each side has the responsibility on the duty towards 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 operation fully without interfering by non-justifiable cause.
5. The Board of Directors and the management must not have conflict of interest or competition with the Company directly or indirectly.
6. The Board of Directors and the management 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 being a director or a management in a competing company.
  - Not having interest in signing a contract for the Company.
7. The Board of Directors and the management must manage the work carefully, and not to create any binding effect to the Company that may have conflict with their duty later.
8. The Board of Directors and the management must not seek personal interest from their working whether directly or indirectly.
9. The Board of Directors and the management must work on their duty in full capacity for the maximum interest to the Company.
10. The Board of Directors and the management must not be an important operator or shareholder or have a family member as a director or shareholder in the business or any business in the same condition and in competition or do the business with the Company regardless of for self-interest or for others.





11. The Board of Directors and the management must not do any kind of conduct that would deteriorate the Company's interest or grant advantage to the other person or company for self-interest or for others.
12. The Board of Directors and the management must determine to prevent and eliminate corruption of all kinds based on speediness, clarity and definiteness.
13. The Board of Directors and the management must be independent in decision-making and performing, 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 shall optimize to the shareholders and that it is necessary to maintain professionalism, flexibility and independence to maintain those characteristics further. Therefore, the Company has specified the 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 confidentiality to the customers, trade partners and the Company, by caring not to allow any documentation or information held as confidential to the Company to be exposed to the outsiders that may cause damage to the Company.
- 3.2.3 She/he respects in personal rights of other employees by avoiding bringing data or information of other employees concerning the operations and personal matters to be disclosed or commented in the way to cause damage to the employees or overall image of the Company.
- 3.2.4 She/he does not defame or do anything to lead into the internal division or damage to 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's work on the overall.
- 3.2.6 She/he treats the colleagues with politeness, spirit and good human relations, by not concealing necessary data for the operation of the colleagues and being in good cooperation with other people, including giving honor to others by not claiming the work products of others as his own.
- 3.2.7 She/he shall behave and develop himself/herself for self-benefit and the Company by always seeking knowledge and experience to build working ability, adhere to the merits, and abstain from all the vices, and not to behave in a way that may cause bad reputation to oneself and the Company.
- 3.2.8 She/he shall notify the superior or the audit committee if the Company or its management or any employee is found to do something in bad faith or corrupt practice.
- 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 giving/receiving things, entertainment 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 customary tradition at the suitable value. The recipient shall consider if the gift received in the monetary form or things with high value, he/she shall notify the superior and return it.





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

- The Board of Directors should report on the status evaluation and trend of the Company, by 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 to be presented to the shareholders in the annual general meeting (AGM) for approval.
- There shall be an administrative report on analysis in various forms as the Board of Directors may require, in addition to 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 of 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 of Directors 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 to the Audit Committee to ensure efficient and effective performance. The efficiency of the internal control system shall be 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.

The Company sets up teamwork or clearly authorizes 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 to 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 recognizes the shareholders' rights and avoids any action that violates those rights as well as encourages the shareholders to exercise their right for controlling the Company by appointing the Board of Directors to act as their representatives to make decisions on any significant corporate changes.

- The Board of Directors publicly discloses policies to encourage all shareholders, especially institutional ones, to attend the Company's shareholders' meeting.
- The Company provides to the 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 and allow the shareholders to send their questions to the Company prior to the meeting date pursuant to the determined criteria for accepting advance questions. The Company also posts the process for submitting the advance questions on the Company's website.
- The Board of Directors encourages the shareholders to specify their votes and allows the shareholders to appoint at least 1 independent director to be appointed as their alternative proxy.
- The Board of Directors supports the Company to use technology in the shareholders' meeting, including in recording attendee registration, printing ballots and processing voting results for fast, precise and accurate meeting process.
- 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 will be separate voting in each item where there are 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 at the annual general meeting or extraordinary meeting of shareholders. This scrutineer shall be disclosed at the meeting and recorded in the minutes.
- For the sake of transparency and inspection, the Board encourages 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 the Company's website by the next working day the result of voting during the annual general meeting or extraordinary general meetings of shareholders for all resolutions.

## Chapter 7 Equitable treatment of shareholders

The Board of Directors provides convenience at the shareholders' meetings with equal treatment for all, and nothing shall limit the information of the Company and the attendance into the meetings of the shareholders.

- The Company shall release its annual general meeting's notice, with detailed agenda and explanatory circulars from the Board to the Stock Exchange of Thailand and disseminate them through the company's website 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 7 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 shall inform the shareholders of the meeting procedures and voting criteria, including the voting rights attached to each class of shares. If a shareholder who is in a management position shall not add any agenda item which is not being notified 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 pre-determines the criteria on allowing minority shareholders to clearly propose any agenda item in advance of the meeting date, in order to indicate equitable and transparent measure whether or not such proposed item will be added. The Board also establishes procedures for the nomination of director candidates by minority shareholders via the Company's nomination committee 3 to 4 months prior to the meeting date, together with supporting information on the candidates' qualifications and their consent.
- The Board allows the shareholders to vote on individual nominee in election of directors.
- 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. The 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 present in the future, subject to the corporate governance principle where conditions of the transactions will be aligned with 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 to be happened in the future which will remain relatively the same as present. However, the volume may be subject to change based on necessity and suitability to the business of the group of the Company.
- If the Company or its subsidiaries execute a connected transaction with a person who may have a conflict of interest, a stakeholding or a conflict of interest in the future, the Company will have the Audit Committee to 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's or the shareholders' decision-making process, as the case may be. The Company will disclose the connected transactions in notes to the financial statements as audited or reviewed by the Company's auditor.
- The Board establishes written procedures concerning the use and protection of inside information and communicates them to everyone in the Company to follow. 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 the Company's annual report.



## Chapter 8 Role of the stakeholders

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

The roles of the stakeholders of the Company are segregated as follows:

### 8.1 Responsibility for the shareholders

The Company is determined to be a good representative of the shareholders in doing business in order to create highest satisfaction for the shareholders, considering the value growth of the Company in the long term and a good return on investment continuously at suitable levels. It shall carry on business transparently and create confidence of the accounting system. To comply with said principles, the Company embraces these guidelines:

#### 8.1.1 The Company's growth of value in the long term;

- It performs the duty with integrity and fairness to the major and minor shareholders for overall maximization.
- It manages by using the knowledge, ability and skill in full capacity, including carefulness and prudence in the decision-making in any cases.
- It shall 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 any benefit for self-interest and to any involved persons, using any information of the Company not being disclosed to the public.
- It does not disclose any confidential data to 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 Producing quality goods and service with determination to develop the standard of the goods to have higher quality continuously, and revealing the information on the goods and service correctly and completely without distortion of facts and keeps up-to-date.
- 8.2.2 Providing warranty on the goods and service under suitable conditions.
- 8.2.3 Introducing the system for the customers to make complaint on the goods and the service, and operating the best for the customers to receive quick response.
- 8.2.4 Not making excessive profit compared with the quality of the goods or service in the same type or kind, and not specifying any trade conditions that are unfair to the customers.
- 8.2.5 Complying with the terms and conditions provided to the customers strictly, and if it cannot be done, notifying the customers in advance to consider a joint correction.
- 8.2.6 Keeping the confidentiality 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 joint interests with its trade partners in compliance with the laws and rules strict manner and good ethics in the business operations. While the business is in competition, the Company shall adhere to the rules on good competition, and the Company will comply with guidelines and fairness in borrowing money from the creditor and repayment. In order to comply with said principles, the Company has specified practical guidelines as follows:

#### 8.3.1 Relations with the trade partners

- It shall not demand or receive or pay the benefit of any kind in bad faith to or from its trade partners.
- It shall comply with the existing conditions strictly with partners.
- In case of non-compliance 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 with 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, create culture and good atmosphere, including promote teamwork for confidence of the employees and that they can do sustainable work with the Company. The Company specifies the guidelines as follows:

- 8.4.1 The employees to receive fair remuneration in the form of salaries and/or working compensation, including the various fringe benefits.
- 8.4.2 To provide cares for the working condition with safety for the life and property of the employees.
- 8.4.3 To appoint and transfer, including to present rewards and make disciplinary action with equality, honesty and justification based on the knowledge, ability and suitability, including the conduct or performance of the employees.
- 8.4.4 To do priority on development and transfer of knowledge and ability of the employees by giving opportunity to the employees widely and regularly.
- 8.4.5 To listen to the ideas and propositions from the employees at all levels equally and equitably.
- 8.4.6 To comply with the laws and regulations concerning the employees strictly.
- 8.4.7 To manage by avoiding anything unfair, which may have effects on the duty stability of the employees.
- 8.4.8 To treat the employees with politeness and respect equally for everyone.
- 8.4.9 To encourage the employees to 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 prepare the corporate information carefully, clearly, and compactly, using simplified language with transparency and shall regularly disclose important information on both positive and negative sides which carefully not to cause users misunderstanding and confusion of factual information. The Company shall pay more concentration on contents rather than format and shall specify important information or relevant assumption in completion.
- The Company shall provide an investor relations unit to publicize/communicate informative data that is beneficial to the shareholders, the investors, the securities analysts and the involved persons to obtain 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 of the SET, annual statements (Form 56-1), and annual reports, the Board shall disclose information, both in Thai and English, via the Company's website. All disclosed information will be up-to-date with the minimum information as follows:
  - Objectives of the Company.
  - Financial status and operation results of the Company (the current and the previous 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 encourages the company to make a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to help investors better understanding of changes in the Company's financial status and performance in each quarter, not to be presented only with the figures in financial reports.
  - It should disclose in the annual report on the number of times that each of the directors and/or the sub-committees attending the meetings, compared with the number of times of the Board meetings and/or the sub-committees in each year, including the ongoing professional education or training of its directors, which 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, Nomination and Remuneration Committee when necessary. and the performance report must be reviewed 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. Moreover, in each year the Company will arrange the seminar to provide knowledges to the Company's personnels about the policy of social responsibility and the environment.

The Company and its subsidiaries are responsible for pursuing business on the basis of policies and plans adopted within the framework of social responsibility and are also responsible for strengthening our knowledge and understanding within the responsible context through the monitoring and the reporting. As a result, the Company has come up with the following practices with a view to pursue a sustainable business development:

- 10.1 By using a benefit from natural resources, the Company will consider the option with minimum impact on the society, environment and life quality of the people.
- 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 The Company regards 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 to support education to the youth and public activities that benefit the deprived communities to be stronger, self-reliant, and to be 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 the Company has put in place appropriate policy, practices and requirements to prevent corruption possibly incurred from the 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 the operation and for sustainable corporate development. Moreover, in each year, the Company will arrange a seminar to provide knowledges to the Company's personnel about the policy of the anti-corruption.

### **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 on the importance of this practice and thereby to 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 or wrongdoings committed by the directors, executives and employees
- Unusual items in financial statements or defected internal control system
- Matters that could jeopardize the Company's interests or reputation

##### Channels of Grievance

Company's website: [www.jck.international](http://www.jck.international)

Email: [cs@jck.international](mailto:cs@jck.international)

Address: JCK International Public Company Limited

18, Soi Sathorn 11, Yaek 9, TFD Building, Yannawa Sub- district,  
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 level and above will be authorized to access the database.
- It's the duty and responsibility of supervisors and heads of the person whose action is reported to protect whistle-blowers, witnesses and collaborators from being exposed to danger, threat or injustice resulted from such reporting, from being the witness or from confiding the information.

## Significant Company's Policies

### 1. Policy on Human Rights and Human Resources Management

#### (1) Human Rights

The Company respects rights of employees and other interested persons without prejudicing to treat them on their own attitude, point of views, ethnics, skin tones, religions, genders, sexual favors, nationalities, ages, handicapped or any status that is deemed as the rights of human. The Company shall implement and apply reasonable human right's standards to every business transaction and shall concentrate on eliminating unfairness, selective treatment, threats and all other violation of rights. The Company shall not hire any illegal young labors, forced labors or slaves or forced overtime labors. The Company shall not hire any person of age lower than 16 years old, and underage labors shall not be absolutely hired, except for the case of compliance in legal and requirements on ages, hiring hours, remuneration payment, health and safety.

#### (2) Human Resources Management

The Company considers all employees as core resources that bring success, progress and sustainable growth to the Company through their teamwork and dedication. The Company aims to elevate the employees' capabilities to excel their performance by developing them in knowledge management and working culture and to providing them with sufficient and modern tools and equipment and competitive remuneration and welfare as those in the same business nature. The Company shall also create good working condition and environment and safety. The employees will work with integrity, concentration, dedication and compliance with the Company's interests being upheld. The management shall be responsible to manage human resources for utmost efficiency, performance and interest.

**Factors of the policy to be used as guidelines are as follows;**

#### (2.1) The policy and guidelines in relation to human resource recruitment

- (2.1.1) The Company has a policy to promote progress of work for employees in all respect by which any vacancy of work position in the Company or its affiliate shall be initially recruited internally.
- (2.1.2) The Company will not support any utilization of human resources on unnecessary basis. Therefore, any new recruitment shall be in compliance with the manpower plan both in quantity and quality as approved by the approving authority only.





(2.1.3) In recruiting personnel, the working unit and the responsible person shall consider

- a long-term necessity for the Company relating to skills, consciousness, attitude and behavior of personnel to be filled in any vacancy.
- a possibility and difficulty in developing personnel to fill into the position as required by the Company in long term considering from a knowledge basis and potentiality of that personnel to fill into.
- The recruitment process shall be fair and transparent in every step.

(2.1.4) In recruiting personnel with qualification to match suitably with the manpower plan required by the Company, the working unit and the responsible person shall do as follows.

- For the Company's employees, there shall be a process to monitor and study work performance assessment in a proper system and proximity by regularly consulting with the head of unit.
- For the new recruitment, there shall be a long term and proper advance preparation.

## **(2.2) The policy and guidelines on the progress of work of the employees**

(2.2.1) The Company has a policy to promote the employees for their success, progress and growth along with the Company.

(2.2.2) In obtaining a professional progress, the employees shall be responsible for their self-development with the support from the superior in providing information and suitable and possible guidance on the basis of the Company's need.

(2.2.3) The Company shall implement activities that support the employees' progress such as promotion, relocation, conference and training, special assignment and succession plan for instance.

## **(2.3) The policy and guidelines on the employees' remuneration**

(2.3.1) The Company shall provide to the employees a remuneration payment system together with other benefits related to the employees' working on a fair and motivating basis comparable to those of leading group of business of the same class and other related businesses. The working unit and the management being responsible for the remuneration administration shall make a frequent survey in the market place as necessary.

(2.3.2) In administration of the remuneration system, the financial capability and performance of the Company and the employees' capability and their performance shall be brought into consideration.

(2.3.3) The Company expects that the employees will be aware for their plans on quality of life. The Company, therefore, supports on the saving of the employees when they retire by setting up a provident fund for such purpose and the Company has contributed a portion.

(2.3.4) The Company provides welfares for the employees as deems necessary and appropriate in order to be as a support and security to the employees as much as possible. The Company expects that the employees will pay attention to and plan for their life for good health of their own and their families.

## **(2.4) The policy and guidelines on the employees' development**

(2.4.1) The Company intends the employees to have working capability and skills to be as those of a leading group of business of the same class and similar. The Company will, therefore, promote and support the employees' development in every aspect regularly in order to achieve said goal.

(2.4.2) Every employees and superiors in any level shall realize the essence of attending the seminar and the training, and the employees shall attend the seminar and training as specified by the Company.





(2.4.3) The Company requires the employees to have willingness and strive for increasing their knowledge and skills regularly for sake of their own development.

#### **(2.5) The policy and guidelines on work performance evaluation**

The Company has an intention and a clear policy to provide a work performance evaluation system for the employees on an ethical and fair basis in order to maximize motivation of the employees' working performance.

#### **(2.6) The policy and guidelines on discipline and complaint**

- (2.6.1) It is a duty and responsibility of all superiors to supervise and control the employees under his/her supervision to strictly comply with the discipline in order to prevent any fault or serious mistake to their work, other employees or to the Company.
- (2.6.2) The employee who commits disciplinary fault shall be subject to disciplinary actions as appropriate in order to prevent a reoccurrence or more serious fault. Said disciplinary action shall be taken without malice, slander or unfair treatment.
- (2.6.3) A violation in discipline, even it is the same mistake, may generate a different penalty if that mistake is a reoccurrence or committed by willingness or create impact or likely to materially affect the Company in a different way.
- (2.6.4) The employee shall act in compliance with the behavior standards as regulated by the Company. Any employee who is non-compliant shall be warned by the superior or subject to disciplinary actions pursuant to the Company's policy and working regulations or guidelines as specified.

#### **(2.7) The policy and guidelines on the termination of employment**

- (2.7.1) The employment status of an employee shall be terminated when
  - decease
  - resign approval
  - resign approval before retirement
  - disqualified or prohibited as specified
  - retire
  - terminate of employment
- (2.7.2) For the termination of employment, it is a duty of the line superior to inform the employee under his/her report on the cause and the background for said termination of employment.
- (2.7.3) The Company shall consider any benefits to be derived by the employee when his/her employment is terminated in conformity with the laws, regulations and policies pursuant to the cause of said termination.
- (2.7.4) In order for the Company to be in competitiveness with other business, the Company may abolish or terminate any position that is deemed unnecessary or the employment of that position which is not performing.





## **2. Policy on Accounting and Financial Reporting**

### **(1) Accuracy of the Company's Records**

The record of the Company's businesses is essential for accounting and financial reporting which has to be accurate, timing, reasonable and reliable for submission to the management, shareholders, investors, governmental agencies and other related person. Therefore, it is important that all levels of personnel must strictly comply with accounting and financial control procedures, regulations and internal control system as well as accounting and financial requirements of the Company as follows.

- (1.1) All business transaction of the Company must be recorded accurately and inspected without limitation or exception in any respect.
- (1.2) Any accounting records and business records must be true without distortion or false statement regardless to whatever purpose.
- (1.3) Every level of employees shall conduct business transaction to be consistent and conformed with regulations and requirements of the Company with a complete supporting documentation for all entries to the Company's business records. A sufficient and suitable information shall be timely supplied to a recording personnel who has a duty to record, prepare and assess the accounting and financial reports in order that he/she shall be able to record and prepare all types of the accounting and financial record of the Company into the accounting system with accurate and complete details.

### **(2) Accounting and Financial Reporting**

The personnel who has a duty to record, prepare, assess and maintain information and/or all types of accounting and financial records of the Company shall always realize that the Company pays high respect with accuracy of all records for accounting and financial reports preparation by using appropriate accounting policy and regularly conducting and complying with generally accepted accounting principles and disclosing sufficient important information and in accordance with the Company's accounting and financial requirement that

- (2.1) All employees shall not distort information or make false statements whether or not they are business information relating to accounting or financial or information on operation.
- (2.2) All employees shall realize that the accuracy of accounting and financial reports are joint responsibility of the Company's Board of Directors, management and the personnel who is responsible in accounting and finance.
- (2.3) All employees who are involved shall be responsible in preparing and/or providing the business information records.

### **(3) Legal Compliance**

- (3.1) The personnel in all levels shall comply with regulations and related legal requirements in order to ensure that accounting and financial records of the Company are accurate and complete as well as the performance in their other responsibilities.
- (3.2) The personnel in all levels shall abide with honesty, without prejudices, and with integrity in keeping records. Said integrity means to include non-involvement in any illegal or unethical activity.
- (3.3) The Company absolutely prohibits to record false statements or an intention to create misunderstanding records.







### **3. Policy on Internal Control**

#### **(1) Objectives 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 have provided for reasonable assurance 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, reliable and in-time presentable.
- The implementation and compliance requirements shall be performed strictly under the rules, regulations and the laws of securities and the Stock of Exchange of Thailand, or the laws relating to business of the Company.

#### **(2) Importance of the internal control system**

The internal control system is the important mechanism that provides reasonable assurance to the management;

- To reduce business risks;
- To do business effectively with suitable allocation of the resources and to achieve the established goals;
- To prevent missing, damaging or losing of assets from any corrupt practice;
- To assure the accuracy and reliability of the financial reporting;
- To support the personnel to adhere to the laws and rules involved;
- To provide protection on the investment of the shareholders.

The internal control is the main factor behind the success of all business either in government or private sectors. No matter what the business classification is, the management, as the leader, must perform their duties not only to properly set up various elements and environment of internal control within their units, it should also:

- Create mind-set and encouragement to subordinates of all levels to realize the importance of constant and continuous coordination and adherence to the measures and mechanisms of the internal control system set up by the management to achieve the established objectives.
- Regularly monitor and evaluate the result 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 be protective from loss, waste or the operation will be accomplished and become effective. 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**

The Company emphasizes that its management must be aware of the importance of internal control which is adequately 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) 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 and by specifying the policy concerning to the internal control system, risk management, and monitoring of the evaluation constantly 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 complied 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 communication.
  - The business has good system on monitoring and evaluation.
- (3.2) The management has the duty and responsibility to fulfill the policy which the board of directors has delegated, so the Company determining the management to treat the internal control as important. The management has the 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 to have discipline and good conscience on the internal control.
  - The middle management shall provide the internal control to their works with the responsibility to evaluate the efficiency of the internal control, adjust the system to be concise and review on its compliance.
- (3.3) The employees of all levels must perform their duties in compliance with all laws, regulations, rules, announcement, policies, plans, measures, and the internal control system the management has established by focusing on the importance and conducting their duties consistently and regularly to ensure 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.
- (3.4) For the internal control framework, the internal auditor has duties and responsibilities in evaluation of the internal control, and examination of the operating system, periodically and regularly in order to assure that various control measures are suitable with all significant situation, circumstance and incidence of risk. The internal auditor shall recommend the senior and middle managements in order to provide the efficient internal control measures for the company's business units, which shall become as a policy that the internal auditor shall be independent in conducting appropriate examination as he/she deems suitable in accordance with the professional standards of internal audit.
- The internal auditor has the right to request for checking the assets and activities, including the books, accounting, supplementary documents on the records and 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.

In this regard, the personnel of all levels must provide full cooperation and to provide the completion of information 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.





#### 4. Policy on Risk Management

In the conduct of business, the Company has 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 has to adjust itself to face with economic dynamism that could affect the Company's business direction, strategy, decision-making and its operation. As a result, to minimize business volatility, the Company has adopted an integrated 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 to be used as the direction in order to significantly achieve its goals and targets.

Aside from these risks, there could be other risks that the Company is not aware of or cannot yet identify at the moment. In addition, certain risks that it believes having no material effect at the moment may become significant in the future. The stakeholders should, as a result, 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 determined how it should be managed at an appropriate and sufficient level.
- (2) The Company shall promote and support risk management to be as an important tool to manage the Company. The risk management system shall be a 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 directive 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 create 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 assessed whenever there is a 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 ever work units to acknowledge and conform. Besides, a risk management report has been prepared and submitted to the Board for refinement of the Company's risk management plan.





## **5. Policy on Conflicts of Interest**

### **(1) Policy on conflicts of interest**

The policy of the Company related to conflicts of interest is based on the principle that any decision-making of the personnel at all levels for business activities must be for the best interest of the Company. Said decision shall be made free from influence of personal gains, including those for family tie or close associates that may affect the decision-making to decide which the best interest of the Company is. Especially for all personnel to work full time for the Company in full capability, they should not have interest in other business outside the Company which may lead to take the working time off or detract dedication to the duty or responsibility for the Company, and may cause damage to it.

The conflicts of interest will happen when the personnel of all levels, or their family ties or close associates gain the personal interest, whether on financial or any other matter in activities which may receive interests from the decision-making of that person in performance of his/her duty to the Company or access to its activity or future plans.

The Company deems to be the duty of personnel of all levels to avoid having involvement in finance and/or relation with the outsiders, which may result 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 at the same time to have a minimum limit on the scope of freedom in various activities of the personnel of all levels.

### **(2) Examples of the situations on conflicts of interest**

The personnel of all levels should take the following circumstances as guidelines for their self-interest and consider them as important matters for working. Disclosure and consultation in steps will help solving problems or leading into further appropriate solutions. If any doubt exists, employees are to seek guidance from their management or to comply with the conditions of any whistle blowing or claims.

#### **(2.1) General investment**

The general rule of this matter is that the personnel of all levels, their family members or close associates must not hold the shares or receive any interest from the competing 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 is 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 arise if the personnel at the level, their family members or close associates are the suppliers of goods or service to the Company as a trade partner/seller and if that person can lead or have influence to said operations, although no duty involved in the business operations of the Company with that business dealing.

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 that person participates in the decision-making dealing with the business related with that enterprise, it 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 involved with the family member.

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

#### (2.3) Entertainment and gifts

The personnel of all levels should not accept any entertainment, gifts, passenger tickets, sports tickets and other tickets or any offers for recreation or entertainment or offers that are personal matters involving their duty in the Company, 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 task as a lecturer or public service or any positions

The management and employees can participate in outside activities with appropriate reasons. In several cases, the Company encourages its personnel to participate in external activities as it deems those activities may expand the perspective and experience to its personnel, which may help to improve the job of these personnel to the Company. The personnel who accept the jobs in professional institutions as lecturers, public service or offices such as a director, consultant, etc. must ask for approval from the Managing Director before taking acceptance of the job or title. The employees who have received approval should always realize that they 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 any committee of the Company or an agent in the management of a project or a director in a joint venture or subsidiary of the Company, this shall not be regarded as a conflict of interest.

### (3) Definitions

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

"Close associates" means the person with involvement with the personnel of all levels in any relations closely.

## 6. Policy on Confidentiality

### (1) Protection of Company's Confidentiality

(1.1) Directors, management personnel and employees of the Company will sometimes have to deal with data and documentation that will not be disclosed to third parties and/or is classified as a trade secret. The protection on the kind of data is vital to the Company's success in the future as well as to the security of everyone at work.

(1.2) Personnel in directorship, management and staffs have a duty to accept legal obligations and ethical standards not to disclose any data and documentation that are classified as confidential or trade secret for duration of two years after their employment is exited.





- (1.3) Every personnel are required to understand data protection procedures that are developed to protect data that is confidential and to prevent the confidential data to be disclosed without intention.

## **(2) The Type of Confidential Data**

- (2.1) A trade secret is internal confidential data of the Company which shall be protected and not to be disclosed to public. Sensitivity of those confidential data can be segregated into several types from minimum to maximum, for example a type of information designated as “Disclosable”, “Classified”, “Confidential”, and “Strict Confidential”.
- (2.2) The mutual use of internal data shall be in a measure that is assigned to his/her duty and responsibility only.

## **(3) Measures for Data Release to Public**

- (3.1) Any data that will be released to public shall be approved by Managing Director by which the Managing Director will release it by himself or assign someone to release or answer.
- (3.2) Data relating to other co-investors shall be approved by the co-investors.
- (3.3) A central office that will release data to public is Office of the Managing Director and Office of Investor Relations and an internal office will act for correspondence to staffs.
- (3.4) The office holding the data will provide fact sheet and coordinate with Managing Director, the Office of Managing Director and the Office of Investor Relations before public release.

## **(4) Public Release**

There shall not be any public release or opinion to public. In case any third party asks a question, the personnel shall ask himself/herself if he/she has a duty to provide the answer. If it is not the duty, the refusal shall be politely presented and advised to further contact the Office of Investor Relations.

## **7. Policy on Security Trading**

- (1) The Board of Directors and designated management, which include their spouse and children who have not reached legal age, have a duty to report the holding of their security in accordance with regulations issued by the Stock Exchange of Thailand (SET) and the Stock Exchange Commission (SEC) in which the Company rules that the directors and high-level management personnel shall report their security trading to the Commission at least 1 day prior to the trading date.

- (2) Insider Trading

As a listed company in the Stock Exchange of Thailand (SET), the Company shall conduct any measure equally and fairly to all shareholders. In order to prevent any illegal act by all levels of personnel of the Company as well as their family members who receive or likely to receive any insider information that has not yet revealed to public, the Company therefore prohibits those persons to buy or sell shares of the Company, or invite other persons to buy or sell or propose to buy or sell shares of the Company whether by themselves or through any broker while those information is still under their custody without public release. The Company and the Stock Exchange of Thailand (SET) hold that the transaction for such stock buying or selling is speculation or creation for advantages to any group.





(3) Preventive Measures

To ensure compliance with applicable policies, the Company shall implement the following.

- (3.1) Limit accessibility to non-disclosed information to public and allow for only related and necessary persons to access.
- (3.2) Set-up a security system in working places to protect information files and classified documentation.
- (3.3) Retain the owner of non-disclosed information to public to control the personnel related to those informations to be in compliant with the strict preventive measures.

(4) Penalty for Insider Trading

A violator of the policy will be resulted in disciplinary action and/or legal action as the case may be.

## 8. Policy on Information Technology and Telecommunication

The Company's information technology is essential to support the Company's business. The use of information technology and telecommunication is joint responsibility of all personnel to use it in an appropriate manner consistent with the Company's business policy and this policy.

(1) Security Protection of Information Technology

The Company has arranged information and information technology which are essential for the personnel to utilize in the Company's business. Every personnel has a duty to protect and oversee those information and information system of the Company that are in their custody not to be utilized by outsiders without permission.

(2) Utilization of Information Technology

Process control systems and computer devices are set to support the Company's business operations only. The employees shall not use the same for privately use or illegal acts. The Company reserves the right to suspend or inspect computer systems or other related equipment belongs to the Company if it appears a doubt in any conduct that may lead to any damage of the Company or other person. In order to utilize any process control system of the Company in a proper manner and not violate any other person's rights, all working units shall use the system and computer software that are procured rightly and in consistent with the Company's standards only.

(2.1) Internet Usage

- The access right to internet from the Company's information system is rightfulness to the Company in order to assign any person to use or not to use or to control the usage of internet from the Company's information system for the Company's utmost benefit.
- The employees shall avoid using any inappropriate internet sites or that of poor ethics and shall not disseminate contents from those internet sites to others. The Company reserves the right to close accessibility to those inappropriate internet sites and follow the employees' internet usage.
- Internet activities are deemed as public usage. The users shall consider the use with carefulness. Sending internet mails for any classified business information shall be properly conducted in consistent with the Company's standards.





#### (2.2) Electronic mail (e-mail) Usage

- The Company has provided electronic mail (e-mail) system for the Company's employees in all levels to use in communication for its business. Personal usage may be conducted as necessary but not for personal business purpose. The users shall contribute careful consideration in using the e-mail system that may affect to the Company's image or cause damage to the Company or violate the rights of or cause nuisance to others or is illegal or break morale.
- Sending e-mail through other person's name without permission is subject to disciplinary action.
- The Company reserves the right to examine contents in e-mails by personnel assigned by the Company in case where there is a doubt in any conduct that may cause damage to the Company or the others.

#### (2.3) Accessibility

Only the assigned personnel shall be able to access to information or programs whether they are in the form of computer files or other forms. An attempt to violate the rights or other actions is subject to disciplinary action.

#### (2.4) Telecommunications Usage

The Company has provided telecommunications system for the Company's employees in all levels to use in communication for its business. Personal usage may be conducted as necessary but not for personal business purpose. The users shall contribute careful consideration and ethics in using telecommunication devices that may limit the rights of or cause nuisance to others and shall consider business interests to the Company.

#### (2.5) Individual Rights

- The employees shall tribute ethical manner in using process control system and computer devices in the Company's network without violating rights of the others.
- The use of computer or other equipment in relation to the service of information technology or telecommunication devices are joint responsibility of personnel at all levels in order to use them in appropriate manners and reliable pursuant to the Company's business standards and in consistent with the policy and business conducts of the Company.

### **9. Policy on Non-infringement of Intellectual Property**

The Company does not support any conduct that is infringement of intellectual property or copyright which demonstrates the Company's intention to undertake business with fairness with following procedures.

- Any products resulted from working performance is fallen into the Company's intellectual property.
- Any products or information of a third party derived by or to be used within the Company shall be examined to ensure that it will not infringe intellectual property or copyright of the others.







- There shall be examination on procurement of computer systems up to installation to use and prepare software database or other computer programs currently used in the organization in order to ensure that all conducts are consistent with the law concerning computer offence B.E. 2560.

## **10. Policy concerning Quality, Safety, Health and Environment**

The Company undertakes real estate development business both industrial and residential sector with specially focus on quality, safety, health and environment. The Company commits to do every step to reduce and protect impacts on the quality, safety, health, environment and any operation of the Company to stakeholders, all of which will lead to customers' satisfaction, safety in lives and assets of workforce and public and creation of good social environment. To achieve the aforesaid, the Company has set operational outlines as follows.

- (1) The management and all employees shall implement quality assurance, safety, health and environment as a part of their work in order to generate efficiency, proficiency and highest working value.
- (2) The management and all employees will adopt and strictly comply with the laws, policies, regulations and standards on quality, safety, health and environment.
- (3) The Company will control and prevent any losses that may incur in any form due to accident, incident, injury or sickness from work, property loss or damage, violation on safety system, incorrect operation process and other mistakes, and protect working environment for safety to workforce. It is a duty and responsibility of management and workforce to report accidents and incidents in conformity with the specified measures.
- (4) The Company will provide public relation and communication to create understanding and disseminate related information on policy, regulations, procedures and other warning notices on quality assurance, safety, health and environment to workforce, employees of contractors and related stakeholders for their proper compliance in order to prevent harm to health, assets and environment.
- (5) The Company will promote and provide awareness on quality assurance, safety, health and environment to be normal way of life of the workforce.
- (6) The Company will seriously and continuously participate in social responsibility on quality assurance, safety, health and environment by realizing the importance of environment and safety for related stakeholders as well as in promoting social activities in protecting environment and develop quality of lives in community pursuant to sustainable development.

## **11. Policy on Procurement**

### **(1) Policy on Supplies Procurement**

To implement the Company's supplies procurement in expedite, correct, save and reliable measures, the Company has therefore defined procedures in procurement of supplies to be in place with efficient process and standards consisting with the change in knowledge and business technology at all times. The following are policies specified to monitor work performance in every step and to clarify working procedures for the workforce to correct implementation.





- (1.1) The supplies shall be procured with utmost benefit to the Company by being alert that requesting units need to obtain supplies right to their purpose without any environmental effect by considering policies on quality, safety, health and environment of the Company.
- (1.2) The Company does not intend to take advantage from vendors, hence, the consideration in relation to procurement of supplies shall be taken not only for interests and damage which may be incurred to assets of the Company but interest and damage to be incurred to reputation and image of the Company to third parties shall also be taken into account.
- (1.3) The procurement of supplies shall be opportunity reasonably open to all competitive vendors for interest of the Company based on the accuracy, fairness and validly sound collectively.
- (1.4) The Company's regulations, policies and orders shall be followed in strict at all times.
- (1.5) Advance planning for supplies procurement shall be implemented to avoid urgent procurement without reasonable.
- (1.6) Procurement for supplies and services from Thai nationals shall be encouraged.
- (1.7) Supplies procurement shall be systemized and complied with knowledge on tidy control and shall be promptly adjustable in consistent with changes in knowledge and business technology.

## **(2) Procedures**

The Company has a procurement policy under audit control pursuant to regulations specified by the Company for protection of the Company's interest with consideration on integrity, reasonable economy and fair treatment to vendors. The following are procedures to be used as outlines for implementation.

### **(2.1) The procurement for supplies**

- (2.1.1) The personnel shall do procurement with an important principle that is to obtain supplies/services with quality as demanded by users in timely manner and reasonable prices under clear, transparent and fair processes.
- (2.1.2) The personnel will provide accurate, clear and complete information to vendors with openly procedures and provide equal opportunity to the vendors.
- (2.1.3) The personnel will listen to any opinion or suggestion from the vendors in order to improve or correct problems at work.
- (2.1.4) The personnel will keep any information derived from each of bidders or co-bidders confidential and not to disclose any prices or technical information derived from one vendor to other vendors for own benefit.
- (2.1.5) An invitation to enter bid shall be for a purpose of fair competition to all bidders.
- (2.1.6) Not to seek opportunity for gains from the vendors' mistake in proposal or their requirement.
- (2.1.7) The procuring management shall use due consideration in providing consultation and suggestion to the procuring personnel and listen to their opinion.
- (2.1.8) The procuring management will control and oversee procuring conducts for strict and standardized conformance. Failure to do so will result in further investigation and disciplinary action.





## **(2.2) Negotiation**

(2.2.1) Negotiation is based on business relationship in contemplation to appropriateness between interest of the Company and fairness to the vendors. of the Company and fairness to the vendors.

(2.2.2) Negotiation will be done openly and documented and verified by the authorized person and/or the stakeholders.

## **(2.3) Relationship with Vendors**

(2.3.1) The relationship will be laid upon the vendors as appropriate in business and with fairness.

(2.3.2) No demand to or acceptance from vendors of any assets or interests, whether directly or indirectly, to gain benefits between each other is allowed.

## **12. Policy on Business Conduct with Responsibility to Social and Environment**

By vision to be a company with responsibility on social and environment, the Company has established a working committee to develop a system for managing good environment at every section. A strategy on social responsibility is firmly created and covered in management of every project with highest efficiency. This includes improving working processes, procedures and measures to look after environment as well as to support in studying impacts to environment prior to commence any project of the Company. The operation section is allowed to directly report to Committee of Good Corporate Governance, Selection and Remuneration as deemed necessary. An annual report will be done at least once a year to review business conduct on the social responsibility perspective, risk assessment, opportunity that may affect sustainable growth as well as the guidelines and plans to reflect social responsibility strategically. The Company and its subsidiaries are responsible to undertake process in accordance with policies and guidelines on the context of social responsibility as well as to enhance knowledge and understanding in that context and to monitor and report the results for sustainable development. The Company has therefore specified the guidelines as follows.

### **(1) Business Conduct**

JCK International Public Company Limited conducts real estate businesses which can be divided into 6 categories from its core revenue businesses as follows,

1. Industrial estates
2. Sell and lease of land, ready-made standard factories, warehouses and management
3. Service business on lease of office space and asset management on real property
4. Contractor on building, design and construction control

The Company management is to conduct the businesses with standards of ethics and good corporate governance with open, transparent, just and verifiable together with mindfulness to social and environment. The Company opines that every organization should participate a part to assist and develop social and environment simultaneously with the growth target of business by developing mutual interests between the business and the social to support each other for growth. The Company has therefore arranged activities on Corporate Social Responsibility (CSR) to increase the social and environment into its businesses which will lead to its competitiveness, creation of reliability and acceptance of its businesses into society.





## **(2) Report on Sustainable Growth**

The Report on Sustainable Growth of JCK International Public Company Limited made annually during the period of the 1st of January to the 31st of December each year with contents covering the Company's policies and procedures on economic, social and environment. The annual report (Form 59-2) is made for a purpose of informing stakeholders on a strong intention of the Company in the social responsibility and business performance that is consistent with the Company's operation.

For specifying the material contents in the report, the Company has started to make it by a study, survey and analyze in order to develop businesses and corporate image to the public. Subsequently, the Company has prioritized essentiality starting from the "customers" in the first place as they will be affected both directly and indirectly from business undertakings of the Company. The "workforce" of the Company is the second priority because the Company holds the workforce as a vital moving force for the Company to deliver the qualified products and services with social responsibility, and it shall be pursued to other group of the stakeholders such as the shareholders, the vendors, the people and the community for instance.

## **13. Policy on Anti-Corruption**

Directors, executives and employees of the Company, subsidiaries and associates shall not execute or support any corruption no matter the case is, and shall strictly comply with the Anti-Corruption Policy. The Company shall provide the internal control to prevent and suppress any disloyalty or corruption within the organization, which covering all related business sectors and departments, as well as to review the principles and regulations of the Company to be in compliance with the change of business, rules, regulations and principles of the laws.

### **(1) Roles and Responsibilities**

- (1.1) The Board of Directors has roles and responsibilities to adopt the policies and systems that could effectively support the anti-corruption practices, in order to make sure that the management is aware and giving priority to the importance of this practice and thereby promote it as a corporate culture.
- (1.2) 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 concise, sound, sophisticated and effective.
- (1.3) 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 system and other measures to reflect business, order, legal and regulatory changes.
- (1.4) 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 which shall be directly reported to the Audit Committee.





## **(2) Practices**

- (2.1) Directors, executives and employees at all levels shall comply with the Company's anti-corruption policy where they shall neither directly nor indirectly be involved in corruption.
- (2.2) 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, the employees should consult with supervisors or persons designated to be responsible for such policy compliance through available channels.
- (2.3) The Company will protect and fairly treat the employees who report or refuse to be involved in corruption in relation to the Company through measures designed to protect whistleblowers of corruption.
- (2.4) 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.
- (2.5) 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.
- (2.6) The Company commits to promote and nurture the corporate culture that corruption is unacceptable when conducting transactions with either the public or private sectors.

## **(3) Rule for the operation**

- (3.1) The political neutrality and political support
  - The Company is neutral in politic, which support and abide by the democratic administration. The Company does not have any policy to support any political institution neither directly nor indirectly.
  - Directors, executives and employees have the rights and political freedom under the law, but shall not conduct in any manner that causes the Company to lose neutrality or to be damaged from the political involvement.
  - Directors, executives and employees shall abstain from operating any political activity in the Company, including using the Company's resources for such operation.

### **(3.2) The donation for charity or capital support**

The Company will support the communities and social in order to promote the quality of life, economy and strength, via the business procedures or via the donation for charity, which shall be used only for the public charity. Moreover, the capital support of the Company shall not be used as the excuse of corruption, and shall be supported with clear documentary evidence in accordance with the Company's regulation.

### **(3.3) Gifts, Meals, Travelling, Event Hosting and Entertainment**

In practice, it is understood that to providing gifts, meals, event hosting and entertainment to the customers, suppliers and business partners with reasonableness and suitability will benefit to the goodwill of the Company and help strengthen business relations, which in some business cultures a small gift is something to be expected.





Nevertheless, the Company prohibits providing the gifts or services which are overabundant or improper. The providing of business hospitality, travelling, gifts, meals, and entertainment have to be suitable with the opportunity and be complying with the laws, policies and regulations of the Company. For instance, even if it would be suitable and acceptable to provide the travelling expenses to the customers who have a company visit or to provide another facilities under the legitimate business purpose, such operating must be done with considerably carefulness, and the time of the visit have to be on the time that is necessary for such business purpose, as well as the travelling expenses must be reasonable and also be the actual expenses which related to the travel, while any expenses that not related such as the extent distance, shopping and other services shall be paid by the customers themselves.

In addition, actual expenses incurred and activities which are considered to be one part of the hospitality, travelling, gifts, entertainment and meals must be transparent, which means they must have the bookkeeping of the expenses and the activities must specify the related person, the business purpose, the activities in details and the amount of money that were expensed.

#### **14 Policy on dividends payment**

The Company and subsidiaries will pay no fewer than 60percent of net profit in a relevant year based on a separated financial statement as a dividend if there is enough profit to do so unless the Board of Directors and shareholders find it is reasonable and necessary to suspend the dividend payment or to pay less than the stated rate. In addition, the Board of Directors may consider paying an interim dividend from time to time as appropriate.

In addition, according to the Company's Articles of Association, the dividends payment of the Company shall be as follows;

- 1) No dividends may be distributed out of any funds other than profits. The Company may not make any payment of dividends if there is still any accumulated loss.
- 2) Dividends shall be divided by the number of shares and in equal portions for all shares. Payment of dividends must receive the approval of the meeting of shareholders.
- 3) Payment of dividends shall be made within one month from the date the resolution is passed by the meeting of shareholders or the board of directors, as the case may be. Written notice shall also be sent to shareholders and the publications of such payment of dividends shall be made in newspaper (s) as well.
- 4) In the case where the Company still cannot sell its shares up to number registered or the Company has registered an increase of capital, the Company may pay dividend in full or in part by issuing new ordinary shares to the shareholders, with approval of the meeting of shareholders.
- 5) The Company must allocate no less than 5 percent of its annual net profit deducted by accumulated loss brought forward (if any) as its reserves until the reserves reach no less than 10 percent of its registered capital.





## 15. Policy on the governance of operation and management of subsidiaries and associates

- (1) The Company will nominate a specified number of Company representatives to serve as directors of the subsidiaries and associates reflecting the shareholding proportion of the Company in the respective subsidiaries and associates. Such nomination of directors shall be considered and approved by the board of directors' meeting.
- (2) The scope of duties and responsibilities of the directors of subsidiaries and associates are as follows:
  - (2.1) To perform their duties in compliance with laws, objectives and the Company's articles of association, as well as the resolution of the board of directors and the resolution of shareholders' meeting with duty of loyalty, duty of care, accountability and ethics.
  - (2.2) To follow up and provide necessary opinion for the operation of subsidiaries and associates to be in accordance with the agreements and related rules and regulation.
  - (2.3) To continuously monitor the operations of subsidiaries and associates, as well as providing necessary recommendations to ensure that the operations of subsidiaries and associates are in accordance with the specified target. Such directors are able to promptly and appropriately deal with any obstacles which may occur.
  - (2.4) To consider, monitor and provide any necessary recommendations for subsidiaries and associates to have internal controls systems and/or working systems for efficiency and effectiveness of business operation.
  - (2.5) Where necessary to review and improve the policies and business plans relating to the business operation of subsidiaries and associates in order to remain up-to-date and appropriate regularly.
  - (2.6) The boards of directors of the subsidiaries and associates may assign one or more director or any other persons to act on behalf of such board of directors. Such authorization shall not constitute authorization or sub-authorization in a manner which causes the directors, or the person with the authority to approve a transaction in which they have a conflict, interest, or a conflict of interest in any other manner, to be made with the Company and/or subsidiaries and/or associates.
- (3) The Company shall set up necessary plans to ensure that subsidiaries and associates shall disclose information relating to the operation and financial status, including information which is required to be disclosed to related authorities and governmental authorities, external investors and the public, and which is accurate, complete and reliable.
- (4) When it becomes necessary for subsidiaries or associates to enter into any related party transactions or transactions which may have a conflict of interest, the Company shall monitor and ensure that subsidiaries and associates fairly and transparently enter into such transactions. The Company shall strictly comply with the rules regarding related transactions and acquisitions or disposal of assets which are regulated by related regulators.
- (5) The Company shall monitor and proceed with necessary actions, to ensure that subsidiaries and associates have the sufficient and appropriate system relating to the disclosure of information and sufficient and appropriate internal control system to operate the business.





# 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.
- Helps 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 teamwork 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 be 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, JCK International 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 of the Audit Committee

In 2019, JCK International 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 5 times in 2019. 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 2019 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 2019, the Board of Directors had an opinion that the internal control system was efficient enough to control and supervise the operation of both JCK International Public Company Limited 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 Vara-ratanakul)

Chairman of the Audit Committee

February 24, 2020

# Independent Auditor's Report

## Independent Auditor's Report

To the Shareholders of JCK International Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of JCK International Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 JCK International 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 JCK International Public Company Limited and its subsidiaries and of JCK International Public Company Limited as at 31 December 2019, 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 2019, the Group had bills of exchange, promissory notes, loans from unrelated parties and financial institutions, and debentures totaling Baht 5,243 million or 90% of total liabilities (Separate financial statements: Baht 4,962 million or 91% of total liabilities), as discussed in Notes 18, 20 and 21 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 2019, the Group had an outstanding balance of project development cost totaling Baht 5,825 million, or 71% of total assets (Separate financial statements: Baht 4,592 million or 57% of total assets), as disclosed in Note 10 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 2019, the Group had an outstanding balance of investment properties amounting to Baht 829 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 measured the fair value of investment properties and disclosed in Note 16 to the financial statements. The measurement of fair value was based on the assumptions and judgement of the management and the measurement of fair value was considered the Group already considered the impairment of investment properties.

I gained an understanding of the approach and assumptions used in the fair value measurement and assessed their reasonableness and appropriateness as well as reviewed the reasonableness of the data used in the measurement by inquiring of the management and performing 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.

*Wtee K.*

Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 28 February 2020



JCK International Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019



(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	23,248,010	54,719,879	9,883,052	11,238,538
Investment in trading securities		1,610,000	-	1,610,000	-
Trade and other receivables	9	103,654,283	40,718,193	87,449,692	12,926,996
Short-term loans to related parties and interest receivable	7	90,337,534	134,587,534	1,337,763,120	1,407,043,846
Current portion of long-term loan to subsidiary and interest receivable	7	-	-	24,000,000	24,054,664
Project development costs	10	5,825,023,946	5,760,373,992	4,592,197,183	4,423,564,904
Deposit for purchase of land and condominium unit		153,891,750	75,419,750	153,891,750	75,419,750
Deposit for purchase of project development costs	7	65,000,000	-	65,000,000	-
Other current assets		21,260,331	13,595,128	11,033,340	1,939,330
<b>Total current assets</b>		<b>6,284,025,854</b>	<b>6,079,414,476</b>	<b>6,282,828,137</b>	<b>5,956,188,028</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	74,144,733	86,336,319	72,367,629	85,137,779
Long-term loan to subsidiary and interest receivable, net of current portion	7	-	-	429,199	37,659,385
Investments in subsidiaries	12	-	-	1,149,777,107	1,174,877,107
Investment in joint venture	13	120,294,519	116,790,983	-	-
Investments in available-for-sales securities	14	150,216,810	154,533,385	150,216,810	154,533,385
Leasehold rights	15	418,679,204	259,337,233	239,565,268	42,543,310
Investment properties	16	828,916,380	1,440,099,173	-	-
Equipment	17	53,844,241	59,869,730	50,476,511	55,377,242
Deferred tax asset	28	214,685,558	208,915,009	132,918,191	128,012,177
Income tax receivable		83,786,604	60,783,861	19,316,423	16,656,255
Other non-current assets		28,354,494	13,207,015	24,414,858	10,294,026
<b>Total non-current assets</b>		<b>1,972,922,543</b>	<b>2,399,872,708</b>	<b>1,839,481,996</b>	<b>1,705,090,666</b>
<b>Total assets</b>		<b>8,256,948,397</b>	<b>8,479,287,184</b>	<b>8,122,310,133</b>	<b>7,661,278,694</b>

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



JCK International Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans	18	377,594,616	447,524,247	305,083,885	279,725,158
Trade and other payables	19	181,813,648	304,151,225	201,966,273	251,106,002
Advance received from customers		25,763,658	20,489,293	2,311,735	6,874
Short-term loans from related parties					
and interest payable	7	-	8,007,671	71,516,974	216,456,758
Current portion of debentures	20	1,636,012,985	1,191,452,821	1,636,012,985	1,191,452,821
Current portion of liabilities under					
finance lease and hire-purchase agreements		634,875	962,927	303,948	659,085
Current portion of long-term loans from					
financial institutions	21	437,452,788	230,431,680	395,544,455	65,583,775
Current portion of long-term loans					
from related party and interest payable	7, 22	36,000,000	36,054,664	-	-
Income tax payable		4,105,945	21,271,563	-	-
Other current liabilities		13,279,609	65,745,165	10,498,796	50,073,274
<b>Total current liabilities</b>		<b>2,712,658,124</b>	<b>2,326,091,256</b>	<b>2,623,239,051</b>	<b>2,055,063,747</b>
<b>Non-current liabilities</b>					
Debentures, net of current portion	20	2,015,903,447	1,619,820,366	2,015,903,447	1,619,820,366
Liabilities under finance lease and hire-purchase					
agreements, net of current portion		2,429,665	1,328,868	1,431,724	-
Long-term loans from financial					
institutions, net of current portion	21	775,559,358	1,549,954,112	609,486,390	888,614,495
Long-term loans from related party					
and interest payable, net of current portion	7, 22	39,568,478	87,798,664	-	-
Deposit received		70,524,630	70,314,093	821,910	821,910
Payable to the Treasury Department for					
rental management fee	15	190,516,920	-	190,516,920	-
Provisions for long-term employee benefits	23	27,061,328	20,963,643	17,452,047	11,423,457
Deferred tax liabilities	28	-	1,549,701	-	-
Other non-current liabilities		2,813,650	2,542,487	2,040,000	1,710,000
<b>Total non-current liabilities</b>		<b>3,124,377,476</b>	<b>3,354,271,934</b>	<b>2,837,652,438</b>	<b>2,522,390,228</b>
<b>Total liabilities</b>		<b>5,837,035,600</b>	<b>5,680,363,190</b>	<b>5,460,891,489</b>	<b>4,577,453,975</b>

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

JCK International Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Shareholders' equity</b>					
Share capital	24				
Registered					
2,769,466,527 ordinary shares of Baht 1 each					
(2018: 3,324,207,633 shares of Baht 1 each)		<u>2,769,466,527</u>	<u>3,324,207,633</u>	<u>2,769,466,527</u>	<u>3,324,207,633</u>
Issued and fully paid					
2,147,034,141 ordinary shares of Baht 1 each		2,147,034,141	2,147,034,141	2,147,034,141	2,147,034,141
Share premium		1,818,634,495	1,818,634,495	1,818,634,495	1,818,634,495
Retained earnings					
Appropriated - statutory reserve	26	50,655,721	50,655,721	50,655,721	50,655,721
Unappropriated (deficit)		(1,549,949,816)	(1,072,269,779)	(1,356,148,887)	(937,196,072)
Other components of shareholders' equity		<u>(185,495,559)</u>	<u>(269,357,298)</u>	<u>1,243,174</u>	<u>4,696,434</u>
Equity attributable to owners of the Company		2,280,878,982	2,674,697,280	2,661,418,644	3,083,824,719
Non-controlling interests of the subsidiary		<u>139,033,815</u>	<u>124,226,714</u>	-	-
<b>Total shareholders' equity</b>		<u>2,419,912,797</u>	<u>2,798,923,994</u>	<u>2,661,418,644</u>	<u>3,083,824,719</u>
<b>Total liabilities and shareholders' equity</b>		<u>8,256,948,397</u>	<u>8,479,287,184</u>	<u>8,122,310,133</u>	<u>7,661,278,694</u>
		-	-	-	-

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



**JCK International Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**



(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		
Profit or loss:					
Revenues					
Revenue from sale		131,500,000	1,888,279,327	66,000,000	34,851,250
Revenue from rental and services		257,978,990	239,543,512	12,310,050	13,256,689
Gain on sales of investment properties		8,398,341	13,286,696	-	-
Consulting and project management income	7	-	-	8,500,000	234,000,000
Other income					
Dividend income		9,669,128	9,410,134	17,159,633	9,410,134
Interest income		7,309,120	11,989,879	78,798,397	96,980,702
Compensation income	7	-	155,000,000	-	237,000,000
Gains on sales of investment in subsidiary		-	7,335,040	-	-
Others		11,556,487	38,117,335	20,667,554	24,934,772
Total revenues		426,412,066	2,362,961,923	203,435,634	650,433,547
Expenses					
Cost of sales		90,783,377	1,386,164,145	38,019,371	15,827,566
Cost of rental and services		152,316,208	155,899,229	14,911,787	14,393,403
Selling expenses		20,824,602	49,791,500	7,920,304	6,933,389
Administrative expenses		225,086,897	214,876,803	165,301,041	130,263,111
Loss from impairment of investments in subsidiaries	12	-	-	27,600,000	26,600,000
Loss on sales of investment in subsidiary	12	8,093,528	-	-	-
Total expenses		497,104,612	1,806,731,677	253,752,503	194,017,469
Profit (loss) before share of loss from investment in joint venture, finance cost and income tax					
		(70,692,546)	556,230,246	(50,316,869)	456,416,078
Share of loss from investment in joint venture	13	(11,563,716)	(93,198,942)	-	-
Profit (loss) before finance cost and income tax		(82,256,262)	463,031,304	(50,316,869)	456,416,078
Finance cost		(397,922,130)	(405,094,021)	(371,836,627)	(360,341,452)
Profit (loss) before income tax		(480,178,392)	57,937,283	(422,153,496)	96,074,626
Income tax	28	(6,132,262)	(9,936,008)	3,874,295	5,166,085
Profit (loss) from continued operation for the year		(486,310,654)	48,001,275	(418,279,201)	101,240,711
Discontinued operation					
Profit from discontinued operation for the year	12	16,947,434	37,471,951	-	-
Profit (loss) for the year		(469,363,220)	85,473,226	(418,279,201)	101,240,711

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







**JCK International Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018 (Restated)	2019	2018
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be recognised in profit or loss in subsequent periods</i>					
Gain (loss) on change in value of available-for-sale securities	14	(4,316,575)	5,007,227	(4,316,575)	5,007,227
Exchange differences on translation of financial statements in foreign currency		87,314,999	(4,420,236)	-	
Less: Income tax effect	28	863,315	(1,001,445)	863,315	(1,001,445)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		83,861,739	(414,454)	(3,453,260)	4,005,782
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	23	(1,315,201)	(5,581,629)	(842,017)	(5,637,039)
Less: Income tax effect	28	254,957	1,029,262	168,403	1,127,408
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		(1,060,244)	(4,552,367)	(673,614)	(4,509,631)
<b>Other comprehensive income for the year</b>		<b>82,801,495</b>	<b>(4,966,821)</b>	<b>(4,126,874)</b>	<b>(503,849)</b>
<b>Total comprehensive income for the year</b>		<b>(386,561,725)</b>	<b>80,506,405</b>	<b>(422,406,075)</b>	<b>100,736,862</b>
<b>Profit or loss attributable to:</b>					
Equity holders of the Company					
Profit (loss) from continued operation		(508,658,544)	36,883,541	(418,279,201)	101,240,711
Profit from discontinued operation		16,947,434	37,471,951		
		(491,711,110)	74,355,492		
Non-controlling interests of the subsidiary					
Profit from continued operation		22,347,890	11,117,734		
Profit from discontinued operation		-	-		
		22,347,890	11,117,734		
		(469,363,220)	85,473,226		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
Total comprehensive income from continued operation		(425,832,985)	31,916,720	(422,406,075)	100,736,862
Total comprehensive income from discontinued operation		16,947,434	37,471,951		
		(408,885,551)	69,388,671		
Non-controlling interests of the subsidiary					
Total comprehensive income from continued operation		22,323,826	11,117,734		
Total comprehensive income from discontinued operation		-	-		
		22,323,826	11,117,734		
		(386,561,725)	80,506,405		
<b>Earnings per share</b>					
	29				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		(0.23)	0.03	(0.19)	0.05
<b>Earnings per share from continued operation</b>					
	29				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		(0.24)	0.02		

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



JCK International Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2019

Consolidated financial statements													(Unit: Baht)
	Equity attributable to owners of the Company												
	Other comprehensive income						Other components of shareholders' equity						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus 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 subsidiary	Deficits from business combination under common control	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated (deficit)									
Balance as at 1 January 2018	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	113,108,980	2,718,416,170	
Profit or loss for the year	-	-	-	74,355,492	-	-	-	-	-	74,355,492	11,117,734	85,473,226	
Other comprehensive income for the year	-	-	-	(4,552,367)	4,005,782	(4,420,236)	-	-	(414,454)	(4,966,821)	-	(4,966,821)	
Total comprehensive income for the year	-	-	-	69,803,125	4,005,782	(4,420,236)	-	-	(414,454)	69,388,671	11,117,734	80,506,405	
Increase in share capital from exercise of warrants	435	984	-	-	-	-	-	-	-	1,419	-	1,419	
Balance as at 31 December 2018	2,147,034,141	1,818,634,495	50,655,721	(1,072,269,779)	4,696,434	(87,314,999)	(45,699,839)	(141,038,894)	(269,357,298)	2,674,697,280	124,226,714	2,798,923,994	
Balance as at 1 January 2019												-	
- as previously reported	2,147,034,141	1,818,634,495	50,655,721	(1,072,269,779)	4,696,434	(87,314,999)	(45,699,839)	(141,038,894)	(269,357,298)	2,674,697,280	124,226,714	2,798,923,994	
Cumulative effect of change in accounting policy due to the adoption of new financial reporting standard (Note 4)	-	-	-	15,067,253	-	-	-	-	-	15,067,253	-	15,067,253	
Balance as at 1 January 2019 - as restated	2,147,034,141	1,818,634,495	50,655,721	(1,057,202,526)	4,696,434	(87,314,999)	(45,699,839)	(141,038,894)	(269,357,298)	2,689,764,533	124,226,714	2,813,991,247	
Profit or loss for the year	-	-	-	(491,711,110)	-	-	-	-	-	(491,711,110)	22,347,890	(469,363,220)	
Other comprehensive income for the year	-	-	-	(1,036,180)	(3,453,260)	87,314,999	-	-	83,861,739	82,825,559	(24,064)	82,801,495	
Total comprehensive income for the year	-	-	-	(492,747,290)	(3,453,260)	87,314,999	-	-	83,861,739	(408,885,551)	22,323,826	(386,561,725)	
Dividend of subsidiary paid (Note 12)	-	-	-	-	-	-	-	-	-	-	(7,516,725)	(7,516,725)	
Balance as at 31 December 2019	2,147,034,141	1,818,634,495	50,655,721	(1,549,949,816)	1,243,174	-	(45,699,839)	(141,038,894)	(185,495,559)	2,280,878,982	139,033,815	2,419,912,797	

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



JCK International Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements					
	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
					Surplus on changes in value of available-for-sale securities	
<b>Balance as at 1 January 2018</b>	2,147,033,706	1,818,633,511	50,655,721	(1,033,927,152)	690,652	2,983,086,438
Profit or loss for the year	-	-	-	101,240,711	-	101,240,711
Other comprehensive income for the year	-	-	-	(4,509,631)	4,005,782	(503,849)
Total comprehensive income for the year	-	-	-	96,731,080	4,005,782	100,736,862
Increase in share capital from exercise of warrants	435	984	-	-	-	1,419
<b>Balance as at 31 December 2018</b>	2,147,034,141	1,818,634,495	50,655,721	(937,196,072)	4,696,434	3,083,824,719
<b>Balance as at 1 January 2019</b>	2,147,034,141	1,818,634,495	50,655,721	(937,196,072)	4,696,434	3,083,824,719
Profit or loss for the year	-	-	-	(418,279,201)	-	(418,279,201)
Other comprehensive income for the year	-	-	-	(673,614)	(3,453,260)	(4,126,874)
Total comprehensive income for the year	-	-	-	(418,952,815)	(3,453,260)	(422,406,075)
<b>Balance as at 31 December 2019</b>	2,147,034,141	1,818,634,495	50,655,721	(1,356,148,887)	1,243,174	2,661,418,644

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



JCK International Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(480,178,392)	57,937,283	(422,153,496)	96,074,626
Add profit before tax from discontinued operation	20,572,475	48,569,775	-	-
Profit (loss) before tax	(459,605,917)	106,507,058	(422,153,496)	96,074,626
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	102,634,444	119,373,288	11,960,678	13,449,813
Reversal of allowance for doubtful accounts	(2,068,712)	(643,369)	-	-
Impairment loss of investment property	-	1,922,253	-	-
Impairment loss of investments in subsidiaries	-	-	27,600,000	26,600,000
Loss (gain) on sales of investment in subsidiary	8,093,528	(7,335,040)	-	-
Loss (gain) on sales and write off of equipment	(168,221)	326,106	(168,221)	326,106
Gain on sales of investment properties	(8,398,341)	(13,286,696)	-	-
Unrealized loss on trading securities	1,250,000	-	1,250,000	-
Share of loss from investment in joint venture	11,563,716	93,198,942	-	-
Provision for long-term employee benefits	9,182,484	2,559,591	5,186,573	1,235,534
Dividend received from investment in subsidiary	-	-	-7,490,505	-
Dividend received from investment in available-for-sales securities	(9,669,128)	(9,410,134)	(9,669,128)	(9,410,134)
Interest income	(7,316,554)	(12,042,998)	(78,798,397)	(96,980,702)
Interest expenses	402,371,205	419,471,193	371,836,627	360,341,452
Profit (loss) from operating activities before changes in operating assets and liabilities	47,868,504	700,640,194	(100,445,869)	391,636,695
Operating assets (increase) decrease				
Trade and other receivables	(63,661,045)	3,466,182	(70,928,381)	(6,373,175)
Project development costs	(123,596,034)	797,104,479	(167,035,343)	(310,646,738)
Deposit for purchase of land and condominium unit	(121,883,000)	-6,000,000	(121,883,000)	(6,000,000)
Deposit for purchase of project development costs	(65,000,000)	-	(65,000,000)	-
Advance payment for construction	-	21,781,254	-	-
Other current assets	(8,075,376)	15,304,959	(9,094,010)	(347,742)
Other non-current assets	(15,321,428)	8,466,500	(14,294,781)	3,673,445
Operating liabilities increase (decrease)				
Trade and other payable	(50,507,192)	(9,217,056)	9,615,680	16,486,624
Deposit received from sale of project	17,509,840	(356,059,716)	2,304,861	(2,213)
Other current liabilities	(48,198,949)	49,994,432	(39,574,478)	43,492,379
Other non-current liabilities	481,700	13,120,486	330,000	587,500
Cash flows from (used in) operating activities	(430,382,980)	1,238,601,714	(576,005,321)	132,506,775
Cash paid for long-term employee benefit	(4,400,000)	-1,338,160	(3,650,000)	(805,984)
Cash paid for interest expenses	(427,675,613)	-436,250,654	(384,114,521)	(337,723,024)
Cash received from withholding tax refundable	-	8,231,561	-	-
Cash paid for corporate income tax	(45,623,636)	-41,961,634	(2,660,168)	(9,263,029)
<b>Net cash flows from (used in) operating activities</b>	<b>(908,082,229)</b>	<b>767,282,827</b>	<b>(966,430,010)</b>	<b>(215,285,262)</b>

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



**JCK International Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
<b>Cash flows from investing activities</b>				
Cash paid for investments in trading securities	(2,860,000)	-	(2,860,000)	-
Cash received from the decrease of par value of available for sales securities	-	3,280,597	-	3,280,597
Increase in investment in subsidiaries	-	-	(2,500,000)	(34,000,000)
Decrease in short-term loans to related parties	50,000,000	140,000,000	144,916,039	613,774,056
Decrease in restricted bank deposits	11,457,464	120,471,913	12,770,149	104,044,172
Decrease in long-term loan to subsidiaries	-	-	33,253,929	39,020,984
Increase in component of leasehold right	(17,355,222)	-19,411,424	(13,198,541)	(3,000,000)
Acquisition of investment properties	(3,552,318)	-11,729,045	-	-
Cash received from sales of investment properties	31,500,000	29,500,000	-	-
Acquisition of equipment	(2,313,644)	-6,913,207	(1,896,167)	(5,741,129)
Proceeds from sales of equipment	168,224	18,692	168,224	18,692
Cash received from sale of investment in subsidiary (Note 12)	170,855,155	37,282,752	-	-
Cash received from repayment of loan	333,182,078	137,517,853	-	-
Dividend received from investments in subsidiary	-	-	7,490,505	-
Dividend received from investment in available-for-sales securities	9,669,128	9,410,134	9,669,128	9,410,134
Cash received from interest	1,622,239	2,118,752	7,249,690	41,148,437
<b>Net cash flows from investing activities</b>	<b>582,373,104</b>	<b>441,547,017</b>	<b>195,062,956</b>	<b>767,955,943</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans	(71,253,582)	-689,019,895	25,081,804	(763,413,213)
Increase (decrease) in short-term loan from related parties	(8,000,000)	8,000,000	(144,122,877)	194,122,877
Cash received from issued debentures	2,078,000,000	2,024,400,000	2,078,000,000	2,024,400,000
Cash paid for redemption of debentures	(1,238,628,000)	-2,675,472,000	(1,238,628,000)	(2,675,472,000)
Cash paid for liabilities under finance lease and hire-purchase agreements	(1,331,368)	-3,355,933	(899,359)	(3,109,264)
Increase in long-term loans from financial institutions	104,580,000	389,700,000	104,580,000	192,400,000
Repayment of long-term loans from financial institutions	(525,773,509)	-774,070,013	(54,000,000)	(12,000,000)
Repayment of long-term loans from related parties	(33,253,929)	-39,020,983	-	-
Cash received from exercise of warrants	-	1,419	-	1,419
Dividend paid	(7,501,629)	-	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>296,837,983</b>	<b>(1,758,837,405)</b>	<b>770,011,568</b>	<b>(1,043,070,181)</b>
<b>Increase (decrease) in translation adjustment</b>	<b>(2,600,727)</b>	<b>2,439,332</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,471,869)</b>	<b>(547,568,229)</b>	<b>(1,355,486)</b>	<b>(490,399,500)</b>
Cash and cash equivalents at beginning of year	54,719,879	602,288,108	11,238,538	501,638,038
<b>Cash and cash equivalents at end of year</b>	<b>23,248,010</b>	<b>54,719,879</b>	<b>9,883,052</b>	<b>11,238,538</b>
	-	-	-	-

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





JCK International Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
<b>Supplemental cash flow information:</b>				
Non-cash transactions				
Transfer of deposit for purchase of land to project development costs	43,411,000	184,572,750	43,411,000	184,572,750
Transfer of project development costs to investment properties	97,969,792	298,390,989	-	-
Transfer of investment properties to project development costs	46,731,474	-	-	-
Purchase of assets under finance lease agreements	1,903,750	1,751,850	1,903,750	-

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



**JCK International Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2019**



**1. General information**

JCK International 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 JCK International 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>2019</u> Percent	<u>2018</u> Percent
<b><u>Held by the Company</u></b>				
Total Industrial Services Company Limited	Factory rental and sale	Thailand	100.0	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>2019</u>	<u>2018</u>
			Percent	Percent
<u><b>Held by Total Industrial Services Company Limited</b></u>				
Bognor Regis Warehouse Limited	Investment in land and warehouse for lease and sale	United Kingdom	-	100.00

In July 2019, Total Industrial Services Company Limited ("the subsidiary") sold its investment in Bognor Regis Warehouse Limited, its subsidiary, to an unrelated party as described in Note 12 to the financial statements.

- 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 Group 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 period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.





## **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.





## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

#### **4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard**

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Million Baht)
	Consolidated
	financial statements
<b>Impact on retained earnings as at 1 January 2019</b>	
Costs to obtain contracts	15
<b>Total</b>	<b>15</b>





The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

	(Unit: Million Baht)		
	Consolidated financial statements		
	Previous	Increase	
	accounting policy	(decrease)	TFRS 15
<b>Statement of financial position</b>			
<b>Assets</b>			
Investment in joint venture	79	41	120
<b>Shareholders' equity</b>			
Deficit	1,591	(41)	1,550

	(Unit: Million Baht)		
	Consolidated financial statements		
	Previous		
	accounting policy	Decrease	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Share of loss from investment in			
joint venture	38	(26)	12
Loss for the year	495	(26)	469
Earnings per share (Baht):			
Basic loss per share	0.24	(0.01)	0.23

The nature of these adjustments is described below:

- Commission paid to obtain a contract - the Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.





## **5. Significant accounting policies**

### **5.1 Revenue recognition**

#### *Revenue recognition relating to sale of real estate*

Revenue from sales of land, factory and condominium units are recognised at a point in time when control over the asset is transferred to the customer. Sales are thus recognised as revenue in full when the ownership has been transferred to the customer after all payments have been received from the customer. Revenue from sale of real estate is presented based on the value received after deducting discounts and expenses paid by the Group on behalf of the customer. The payment conditions are in accordance with the payment schedules specified in the contracts with the customer. The amount that the Group received from the customer before registering the ownership transfer is presented under the caption of “Advance received from customers” in the statement of financial position.

#### *Rental and service income*

Rental income is recognised on a straight-line basis over the lease term, and service income is recognised when services have been rendered.

#### *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.

### **5.2 Cost of sales**

In determining the costs of land sold in the project, and factory and condominium units sold, the Group allocated anticipated total development costs (after recognising the costs incurred to date) and attributed to units already sold on the basis of the salable area and then recognised as costs in the profit and loss.

Cost of real estate sales includes cost of other goods, such as furniture and fixtures, that are considered part of the residential condominium unit and transferred to a customer in accordance with the contract.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sale occurs.

### **5.3 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.





#### **5.4 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.

#### **5.5 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 Group recognised loss on diminution in project value (if any) in profit or loss.

#### **5.6 Cost to obtain a contract**

The Group recognises commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

#### **5.7 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.

## **5.8 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:

Warehouse building 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.

## **5.9 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.





## 5.10 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.

## 5.11 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 - 50 years
Leasehold rights - factory	15 years

The amortisation is included in determining income.

## 5.12 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.

## 5.13 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.





#### **5.14 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.

#### **5.15 Impairment of assets**

At the end of each reporting period, the Group 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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





### *Defined benefit plans*

The Group have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group 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.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

### **5.17 Assets held for sale and discontinued operations**

The Group classifies disposal assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Gain or loss from discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the profit or loss.

### **5.18 Provisions**

Provisions are recognised when the Group has 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.

### **5.19 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 Group 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 Group 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 Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **5.20 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 Group 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 Group 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 Group 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.





## 6. 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 subsidiary 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 Group treat project development cost as diminution when the management judges that there have been significant 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 Group treats investments 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 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 16.

### **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.

### Project development costs estimation

In calculating costs of land in the project, the Company has to estimate all project development costs, comprising land improvement costs, public utilities costs, borrowing costs and other related costs. The management estimates these costs based on their experience in the business and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

### Litigation/Tax assessment

The Group 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.

## 7. Related party transactions

During the years, the Group 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 Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	77	95	Interest rate at 5.25% - 9.975% and 15% per annum
Dividend income	-	-	7	-	As declared
Building management income	-	-	8	8	Contract price
Consulting and project management income	-	-	9	234	Contract price
Compensation income	-	-	-	82	Contract price
Interest expenses	-	-	5	17	Interest rate at 6.00% - 6.25% per annum







(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with joint venture</u>					
Interest income	6	10	-	-	Interest rate at 5% - 6% per annum
Management income	-	-	6	5	Contract price
<u>Transactions with related companies</u>					
Rental and service income	5	-	-	-	Contract price
Other income	-	2	-	-	Contract price
Rental and service expenses	12	13	12	13	Contract price
Interest expense	2	14	1	5	Interest rate at 3%, 7% and 15% per annum

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables (Note 9)</u>				
<u>Subsidiaries</u>				
TFD Real Estate Management Company Limited	-	-	51	36
SG Land Company Limited	-	-	574	584
Total Industrial Services Company Limited	-	-	3,867	971
Crown Development Company Limited	-	-	8,543	207
Total	-	-	13,035	1,798
<u>Joint Venture</u>				
BGY & TFD Properties Company Limited	1,172	10	1,172	10
Total	1,172	10	1,172	10
<u>Related parties</u>				
JC Kevin Development Company Limited	1,827	2,177	1	53
JCK Hospitality Public Company Limited	1,709	43	-	43
Lobster Power Company Limited	-	3	-	3
Noname Foods and Beverages Company Limited	-	1	-	1
High Active Consultant Company Limited	4,648	-	-	-
JCK Ratchada Hotel Company Limited	14	-	-	-
Total	8,198	2,224	1	100



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Director</u></b>				
Executive Chairman (Advance)	70,000	-	70,000	-
Total	70,000	-	70,000	-
Grand Total	79,370	2,234	84,208	1,908

**Deposit for purchase of land and condominium unit**

**Related party**

JC Kevin Foods and Beverages Company Limited	41,500	-	41,500	-
Total	41,500	-	41,500	-

**Deposit for purchase of project development costs**

**Related party**

High Active Consultant Communications Company Limited	65,000	-	65,000	-
Total	65,000	-	65,000	-

**Prepaid for building rental and service**

(presented as part of other current assets and other non-current assets in the statement of financial position)

**Related party**

JC Kevin Development Company Limited	22,902	-	22,902	-
Total	22,902	-	22,902	-

**Deposit for building rental and service paid**

(presented as part of other non-current assets in the statement of financial position)

**Related party**

JC Kevin Development Company Limited	5,021	5,021	5,021	5,021
Total	5,021	5,021	5,021	5,021





(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Other payables (Note 19)</u></b>				
<b><u>Subsidiary</u></b>				
SG Land Company Limited	-	-	77,000	58,000
Total	-	-	77,000	58,000
<b><u>Related parties</u></b>				
JC Kevin Foods and Beverages Company Limited	-	435	-	435
JC Kevin Development Company Limited	1,254	5,230	1,215	5,148
JCK Hospitality Public Company Limited	1,090	30	1,090	30
Lobster Power Company Limited	158	260	158	260
Noname Foods and Beverages Company Limited	118	235	118	235
High Active Consultant Company Limited	696	-	696	-
Total	3,316	6,190	3,277	6,108
Grand Total	3,316	6,190	80,277	64,108

**Deposit for building rental and service received**

(presented as part of deposit received in the  
statement of financial position)

**Subsidiaries**

TFD Real Estate Management Company Limited	-	-	149	149
Total Industrial Services Company Limited	-	-	559	559
Crown Development Company Limited	-	-	114	114
Total	-	-	822	822

**Related parties**

JCK Hospitality Public Company Limited	583	-	-	-
High Active Consultant Company Limited	1,010	-	-	-
Total	1,593	-	-	-
Grand Total	1,593	-	822	822





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

As at 31 December 2019 and 2018, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
		Balance as at		Balance as at	
		1 January	During the year		31 December
Related by		2019	Increase	Decrease	2019
<b><u>Short-term loans to related</u></b>					
<b><u>party and interest receivable</u></b>					
BGY & TFD Properties Company Limited	Joint Venture				
Loan		115,000	-	(50,000)	65,000
Interest receivable		19,588	5,750	-	25,338
Total		134,588	5,750	(50,000)	90,338
<b><u>Short-term loans from related</u></b>					
<b><u>party and interest payable</u></b>					
JC Kevin Development Company Limited	Common director				
Loan		-	70,000	(70,000)	-
Interest payable		-	451	(451)	-
Total		-	70,451	(70,451)	-
Executive Chairman	Director				
Loan		8,000	4,000	(12,000)	-
Interest payable		8	32	(40)	-
Total		8,008	4,032	(12,040)	-
Grand total		8,008	74,483	(82,491)	-
<b><u>Long-term loans from related party</u></b>					
<b><u>and interest payable (Note 22)</u></b>					
Schubert Holdings Pte. Ltd.	Shareholders of a subsidiary				
Loan		33,254	-	(33,254)	-
Interest payable		90,599	1,715	(16,746)	75,568
Total		123,853	1,715	(50,000)	75,568
Less: Current portion		(36,055)			(36,000)
Long-term loans from related party and interest payable, net current portion		87,798			39,568





(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at			Balance as at
		1 January	During the year		31 December
	Related by	2019	Increase	Decrease	2019
<b><u>Short-term loans to related parties and</u></b>					
<b><u>interest receivable</u></b>					
Total Industrial Services Company Limited	Subsidiary				
Loan		1,135,868	378,110	(523,026)	990,952
Interest receivable		271,176	75,635	-	346,811
Total		1,407,044	453,745	(523,026)	1,337,763
<b><u>Long-term loans to subsidiary and</u></b>					
<b><u>interest receivable</u></b>					
SG Land Company Limited	Subsidiary				
Loan		33,254	-	(33,254)	-
Interest receivable		28,460	1,715	(5,746)	24,429
Total		61,714	1,715	(39,000)	24,429
Less: Current portion		(24,055)			(24,000)
Long-term loans to subsidiary and interest receivable, net of current portion		37,659			429
<b><u>Short-term loans from related parties</u></b>					
<b><u>and interest payable</u></b>					
SG Land Company Limited	Subsidiary				
Loan		35,000	45,000	(80,000)	-
Interest payable		8,685	712	(712)	8,685
Total		43,685	45,712	(80,712)	8,685
Crown Development Company Limited	Subsidiary				
Loan		151,123	78,000	(179,123)	50,000
Interest payable		13,641	4,403	(5,212)	12,832
Total		164,764	82,403	(184,335)	62,832





(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at	During the year		Balance as at
		1 January			31 December
	Related by	2019	Increase	Decrease	2019
JC Kevin Development Company Limited	Common director				
Loan		-	70,000	(70,000)	-
Interest payable		-	451	(451)	-
Total		-	70,451	(70,451)	-
Executive Chairman	Director				
Loan		8,000	4,000	(12,000)	-
Interest payable		8	32	(40)	-
Total		8,008	4,032	(12,040)	-
Grand Total		216,457	202,598	(347,538)	71,517

#### Short-term loans to related parties and interest receivable

The balance of short-term loans to related parties comprised short-term unsecured loans granted by a subsidiary to a joint venture carrying interest at a rate of 5 percent per annum (2018: 5 - 6 percent per annum) and repayable on demand, and unsecured loans granted by the Company to its subsidiaries in a form of promissory notes carrying interest at rates of 5.25 - 9.975 percent per annum (2018: 5.25 - 9.975 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.

#### Short-term loans from related parties and interest payable

The balance of short-term loans from related parties is in a form of promissory notes carrying interest at rates of 6 percent per annum repayable on demand and unsecured (2018: promissory notes carrying interest at rates 6.025 - 7.00 percent per annum and loan from director carrying interest at rates of 3 - 7 percent per annum).





### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as detailed below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	57,302	57,594
Post-employment benefits	3,491	968
Total	60,793	58,562

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 32.4 to the financial statements.

## **8. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2019</u>	<u>2018</u>
Cash	455	460
Bank deposits	22,793	54,260
Total	23,248	54,720

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.125 and 0.625 percent per annum (2018: between 0.20 and 1.65 percent per annum).







## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	695	-	-	-
Past due				
Up to 3 months	2,384	-	-	-
3 - 6 months	3,276	-	-	-
Total trade receivables - related parties	6,355	-	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,255	2,315	-	-
Past due				
Up to 3 months	9,857	14,860	2,476	3,319
3 - 6 months	6,358	1,322	51	42
6 - 12 months	4,390	589	82	81
Over 12 months	7,268	8,742	235	234
Total	29,128	27,828	2,844	3,676
<u>Less: Allowance for doubtful debts</u>	(5,575)	(7,644)	(183)	(183)
Total trade receivables - unrelated parties, net	23,553	20,184	2,661	3,493
Total trade receivables - net	29,908	20,184	2,661	3,493
<u>Other receivables</u>				
Advance to director (Note 7)	70,000	-	70,000	-
Other receivables - related parties (Note 7)	3,015	2,234	14,208	1,908
Other receivables - unrelated parties	731	18,300	581	7,526
Total other receivables	73,746	20,534	84,789	9,434
Total trade and other receivables - net	103,654	40,718	87,450	12,927





## 10. Project development costs

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and land improvement	3,880,023	3,813,763	3,662,859	3,570,613
Interest cost	210,491	202,863	112,947	101,211
Construction in progress	1,402,119	1,401,784	816,391	751,741
Condominium units available for sale	332,391	341,964	-	-
Project development costs	<u>5,825,024</u>	<u>5,760,374</u>	<u>4,592,197</u>	<u>4,423,565</u>
Capitalisation rates (percent)	6.00 - 6.25	6.25 - 7.10	6.00 - 6.25	6.25

During the year 2019 and 2018, the subsidiary transferred land and factory building thereon for rent to investment properties.

During the year ended 31 December 2019, the amount of borrowing costs capitalised by the Group to their projects was approximately Baht 13 million (Separate financial statements: Baht 13 million) (2018: Baht 28 million (Separate financial statements: Baht 7 million)).

As at 31 December 2019, the Group has mortgaged land and the construction thereon and condominium units under the property development project, totaling Baht 5,576 million (Separate financial statements: Baht 4,355 million) (2018: Baht 5,268 million (Separate financial statements: Baht 3,931 million)), as collateral for bank overdrafts, loans from financial institutions, loans from unrelated parties and debentures and as a guarantee for any tax liabilities that may arise from tax assessment of the subsidiary as stated in Note 32.6 b).

## 11. Restricted bank deposits

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





## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)								
Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
Total Industrial Services								
Company Limited	425,000	425,000	100.00	100.00	422,550	422,550	-	-
SG Land Company Limited	100,450	100,450	49.91	49.91	45,523	45,523	7,490	-
Crown Development Company								
Limited	951,000	951,000	100.00	100.00	746,901	746,901	-	-
TFD Real Estate Management								
Company Limited	30,500	28,000	100.00	100.00	30,500	28,000	-	-
Total					1,245,474	1,242,974	7,490	-
Less: Allowance for impairment of investments in subsidiaries					(95,697)	(68,097)		
Net					1,149,777	1,174,877		

### Increase in share capital of the subsidiary

On 14 August 2019, the meeting No.7/2562 of the Board of Directors of the Company passed resolutions approving an increase in share capital of a subsidiary (TFD Real Estate Management Company Limited) of Baht 10 million (from share capital of Baht 28 million, increase to share capital of Baht 38 million). On 23 September 2019, the subsidiary registered the Baht 10 million increase in its register capital (1,000,000 ordinary shares with a par value of Baht 10 each) with the Ministry of Commerce, and called for payments for the newly issued shares amounting to Baht 2.5 million, or 25 percent. As at 31 December 2019, the Company's interest in the subsidiary is unchanged.

### Disposal of investment in subsidiary - indirectly held by the Company

On 5 July 2019, the meeting No.6/2562 of the Board of Directors of the Company passed a resolution to approve a subsidiary (Total Industrial Services Company Limited) to process the disposal of its investment in Bognor Regis Warehouse Limited, representing 100 percent of the ordinary shares of that company, which is indirectly held by the Company through Total Industrial Services Company Limited. Subsequently, on 18 July 2019, the subsidiary entered into a share sale and purchase agreement with the buyer, with a transaction value of approximately GBP 5.19 million. In July 2019, the subsidiary received the payment from the buyer and transferred the shares to the buyer.





Assets and liabilities of Bognor Regis Warehouse Limited as at disposal date are as follows.

	(Unit: Thousand Baht)
Cash and cash equivalent	15,780
Trade and other receivables	2,738
Restricted bank deposits	686
Investment properties (Note 16)	556,569
Other current assets	410
Trade and other payables	(13,364)
Short-term loans from related party and interest payable	(336,998)
Long-term loans from financial institutions (Note 21)	(137,229)
Income tax payable	(9,863)
Other current liabilities	(4,266)
Translation adjustments	120,266
Net	<u>194,729</u>

Detail of sales transaction are as below.

	(Unit: Thousand Baht)
Net selling price of investment after selling expenses	186,635
Less: Cost of investment in subsidiary	<u>(194,729)</u>
Loss on sales of investment in subsidiary	<u>(8,094)</u>

The reconciliation of net cash received from sale of investment in Bognor Regis Warehouse Limited is as below.

	(Unit: Thousand Baht)
Net selling price of investment after selling expenses	186,635
Less: Cash and cash equivalents of subsidiary	<u>(15,780)</u>
Net cash received from sale of investment in subsidiary	<u>170,855</u>

In July 2019, Total Industrial Services Company Limited (subsidiary) received the loan repayment from Bognor Regis Warehouse Limited in full.

In addition to the disposal of investment in Bognor Regis Warehouse Limited as mentioned above, in November 2018, a subsidiary (Total Industrial Services Company Limited) disposed of all of its investment in Barnsley Warehouse Limited. The subsidiary received the payment from the buyer and transferred the shares to the buyer, and the operations in United Kingdom were terminated consequently.





To ensure compliance with the requirements of TFRS 5 (revised 2018) Non-Current Assets Held for Sale and Discontinued Operations, the operating results of discontinued operations were separately presented under “Profit from discontinued operation for the period” in the consolidated profit or loss for the years ended 31 December 2019 and 2018 as presented for comparative purposes.

The operating results of discontinued operations for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December			
	2019	2018		
	Bognor Regis Warehouse Limited	Bognor Regis Warehouse Limited	Barnsley Warehouse Limited	Total
<b><u>Profit or loss</u></b>				
<b>Revenues</b>				
Revenue from rental and services	37,435	73,332	22,471	95,803
Other income	2,916	315	10	325
<b>Total revenues</b>	<b>40,351</b>	<b>73,647</b>	<b>22,481</b>	<b>96,128</b>
<b>Expenses</b>				
Cost of rental and services	10,314	21,954	8,042	29,996
Administrative expenses	5,016	1,693	1,492	3,185
<b>Total expenses</b>	<b>15,330</b>	<b>23,647</b>	<b>9,534</b>	<b>33,181</b>
<b>Profit before finance cost and income tax from discontinued operation</b>	<b>25,021</b>	<b>50,000</b>	<b>12,947</b>	<b>62,947</b>
Finance cost	(4,449)	(10,771)	(3,606)	(14,377)
<b>Profit before income tax from discontinued operation</b>	<b>20,572</b>	<b>39,229</b>	<b>9,341</b>	<b>48,570</b>
Income tax	(3,625)	(8,775)	(2,323)	(11,098)
<b>Profit from discontinued operation for the year</b>	<b>16,947</b>	<b>30,454</b>	<b>7,018</b>	<b>37,472</b>





Cash flow information of Bognor Regis Warehouse Limited which included in the consolidated cash flow statements is as follow:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities	24,963	53,798
Cash flows from investing activities	5	14,389
Cash flows used in financing activities	(36,623)	(86,971)

Cash flow information of Barnsley Warehouse Limited which included in the consolidated cash flow statements as follow:

	(Unit: Thousand Baht)	
	For the year ended	
	<u>31 December 2018</u>	
Cash flows from operating activities		13,678
Cash flows from investing activities		10
Cash flows used in financing activities		(11,754)

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

Company's name	Proportion of equity		Accumulated balance of		Profit allocated to non-		Dividend paid to	
	interest held by		non-controlling interests		controlling interests		non-controlling interests	
	non-controlling interests		non-controlling interests		during the year		during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Percent)	(Percent)						
SG Land Company Limited	50.09	50.09	139	124	22	11	7	-

## 12.3 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	
	<u>As at 31 December</u>	
	<u>2019</u>	<u>2018</u>
Current assets	112,074	120,251
Non-current assets	327,283	383,506
Current liabilities	74,706	85,757
Non-current liabilities	88,263	171,220





## Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	SG Land Company Limited	
	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Revenue	186,056	182,633
Total comprehensive income	44,615	22,427

## Summarised information about cash flow

	(Unit: Thousand Baht)	
	SG Land Company Limited	
	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Cash flow from operating activities	89,119	91,414
Cash flow used in investing activities	(1,969)	(28,634)
Cash flow used in financing activities	(81,932)	(78,042)
Net increase (decrease) in cash and cash equivalents	<u>5,218</u>	<u>(15,262)</u>

## 13. Investment in joint venture

### 13.1 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					
Joint venture	Shareholding		Carrying amounts			
	percentage		Cost		based on equity method	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)				
BGY & TFD Properties Company Limited	51	51	<u>255,000</u>	<u>255,000</u>	<u>120,295</u>	<u>116,791</u>





### 13.2 Share of comprehensive income:

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

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of loss from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2019	2018	2019	2018
BGY & TFD Properties Company Limited	11,564	93,199	-	-

### 13.3 Summarised financial information about joint venture

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December	
	2019	2018
<b>BGY &amp; TFD Properties Company Limited</b>		
Current assets	3,383	1,706
Non-current assets	55	6
Current liabilities	(1,741)	(671)
Non-Current liabilities	(1,398)	(749)
Net assets	299	292
Shareholding percentage (%)	51	51
Share of net assets	152	149
Elimination entries	(32)	(32)
Carrying amounts of joint venture based on equity method	120	117

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	2019	2018
<b>BGY &amp; TFD Properties Company Limited</b>		
Other income	8	8
Selling and administrative expenses	(83)	(191)
Interest expenses	(6)	-
Income tax	58	-
Total comprehensive income	(23)	(183)







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 20 to financial statements.

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

(Unit: Thousand Baht)

Fund's name	Consolidated / Separate financial statements							
	Shareholding		Cost		Unrealised gain on		Carrying amount	
	percentage				changes in value of			
	2019	2018	2019	2018	2019	2018	2019	2018
	(Percent)	(Percent)						
MFC Industrial Investment								
Property and Leasehold Fund								
(M-II)	10.04	10.04	148,663	148,663	1,554	5,870	150,217	154,533
Total			148,663	148,663	1,554	5,870	150,217	154,533

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2019	2018
Book value as at 1 January - net	154,533	152,807
Decrease in par value	-	(3,281)
Unrealised gain (loss) on changes in value of investment	(4,316)	5,007
Book value as at 31 December - net	150,217	154,533

The Company received dividends from the fund during the current year amounting to Baht 10 million (2018: Baht 9 million).

The Company has pledged its investments in MFC Industrial Investment Property and Leasehold Fund (M-II) amounting to Baht 107 million (2018: Baht 63 million) to secure bill of exchange, as stated in Notes 18 and 21 to the financial statements.

Investments in available-for-sale securities consist of the investment in unit trust in balanced close-ended fund listed in the Stock Exchange of Thailand and stated at fair value using inputs of Level 1 which is use of quoted market prices in an observable active market for such assets or liabilities.





## 15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements					Separate 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 2018	132,264	483,353	56,376	9,096	681,089	56,376
Addition	-	16,411	3,000	-	19,411	3,000
Decrease	-	-	-	(9,096)	(9,096)	-
As at 31 December 2018	132,264	499,764	59,376	-	691,404	59,376
Addition	2,191	1,966	200,282	-	204,439	200,282
As at 31 December 2019	134,455	501,730	259,658	-	895,843	259,658
<b>Accumulated amortisation</b>						
As at 1 January 2018	73,849	300,834	15,364	8,483	398,530	15,364
Amortisation for the year	7,635	32,916	1,469	613	42,633	1,469
Amortisation on write off	-	-	-	(9,096)	(9,096)	-
As at 31 December 2018	81,484	333,750	16,833	-	432,067	16,833
Amortisation for the year	7,635	34,202	3,260	-	45,097	3,260
As at 31 December 2019	89,119	367,952	20,093	-	477,164	20,093
<b>Net Book Value</b>						
As at 31 December 2018	50,780	166,014	42,543	-	259,337	42,543
As at 31 December 2019	45,336	133,778	239,565	-	418,679	239,565

### 15.1 Separate financial statements

- 1) The Company has leased land from the Vajiravudh College to construct a residential building (Mahadlekluang project). The residential building is to be the property of Vajiravudh College from the commencement of construction, and the Company has to comply with conditions stipulated in the lease agreement, as stated in Note 32.2.2

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 2019, the remaining deposit of Baht 47 million (2018: Baht 58 million) is presented as other payable in the statement of financial position.

- 2) During the year, the Company entered into a rental agreement with the Treasury Department to develop the land in the Special Economic Zone in Nakhon Phanom Province as described in Note 32.2.7 to financial statements. The Company also entered into a memorandum to comply with rental conditions about payment for rental management fee with a lease term of 50 years of Baht 187 million. The Company is allowed to make payment in annual installments with payment exemptions from the 1st year to the 5th year and an annual rental payment is payable from the 6th year to the 10th year (year 2024 to 2028) with the annual interest rate of 5 percent in accordance with the agreement. As at the agreement date, the Company recognised rental management fee as leasehold rights and recognised liabilities from the fee as payable to the Treasury Department for rental management fee in the statement of financial position.

## **15.2 Subsidiary**

- 1) The subsidiary records leasehold rights to land that it has leased since 1993 from the Vajiravudh College 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 the Industrial Estate Authority of Thailand to construct a building for lease, as stated in Note 16.

The subsidiary has placed the land leasehold rights from a company, with total net book values as at 31 December 2019 of Baht 39 million (2018: Baht 46 million) as collateral for the letter of guarantee to guarantee electricity use from bank.





## 16. Investment properties

The net book value of the investment properties as at 31 December 2019 and 2018 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 2019:			
Cost	740,641	359,814	1,100,455
<u>Less</u> : Accumulated depreciation	(37,133)	(232,484)	(269,617)
<u>Less</u> : Allowance for impairment	(1,922)	-	(1,922)
Net book value	701,586	127,330	828,916
As at 31 December 2018:			
Cost	1,397,028	356,262	1,753,290
<u>Less</u> : Accumulated depreciation	(100,359)	(210,910)	(311,269)
<u>Less</u> : Allowance for impairment	(1,922)	-	(1,922)
Net book value	1,294,747	145,352	1,440,099

The subsidiary operates its factory rental business on land leased from the Industrial Estate Authority of Thailand as stated in Note 32.2.4, and office rental business on land leased from a company, as stated in Note 32.2.6.

The subsidiaries have placed investment properties, with total net book values as at 31 December 2019 of Baht 829 million (2018: Baht 1,440 million), as collateral to debentures, long-term loan from financial institution and letter of guarantee to guarantee electricity use from bank.





A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	1,440,099	1,526,852
Acquisition of assets	3,552	11,729
Transfer from project development cost	97,970	298,391
Transfer to project development cost	(46,731)	-
Disposal	(23,102)	(45,713)
Decrease from sale of investment in subsidiary (Note 12)	(556,569)	(237,345)
Allowance for impairment loss on investment property	-	(1,922)
Depreciation	(47,294)	(63,371)
Translation adjustment	(39,009)	(48,522)
Net book value at end of year	<u>828,916</u>	<u>1,440,099</u>

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Land and warehouse building for rent/Improvement of leasehold building	910,000	1,559,707
Office building for rent	140,566	165,900

The fair value of investment properties has been determined using the income 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 2019, the Company made an investment in the Fund, equivalent to 10.04% (2018: 10.04%) 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.

## 17. 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 2018	16,888	50,295	90,298	157,481
Additions	4,850	2,305	1,510	8,665
Disposals	-	(2,958)	-	(2,958)
As at 31 December 2018	21,738	49,642	91,808	163,188
Additions	556	1,419	2,242	4,217
Disposals	-	(5,305)	-	(5,305)
As at 31 December 2019	22,294	45,756	94,050	162,100





(Unit: Thousand Baht)

	Consolidated financial statements			
	Improvement of leasehold office building	Motor vehicles	Furniture, fixtures and office equipment	Total
<b>Accumulated depreciation:</b>				
As at 1 January 2018	12,674	40,671	39,218	92,563
Depreciation for the year	3,735	4,907	4,726	13,368
Depreciation on disposals	-	(2,613)	-	(2,613)
As at 31 December 2018	16,409	42,965	43,944	103,318
Depreciation for the year	1,911	3,547	4,785	10,243
Depreciation on disposals	-	(5,305)	-	(5,305)
As at 31 December 2019	18,320	41,207	48,729	108,256
<b>Net book value:</b>				
As at 31 December 2018	5,329	6,677	47,864	59,870
As at 31 December 2019	3,974	4,549	45,321	53,844
<b>Depreciation for the year</b>				
2018 (All included in an administrative expenses)				13,368
2019 (All included in an administrative expenses)				10,243

(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 2018	14,267	42,319	71,117	127,703
Additions	4,850	43	848	5,741
Disposals	-	(2,958)	-	(2,958)
As at 31 December 2018	19,117	39,404	71,965	130,486
Additions	556	1,419	1,825	3,800
Disposals	-	(5,305)	-	(5,305)
As at 31 December 2019	19,673	35,518	73,790	128,981





(Unit: Thousand Baht)

	Separate financial statements			
	Improvement of leasehold office building	Motor vehicles	Furniture, fixtures and office equipment	Total
<b>Accumulated depreciation:</b>				
As at 1 January 2018	10,226	34,326	21,189	65,741
Depreciation for the year	3,667	4,037	4,277	11,981
Depreciation on disposals	-	(2,613)	-	(2,613)
As at 31 December 2018	13,893	35,750	25,466	75,109
Depreciation for the year	1,843	2,573	4,284	8,700
Depreciation on disposals	-	(5,305)	-	(5,305)
As at 31 December 2019	15,736	33,018	29,750	78,504
<b>Net book value:</b>				
As at 31 December 2018	5,224	3,654	46,499	55,377
As at 31 December 2019	3,937	2,500	44,040	50,477
<b>Depreciation for the year</b>				
2018 (All included in an administrative expenses)				11,981
2019 (All included in an administrative expenses)				8,700

As at 31 December 2019, the Group has vehicles and equipment under finance lease agreements with net book values amounting to Baht 5 million (Separate financial statements: Baht 3 million) (2018: Baht 7 million, (Separate financial statements: Baht 4 million)).

As at 31 December 2019, the Group has 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 63 million (Separate financial statements: Baht 45 million) (2018: Baht 45 million, (Separate financial statements: Baht 22 million)).

## 18. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Bank overdrafts	MOR	20,277	25,530	17,168	13,086
Bills of exchange	4.75 - 10.00	69,686	157,567	34,821	84,212
Promissory note	4.00 - 8.00, MOR	157,632	165,427	123,095	83,427
Short-term loans	7.50 - 10.00	130,000	99,000	130,000	99,000
Total		377,595	447,524	305,084	279,725







Bank overdrafts of the Group are guaranteed by the Company and the Executive Chairman and the mortgage of land with construction of the Group.

The Group has short-term bills of exchange which are secured by collateral amounting to Baht 30 million (2018: Baht 30 million) and unsecured amounting to Baht 40 million (2018: Baht 128 million).

Such bills of exchange was secured by investments in MFC Industrial Investment Property and Leasehold Fund (M-II).

Moreover, promissory notes from unrelated parties of Baht 158 million, which are unsecured (2018: promissory notes of Baht 82 million from banks were secured by the pledge of some plots of the subsidiary's land with construction thereon and guaranteed by the Company and promissory notes from unrelated parties of Baht 83 million were unsecured).

Short-term loans from unrelated parties of Baht 130 million (2018: Baht 99 million) was secured by the mortgage of land of the Company and certain condominium units of the subsidiary.

## 19. Trade and other payables

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
<b>Trade payables</b>		
Trade accounts payable - unrelated parties	3,924	6,940
Accounts payable - construction	43,372	124,883
Total trade payables	47,296	131,823
<b>Other payables</b>		
Other payable - deposit from sale of project - related party (Note 7)	-	-
Other payable - related party (Note 7)	3,316	6,190
Retention for constructors	29,860	40,008
Accrued expenses	84,046	102,195
Others	17,296	23,935
Total other payables	134,518	172,328
Total trade and other payables	181,814	304,151





## 20. Debentures

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2019</u>	<u>2018</u>
Senior and secured debenture 1/2560 No.2	-	528,500
Senior and secured debenture 2/2560	-	285,128
Senior and secured debenture 1/2561	440,000	440,000
Senior and secured debenture 2/2561	769,000	769,000
Senior and secured debenture 3/2561	430,400	430,400
Short-term senior and secured debenture 4/2561	-	95,000
Short-term senior and unsecured debenture 1/2561	-	290,000
Senior and partially secured debenture 1/2562	525,500	-
Senior and secured debenture 2/2562	966,400	-
Senior and secured debenture 3/2562	546,100	-
Less: Unamortised cost relating to the issuance of debentures	(25,484)	(26,755)
Total	3,651,916	2,811,273
Less: Current portion of debenture	(1,636,013)	(1,191,453)
Debentures - net of current portion	2,015,903	1,619,820

Movements in debentures account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
Balance as at 1 January 2019	2,811,273
Issued during the year	2,078,000
Maturity during the year	(1,238,628)
Debentures issuing costs	(33,412)
Amortisation of deferred debentures issuing costs	34,683
Balance as at 31 December 2019	3,651,916

On 23 February 2017, 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 2019, the Company redeemed the senior and secured debenture 1/2560 No.2.

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 14 May 2018, the meeting of debenture holders No. 1/2561 for the senior and secured debentures 2/2560 passed resolutions approving an additional clause in rights and duties of debenture issuer and holders section regarding withdrawal of the pledged account to repay debenture holders when the debenture issuer exercise a right to redeem debenture before the maturity date. The conditions are that redemption amount must not decrease pledged assets' value below the amount stated in the contract, and debenture issuers have a right to partially redeem before the maturity date effective as of 1 June 2018. Moreover, debenture holders also received 1% of call premium from the redeemed amount.

On 23 July 2018, the Company withdrew a fund from the pledged account to repay the senior and secured debentures 2/2560 partially before maturity date in the amount of Baht 206 million. Subsequently, on 21 July 2019, the Company fully redeemed the senior and secured debentures 2/2560.

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.

On 15 February 2020, the Company redeemed the senior and secured debentures 1/2561.

On 27 April 2018, the Company issued and offered 769,000 units of senior and secured debentures 2/2561 with a face value of Baht 1,000 each, amounting to Baht 769 million. The debentures mature on 27 January 2020 and bear interest at the rate of 7.25% 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) The land with construction thereon of the project under development of the Company.

On 27 January 2020, the Company redeemed the senior and secured debentures 2/2561.

On 27 September 2018, the Company issued and offered 430,400 units of senior and secured debentures 3/2561 with a face value of Baht 1,000 each, amounting to Baht 430.4 million. The debentures mature on 27 September 2020 and bear interest at the rate of 6.50% 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

On 10 October 2018, the Company issued and offered 95,000 units of short-term senior and secured debenture 4/2561 with a face value of Baht 1,000 each, amounting to Baht 95 million. The debentures mature on 10 April 2019 and bear interest at a rate of 6.5% per annum, payable every 3 months.

The debentures were 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) Letter of guarantee from the Executive Chairman

On 10 April 2019, the Company redeemed the short-term senior and secured debenture 4/2561.

On 14 December 2018, the Company issued and offered 290,000 units of short-term unsecured debentures 1/2561 with a face value of Baht 1,000 each, amounting to Baht 290 million. The debentures mature on 10 September 2019 and bear interest at a rate of 6.50% per annum, payable at the maturity date.

During the year, the Company fully redeemed short-term unsecured debentures 1/2561.

On 15 February 2019, the Company issued and offered 525,500 units of senior and partially secured debentures 1/2562 with a face value of Baht 1,000 each, amounting to Baht 525.5 million. The debentures mature on 15 February 2021 and bear interest at a rate of 6.75% per annum, payable every 3 months. The debentures were secured by the part of land with construction thereon of the Company in Chachoengsao Province.





On 22 March 2019, the Company issued and offered 1,006,400 units of senior, secured and callable debentures 2/2562 with a face value of Baht 1,000 each, amounting to Baht 1,006.4 million. The debentures mature on 22 March 2021 and bear interest at a rate of 6.75% per annum, payable every 3 months. The debentures were secured by the part of land with construction thereon of the subsidiary in Chachoengsao Province.

During the year, the Company partially redeemed senior, secured and callable debentures 2/2562 in the secondary market amounting to Baht 40 million.

On 26 July 2019, the Company issued and offered 546,100 units of senior, secured and callable debentures 3/2562 with a face value of Baht 1,000 each, amounting to Baht 546.1 million. The debentures mature on 26 July 2021 and bear interest at a rate of 6.75% 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.

On 24 January 2020, the Company issued and offered 811,100 units of senior, secured and callable debentures 1/2563 with a face value of Baht 1,000 each, amounting to Baht 811.1 million. The debentures mature on 24 January 2022 and bear interest at a rate of 7% per annum, payable every 3 months. The debentures were secured by the part of land with construction thereon of the Company in Chachoengsao Province.

On 13 February 2020, the Company issued and offered 390,000 units of senior, secured and callable debentures 2/2563 with a face value of Baht 1,000 each, amounting to Baht 390 million. The debentures mature on 13 August 2022 and bear interest at a rate of 7.25% 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.





## 21. Long-term loans from financial institutions

(Unit: Thousand Baht)						
Credit No.	Currencies	Credit facilities (Million)	Consolidated		Separate	
			financial statements		financial statements	
			2019	2018	2019	2018
1	Baht	150	-	107,593	-	-
2	Baht	380	-	220,177	-	-
3	Baht	159	32,477	66,508	-	-
4	Baht	235	127,300	181,700	-	-
5	Pound	8.5	-	176,743	-	-
6	Baht	1,600	970,030	954,198	970,030	954,198
7	Baht	30	-	18,711	-	-
8	Baht	55	48,205	54,756	-	-
9	Baht	35	35,000	-	35,000	-
Total			1,213,012	1,780,386	1,005,030	954,198
Less : Current portion			(437,453)	(230,432)	(395,544)	(65,584)
Long-term loans, net of current portion			775,559	1,549,954	609,486	888,614

Movements in long-term loans from financial institutions for the year ended 31 December 2019 are summarised below:

(Unit: Thousand Baht)		
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	1,780,386	954,198
Addition during the period	104,580	104,580
Amortisation of deferred loan cost	2,587	252
Repayment	(525,774)	(54,000)
Decrease from sales of investment in subsidiary (Note 12)	(137,229)	-
Translation adjustments	(11,538)	-
Balance as at 31 December 2019	1,213,012	1,005,030





Credit line (1) 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.

In July 2018, the subsidiary entered into a memorandum to amend the loan agreement, whereby the subsidiary was to make the minimum repayment of loan principal and interest of Baht 1,000,000 on a monthly basis, for the period from June 2018 to November 2018, and then monthly minimum payments of Baht 1,870,000 from December 2018 onwards.

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.

In March 2019, a subsidiary made an early repayment of loan principal with a prepayment fee charged at 3% of principal repayment.

Credit line (2) 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.

In July 2018, the subsidiary entered into the amendment memorandum to the loan agreement, allowing the subsidiary to make monthly repayment for principal and interest of no less than Baht 2,000,000 from June 2018 to November 2018 and no less than Baht 4,730,000 from December 2018 onwards.





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.

In March 2019, a subsidiary made an early repayment of loan principal with a prepayment fee charged at 3% of principal repayment

Credit line (3) On 13 January 2015, a subsidiary received a loan facility of Baht 159 million from a local bank, which has been drawn down in full (the amount of the loan facility after a drawdown period is expired), 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.

In 2017, 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 (4) 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.

In 2017, 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 (5) 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 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) The pledge of the subsidiary's rights to the fixed deposit with the bank.

During the year, the subsidiary (Total Industrial Services Company Limited) disposed all of its investment in its above subsidiary as described in Note 12 to the financial statements.





Credit line (6) 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 1,038 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 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 (7) On 6 June 2018, a subsidiary obtained a loan facility of Baht 30 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 31 May 2026.

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 80% of the appraised price of the units.

In November 2019, the subsidiary has repaid the loans in full.

Credit line (8) On 14 September 2018, a subsidiary obtained a loan facility of Baht 55 million from a local financial institution (which had been fully drawn down), carrying interest at MLR-1.25% per annum. From March 2019 onwards, principal and interest are to be paid every month in accordance with the agreement. The loan and interest must be fully repaid within September 2021.

The loan was secured by the following:

- (1) The mortgage of land of the Company.
- (2) Letter of guarantee from the Executive Chairman.





**Credit line (9)** On 17 January 2019, the Company obtained a loan of Baht 35 million from a local financial institution in form of a bills of exchange, carrying interest at 6.75% per annum. The loan is to be fully repaid in January 2021.

The loan was secured by investments in MFC Industrial Investment Property and Leasehold Fund (M-II).

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

The long-term credit facilities of the Group which has not yet been drawn down were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Long-term credit facilities which have not yet been drawn down	562	632	562	632

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

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Long-term loans from related party	-	33,254
Interest payable	75,568	90,599
Total	75,568	123,853
Less: Current portion	(36,000)	(36,055)
Long-term loans from related party and interest payable, net of current portion	39,568	87,798

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.





### 23. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	20,964	14,161	11,423	5,357
Transfer from subsidiary	-	-	3,650	-
Included in profit or loss:				
Current service cost	7,054	2,239	4,086	1,075
Interest cost	503	320	294	161
Past service cost	1,625	-	807	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes and				
financial assumptions changes	1,315	(3,139)	842	(1,814)
Experience adjustments	-	8,721	-	7,451
Benefits paid during the year	(4,400)	(1,338)	(3,650)	(807)
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>27,061</u>	<u>20,964</u>	<u>17,452</u>	<u>11,423</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 1.6 million (The Company only: Baht 0.8 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in profit or loss of the current period.

The Group expect to pay Baht 1 million of long-term employee benefits during the next year (Separate financial statements: Nil) (2018: Baht 4 million, (Separate financial statements: Nil)).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 4 - 12 years (Separate financial statement: 7 years) (2018: 4 - 12 years, (Separate financial statements: 7 years)).





Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)	(%)	(%)	(%)
Discount rate	1.25 - 1.69	2.10 - 2.80	1.36	2.40
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age and level of staffs)	2 - 30	2 - 30	2 - 30	2 - 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 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,302)	1,445	(811)	904
Future salary increase rate	1,787	(1,639)	1,140	(1,043)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(611)	665	(391)	428

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(948)	1,039	(578)	636
Future salary increase rate	1,102	(1,025)	680	(630)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(411)	438	(250)	268





## 24. Share capital

On 26 April 2019, the Annual General Meeting of Shareholders of the Company for the year 2019 approved the followings significant transactions.

- Approved the reduction of the registered share capital from Baht 3,324,207,633 to Baht 2,554,763,113, by canceling 769,444,520 shares with a par value of Baht 1 per share. The Company registered the reduction in share capital with the Ministry of Commerce on 1 May 2019.
- Approved the increase in the registered share capital of the Company from Baht 2,554,763,113 to Baht 2,769,466,527 by issuing 214,703,414 new ordinary shares with a par value of Baht 1 each to support the allotment to investors in private placement. The Company registered the increase in its share capital with the Ministry of Commerce on 2 May 2019.
- Approved the allocation of the 214,703,414 newly issued ordinary shares with a par value of Baht 1 each to be offered to investors in private placement.

## 25. Warrants to purchase ordinary shares

Details of warrants as at 31 December 2019 and 2018 are as follows:

	<u>Warrants No.5 (JCK-W5)</u>
Issued date	15 January 2018
No. of warrants granted (Units)	241,117,818
Life of warrants	2 years 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

As at 31 December 2019, warrants No.5 (JCK-W5) 241,117,818 units are outstanding.

## 26. 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.





## 27. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase of land, construction in progress and project development cost	199,729	690,551	199,729	436,575
Changes in project development costs	(64,650)	807,387	(168,632)	(607,266)
Salaries and wages and other employee benefits	66,512	59,794	45,195	39,727
Depreciation and amortisation expenses	102,634	119,373	11,961	13,450
Director and management benefits	60,793	58,562	46,730	42,207
Rental expenses from operating lease agreements	34,401	18,772	24,190	11,979

## 28. Income tax

Income tax for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)			
<b>Current income tax:</b>				
Current income tax charge	15,959	37,115	-	-
<u>Less</u> Income tax charge from discontinued operation	(3,625)	(11,098)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,202)	(16,081)	(3,874)	(5,166)
<b>Income tax expenses reported in profit or loss</b>	<u>6,132</u>	<u>9,936</u>	<u>(3,874)</u>	<u>(5,166)</u>





The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to gain (loss) on changes in value of available-for-sale investments	(863)	1,001	(863)	1,001
Deferred tax relating to actuarial gain (loss)	(255)	(1,029)	(168)	(1,127)
Total	(1,118)	(28)	(1,031)	(126)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Accounting profit (loss) before income tax from continued operation	(480,178)	57,937	(422,153)	96,075
Accounting profit before income tax from discontinued operation	20,572	48,570	-	-
	(459,606)	106,507	(422,153)	96,075
Applicable tax rate	19, 20%	19, 20%	20%	20%
Income tax at Thai corporate income tax rate of 20%	(91,921)	21,301	(84,431)	19,215
Difference in tax rates of subsidiaries in overseas countries	(88)	(202)	-	-
Effect of elimination entries on the consolidated financial statements	16,878	10,418	-	-
Unrecognised deferred tax assets on unused tax loss	71,071	6,273	65,169	-
Utilisation of unused tax loss previously unrecognised deferred tax assets	(1,509)	(29,945)	-	(29,945)
Write-off deferred income tax assets on uncertainty of tax loss carry forward	8,567	-	8,567	-
Deferred tax on investment in subsidiaries	(1,550)	1,550	-	-
Effects of:				
Income which exempt for income tax	(3,534)	(749)	(3,480)	(972)
Non-deductible expenses	12,882	13,409	10,366	6,589
Additional expense deductions allowed	(1,039)	(1,021)	(65)	(53)
Total	8,309	11,639	6,821	5,564
Income tax from discontinued operation	(3,625)	(11,098)	-	-
Income tax expenses reported in profit or loss	6,132	9,936	(3,874)	(5,166)







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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,115	1,529	37	37
Allowance for impairment on investment properties	384	384	-	-
Unrealised gain	30,241	30,241	-	-
Unrealised loss on changes in value of trading securities	250	-	250	-
Unused tax loss	146,200	154,502	98,800	107,367
Provision for long-term employee benefits	5,932	4,058	3,490	2,284
Project development costs	29,789	20,133	29,789	20,133
Others	2,826	1,310	1,340	-
<b>Total</b>	<b>216,737</b>	<b>212,157</b>	<b>133,706</b>	<b>129,821</b>
<b>Deferred tax liabilities</b>				
Unrealised gain on changes in value of available-for-sale securities	311	1,174	311	1,174
Liabilities under financial lease and hire - purchase agreements	557	805	477	635
Unrealized gain on investment in subsidiaries	-	1,550	-	-
Others	1,183	1,263	-	-
<b>Total</b>	<b>2,051</b>	<b>4,792</b>	<b>788</b>	<b>1,809</b>
Deferred tax assets - net	214,686	207,365	132,918	128,012

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 1,108 million (Separate financial statements: Baht 925 million) (2018: Baht 826 million (Separate financial statements: Baht 647 million)), on which deferred tax assets have not been recognised as the Group believe that their future taxable profits may not be sufficient to allow utilisation of the temporary difference and unused tax losses.

The unused tax losses amounting to Baht 1,013 million (Separate financial statements: Baht 829 million) will expire by 2024.





## 29. 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 5<sup>th</sup> series of warrant (JCK-W5) to purchase the ordinary shares of the Company was higher than the average market price of the Company's shares for the year ended 31 December 2019 and 2018.

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

Consolidated financial statements					
For the year ended 31 December					
Profit (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
	(Restated)				(Restated)
<b>Earnings per share</b>					
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity					
holders of the Company	(491,711)	74,355	2,147,034	2,147,034	(0.23) 0.03
<b>Earnings per share from continued</b>					
<b>operation</b>					
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity					
holders of the Company	(508,659)	36,884	2,147,034	2,147,034	(0.24) 0.02





Separate financial statements					
For the year ended 31 December					
Weighted average					
Profit (loss)		number of ordinary shares		Earnings (loss) per share	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Earnings per share</b>					
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company					
(418,279)	101,241	2,147,034	2,147,034	(0.19)	0.05

### 30. 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 Group has 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 therefore REIT manager segment information hasn't been presented).





No operating segments have been aggregated to from the above reportable operating segments of the Group.

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 and on a basis consistent with that used to measure operating profit or loss 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 and profit (loss) information regarding the Group's operating segments for the year ended 31 December 2019 and 2018.



(Unit: Million Baht)

For the year ended 31 December

	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>		Adjusting and Eliminations		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue</b>												
External customers	118	35	73	63	185	179	13	1,853	-	(2)	389	2,128
<b>Segment profit</b>	<b>37</b>	<b>19</b>	<b>32</b>	<b>28</b>	<b>67</b>	<b>51</b>	<b>2</b>	<b>471</b>	<b>8</b>	<b>17</b>	<b>146</b>	<b>586</b>
<b>Gain on sales of investment properties</b>	-	-	8	12	-	-	-	-	1	1	9	13
Revenue and expense did not allocate:												(Restated)
Other revenue											29	60
Compensation income											-	155
Gain (loss) on sales of investment in subsidiary											(8)	7
Selling expenses											(21)	(50)
Administrative expenses											(225)	(215)
Share of loss from investment in joint venture											(12)	(93)
Finance cost											(398)	(405)
Income tax expenses											(6)	(10)
Profit from discontinued operation											17	37
Profit (loss) for the year											(469)	85
Profit attributable to non-controlling interest of the subsidiary											(23)	(11)
Profit (loss) for the year (Equity holders of the Company)											(492)	74





## Geographic information

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand (Continued operation)	389,479	2,127,823
United Kingdom (Discontinued operation)	37,435	95,803

## Major customers

For the year 2019, the Group has revenue from 2 major customer in amount of Baht 118 million, arising from land and factory building for sale segment (2018: revenue from one major customer in amount of Baht 1,621 million, arising from residential condominium units for sale segment).

### 31. Provident fund

The Group and their employees have jointly established a provident fund in accordance with Provident Fund Act B.E. 2530. The Group 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, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 3 million (2018: Baht 3 million) (Separate financial statements: Baht 2 million, (2018: Baht 1 million)) were recognised as expenses.





## 32. Commitments and contingent liabilities

### 32.1 Capital commitments

32.1.1 The Group have commitments in respect of agreements to design, improve and construct a residential condominium for sale and office building for lease were approximately Baht 78 million (Separate financial statements: Baht 77 million) (2018: Baht 81 million (Separate financial statements: Baht 77 million)).

32.1.2 The Company has commitments under the following agreements in respect of TFD Industrial Estate project and other projects as follows:

	(Unit: Million Baht)	
	Consolidated / Separate financial statements	
	2019	2018
Agreement to buy land and construction	365	-
Agreement to buy condominium units	23	-
Agreement to construct building and utilities system	171	170
Agreement to buy land for project development	276	154
Total	835	324

### 32.2 Operating lease commitments

32.2.1 The Group has 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 5 years.

Future minimum lease payments required under these non - cancellable operating leases contracts were approximately Bath 3 million (Separate financial statements: Baht 1 million) (2018: Baht 15 million (Separate financial statements: Baht 12 million)).

32.2.2 The Company leased land from the Vajiravudh College 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 Vajiravudh College and the ownership of the building and other constructions on this land is to be transferred to the Vajiravudh College, 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 Vajiravudh College extended the construction period by one year due to the effect of the litigation disclosed in Note 32.5 b). 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.

On 7 February 2018, Vajiravudh College reduced the compensation for loss of benefit from Baht 500,000 to Baht 250,000 per month, effective on September 2017 onwards.

- (5) The Company was to submit a letter of guarantee with a credit line of Baht 50 million (already submitted a letter of guarantee).
- (6) Land rental deposit has been paid on agreement date amounted to Baht 1,500,000.

32.2.3 The Company has annual land lease payment commitments to a temple related to its operation of its factory business for a period of 30 years beginning in June 2018. The lease term will end in June 2048. The factory is initially under the ownership of the temple.

The Company has balance of commitments as follows:

	(Unit: Million Baht)	
	2019	2018
Payable:		
In up to 1 year	1	1
In over 1 and up to 5 years	3	3
In over 5 years	38	39
Total	42	43







32.2.4 In July 2019, the subsidiary entered into a 3-year rental agreement with respect to land and factory starting from 1 January 2019 to 31 December 2021 with the Industrial Estate Authority of Thailand for the operation of its factory rental business.

The subsidiary has the following outstanding rental commitments:

	(Unit: Million Baht)	
	2019	2018
Payable:		
In up to 1 year	4	-
In over 1 and up to 3 years	3	-
Total	7	-

The subsidiary has paid a deposit for rental amounting to Baht 3 million and also has maintenance costs for facility.

32.2.5 Vajiravudh College 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 Vajiravudh College.

The subsidiary has the following outstanding rental commitments:

	(Unit: Million Baht)	
	2019	2018
Payable:		
Up to 1 year	4	4
From 1 to 5 years	15	18
Total	19	22

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

32.2.6 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-lesors upon the termination of the lease agreement.

32.2.7 The Treasury Department granted the Company the leasehold right to the land in the Special Economic Development zone in Nakhon Phanom Province with a lease term of 50 years from July 2019 to July 2069.





Upon the termination of the lease agreement, a lessee is required to decommission building or construction on the land unless the lessee agrees to transfer the ownership to the lessor without demanding any compensation and lessor agrees to accept the transfer if it as deemed beneficial to the government.

The Company has balance of commitments as follows:

	(Unit: Million Baht)	
	2019	2018
Payable:		
In up to 1 year	11	-
In over 1 and up to 5 years	48	-
In over 5 years	1,130	-
Total	1,189	-

The Company has letter of guarantee as security deposit for land rental amounting to Baht 11 million.

### 32.3 Long-term service commitments

32.3.1 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.

32.3.2 The Group has commitments under service agreement as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
Up to 1 year	15	16	4	4
From 1 to 5 years	1	-	-	-
Total	16	16	4	4





## 32.4 Guarantees

32.4.1 The Company has provided guarantees for bank loan and credit facilities of subsidiaries totaling Baht 425 million (2018: Baht 965 million).

32.4.2 There were outstanding bank guarantees issued by the banks on behalf of the Group as follows:

Letter of guarantee	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
To guarantee performance under the agreement to develop TFD Industrial Estate project with the Industrial Estate Authority of Thailand	10	10	10	10
To guarantee performance for the construction of public utility and infrastructure for TFD Industrial Estate Phase II project with the Industrial Estate Authority of Thailand	144	430	144	430
To guarantee relating to the electricity use and others	22	8	13	2
Total	176	448	167	442

32.4.3 The Company and its subsidiary (Crown Development Company Limited) have guaranteed loan and bank credit facilities of joint venture (BGY & TFD Properties Company Limited) based on its percentage of investment at 51% of loan facility and credit facilities or amounting to Baht 1,365 million (2018: Baht 1,365 million).

## 32.5 Litigations

- 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 revoke 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) The injured parties sued government units and related persons with respect to issuance of building construction permit and approval of the Environmental Impact Assessment (EIA) for the leased land of the Company's project, demanding of both the suspension of construction project and the revocation of the EIA approval.

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

On 26 September 2019, the Central Administrative Court rendered its judgment revoking the building construction permit of the Company's project which was effective retroactively on the permit date. However, the Company filed an appeal with the Supreme Administrative Court against the judgment of the Central Administrative Court on 24 October 2019. The case is currently pending the decision of the Supreme Administrative Court.

As at 31 December 2019, 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.





### 32.6 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) In 2017, 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.

In February 2019, the Company mortgaged its land with the Revenue Department as collateral to guarantee any tax liabilities of the subsidiary that may incur.

In June 2019, the Tax Appeals Committee dismissed the appeal. In November 2019, the subsidiary filed a lawsuit with the Central Tax Court in order to request the Court to withdraw the tax assessment. No provision for tax liability has been set aside in the financial statements as at the end of the reporting period.

### 33. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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 2019			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities - equity instruments	2	-	-	<b>2</b>
Investments in available-for-sale securities - equity instruments	150	-	-	<b>150</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	1,051	<b>1,051</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,691	-	<b>3,691</b>





(Unit: Million Baht)

	As at 31 December 2019			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities- equity instruments	2	-	-	<b>2</b>
Investments in available-for-sale securities- equity instruments	150	-	-	<b>150</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	3,691	-	<b>3,691</b>

(Unit: Million Baht)

	As at 31 December 2018			
	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	155	-	-	<b>155</b>
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	1,726	<b>1,726</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,834	-	<b>2,834</b>

(Unit: Million Baht)

	As at 31 December 2018			
	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	155	-	-	<b>155</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,834	-	<b>2,834</b>

## 34. Financial instruments

### 34.1 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 2019						
	Fixed interest rates					
	Within	1-5	Floating	Non- interest		
	1 year	years	interest rate	bearing	Total	Interest rate
						(% per annum)
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	23	-	23	0.125 - 0.625
Trade and other receivables	-	-	-	104	104	-
Loans to related parties and interest receivable	90	-	-	-	90	5.00
Investments in trading securities	-	-	-	2	2	-
Investments in available-for-sale securities	-	-	-	150	150	-
Restricted bank deposits	-	74	-	-	74	0.10 - 1.50
	90	74	23	256	443	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans	358	-	20	-	378	5.00 - 10.00, MOR
Trade and other payables	-	-	-	184	184	-
Loans from related parties and interest payable	36	40	-	-	76	15.00
Debentures	1,636	2,016	-	-	3,652	6.50 - 7.25
Long - term loans from financial institutions	-	35	1,178	-	1,213	6.75, MLR, MLR - 0.50, MLR - 1.25
Liabilities under finance lease and hire-purchase agreements	1	2	-	-	3	5.64 - 11.53
	2,031	2,093	1,198	184	5,506	





(Unit: Million Baht)

Separate financial statement as at 31 December 2019

	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	-	-	10	-	10	0.125 - 0.625
Trade and other receivables	-	-	-	87	87	-
Loans to related parties and interest receivable	1,362	-	-	-	1,362	5.25 - 9.975, 15.00
Investments in trading securities	-	-	-	2	2	-
Investments in available-for-sale securities	-	-	-	150	150	-
Restricted bank deposits	-	73	-	-	73	0.10 - 1.50
	<u>1,362</u>	<u>73</u>	<u>10</u>	<u>239</u>	<u>1,684</u>	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans	288	-	17	-	305	5.00 - 10.00, MOR
Trade and other payables	-	-	-	202	202	-
Loans from related parties and interest payable	-	-	72	-	72	MLR
Debentures	1,636	2,016	-	-	3,652	6.50 - 7.25
Long-term loans from financial institutions	-	-	1,005	-	1,005	MLR
Liabilities under finance lease and hire-purchase agreements	1	1	-	-	2	5.64 - 11.53
	<u>1,925</u>	<u>2,017</u>	<u>1,094</u>	<u>202</u>	<u>5,238</u>	







(Unit: Million Baht)

Consolidated financial statement as at 31 December 2018

	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	-	-	55	-	55	0.20 - 1.65
Trade and other receivables	-	-	-	41	41	-
Loans to related parties and interest receivable	135	-	-	-	135	5.0 - 6.0
Investments in available-for-sale securities	-	-	-	155	155	-
Restricted bank deposits	-	86	-	-	86	0.30 - 1.50
	135	86	55	196	472	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans	422	-	26	-	448	4.00 - 10.00, MOR
Trade and other payables	-	-	-	325	325	-
Loans from related parties and interest payable	44	88	-	-	132	3.00 - 7.00, 15.00
Debentures	1,191	1,620	-	-	2,811	6.00 - 7.25
Long - term loans from financial institutions	54	201	1,525	-	1,780	4.11, MLR-1.25, MLR+1
Liabilities under finance lease and hire-purchase agreements	1	1	-	-	2	7.75 - 9.24
	1,712	1,910	1,551	325	5,498	





(Unit: Million Baht)

Separate financial statement as at 31 December 2018

	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	-	-	11	-	11	0.20 - 1.65
Trade and other receivables	-	-	-	13	13	-
Loans to related parties and interest receivable	1,431	38	-	-	1,469	5.25 - 15.00
Investments in available-for-sale securities	-	-	-	155	155	-
Restricted bank deposits	-	85	-	-	85	0.30 - 1.50
	<u>1,431</u>	<u>123</u>	<u>11</u>	<u>168</u>	<u>1,733</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans	267	-	13	-	280	6.00 - 10.00, MOR
Trade and other payables	-	-	-	251	251	-
Loans from related parties and interest payable	216	-	-	-	216	3.00 - 7.00
Debentures	1,191	1,620	-	-	2,811	6.00 - 7.25
Long-term loans from financial institutions	-	-	954	-	954	MLR
Liabilities under finance lease and hire- purchase agreements	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>7.75 - 9.24</u>
	<u>1,675</u>	<u>1,620</u>	<u>967</u>	<u>251</u>	<u>4,513</u>	

### Foreign currency risk

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

### 34.2 Fair values of financial instruments

Since the majority of the Group's 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.

### 35. 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 2019, the Group's debt-to-equity ratio was 2.41 (2018: 2.03) and the Company's was 2.05 (2018: 1.48).





### **36. Events after the reporting period**

On 27 January 2020, the meeting No.1/2563 of the Board of Directors of the Company passed a resolution approving an establishment of a subsidiary (Mahadlekluang Company Limited), with the registered share capital of Baht 1 million (10,000 ordinary shares with a par value of Baht 100 each). The Company invested 100 percent of the registered share capital of the subsidiary. On 28 January 2020, the company registered the establishment with Ministry of Commerce.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2020.



# Business Overview

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

	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Land and factory building business at the TFD Industrial Estate and other industrial estates						
- Sales incomes	103.39	10.15%	34.85	1.47%	118.00	27.67%
- Rent and service incomes	140.70	13.81%	60.74	2.57%	72.99	17.12%
2. Office space for rent business						
- Rent and service incomes	172.22	16.90%	178.80	7.57%	184.99	43.38%
3. Residential condominium business	499.37	49.01%	1,853.43	78.44%	13.50	3.17%
4. Other incomes	103.16	10.13%	235.14	9.95%	36.93	8.66%
<b>Total incomes</b>	<b>1,018.84</b>	<b>100.00%</b>	<b>2,362.96</b>	<b>100.00%</b>	<b>426.41</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 Laem Chabang 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. It is expecting that the government is going 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, 2019, the TFD Industrial Estate had two operation phases as follows.

- **TFD Industrial Estate 1**

The project has total area of 304.22 rai where salable area is 231.58 rai. Of this, 74.58 rai are in Free Zone and 156.85 rai are in General Zone. Since 2011, the Company has recognized incomes from the project both from the sales of vacant land and sales of land with the completed factory buildings. At present, the Company has the land left unsold only 1.57 rai.

- **TFD Industrial Estate 2**

The Company plans to expand the areas in the TFD Industrial Estate II, which located next to the TFD Industrial Estate I. The Company had purchased approximately 1,980 rai of vacant lands for the development, some part of lands was approved for the change to use for industrial purpose (purple zone) in December 2015. On November 10, 2016, the Company 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 II. The Company also received the approval of the Environmental Impact Assessment (EIA) report on July 26, 2017.

In addition, the Company has received the approval of the land allocation plan on March 2, 2018 and would be able to proceed with the issuance of the title deed for the total area of the project approximately 833.26 rai, with a sales area of approximately 619.10 rai. Currently, the land is under development, adjustment of the landscape and the construction of public utility systems. At the end of 2019, the Company has only 608.4 rai of land available for sale. The Company has currently developed and completed almost 80% of the project's main public utility and is expected to be fully completed by 2020 which improves and increases confidence for investors. The Company expects that by the year 2020, the Company will receive increasing income from the sale of TFD II land. At the end of March 2020, there are customers who has booked the purchase of land in the TFD II for more than 25 rai, which the Company expects that it will transfer the ownership and realize the revenues within this year 2020.





- **Project One Nakhon Phanom**

The One Nakhon Phanom Project is a new project of the company located in the area of Special Economic Development Zone in Art-Samart Sub-district, Mueang Nakhon Phanom District, Nakhon Phanom Province on the land of approximately 1,335 rai, 2 ngan and 28.1 square wah. The Company has foreseen the potential and growth opportunities of Nakhon Phanom province as a major tourist and border trade city of the country. Therefore, the Company had decided to enter into the land lease agreement with the Treasury Department on 15 July 2019 for a period of 50 years in order to develop a commercial project which combines with an industrial estate and / or distribution center.

Since this project is located in the area of Special Economic Development Zone, the Company will receive the tax benefit from the Board of Investment as same as the projects in the Eastern Economic Corridor (EEC) including other privileges such as subleasing the land or providing other benefits, the ownership of the building belongs to the tenant or sub-tenant including not being enforced by Town Planning Act and the Public-Private Partnership Act. In addition, this project uses lower initial investment when compared to the purchasing of large-sized land plot to develop the project, as it is also difficult to procure the large adjoining plot of land because of the higher investment and also time demand comparative to the leasing. The Company then considered that the investment in this leasehold rights will assist to create opportunities and support the expansion of industrial estate and real estate development, which is the Company's core business in the long run. The Company has the idea to develop the project as a commercial project combined with industrial estates and / or distribution centers to support each parts and utilize the area with maximum efficiency. The Company is currently in the stage of conducting additional study on the possibility of the project and also procuring project partners.

**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, 2014 and Bognor Regis Warehouse Limited was established on January 27, 2015 for investment in land and warehouse for sale and rent in the UK. In November 2018, the Company has sold Barnsley Warehouse Limited, which the Company has realized the revenue from sale of investment in year 2018, and later the Company has sold the investment in Bognor Regis Warehouse Limited and realized the revenue from sale of such investment in the third quarter of year 2019.

- **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 are 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. The customer is required to deposit 3 – 6 months payment.





The following table features information of completed factory buildings and occupancy rate of 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	
2015					
Number (buildings)	13	-	4	9	-
Area (square meters)	66,485.00	-	8,610.00	58,325.00	12.95
2016					
Number (buildings)	34	-	8.50	25.50	-
Area (square meters)	105,601.00	-	20,390.00	85,211.00	19.31
2017					
Number (buildings)	34	2	14	18	-
Area (square meters)	105,601.00	3,450.00	29,230.00	72,921.00	27.68
2018					
Number (buildings)	32	1	15.50	15.50	-
Area (square meters)	102,151.00	1,980.00	30,555.00	69,616.00	29.91
2019					
Number (buildings)	31	2	13.50	15.50	-
Area (square meters)	100,171.00	2,800.00	35,980.00	61,391.00	37.72

As of December 31, 2019, the Company has standard ready-built factories and warehouses altogether 29 units which can be divided as follows :

- The standard ready-built factories located in Laem Chabang of 5 units with total rental space of 8,910 sq.m. Currently there are 4 tenants which cover a total area of 8,160 sq.m.
- 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). 1.5 tenant already rent a total of 11,250 square meters.
- 21 ready-built factories and warehouses at Bangsaothong, Samutprakan Province (the Green Park 2 and 3 Project), which 2 units were sold in 2017, 1 units were sold in 2018 and 2 units were sold in 2019, 16 units were left for rent, totaling 28,906 square meters of rental space (an average of 750 - 3,330 square meter per structure). At present, we have 8 tenants renting a total of 16,570 square meters ready-built factories. In this regard, 1 tenant, covering an area of 1,980 square meters, has entered into a contract to purchase and sell prefabricated factory with the Company on August 26, 2019. By stipulating payment terms in installments and the ownership will be transferred within the date of August 2020, the Company has stopped recognizing rental income from that customer from the date of the contract signing onwards.





In addition, the Company can provide the service 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 of the land with the factory or to get the right to buy the land later.

Table showing the proportion of the rental space which the lease term will be expired comparing to total rental space of the Company as of December 31, 2019

Year that lease term will be expired	Total area which will be due (sq.m.)	Proportion of the due rental space compared to total area (%)
2020	8,955.00	26.34
2021	13,890.00	40.85
2022	9,175.00	26.99
2027	1,980.00	5.82
<b>Total</b>	<b>34,000.00</b>	<b>100.00</b>

### 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 and The Harbour View Residence.

At present, the Company has 4 ongoing projects as follows:

- The 15 Sukhumvit Residences Project
- The Colonial Kao Tao Hua Hin Project
- The Mahadlek Residence Project
- The Artisan Ratchada Project

#### (1) The 15 Sukhumvit Residences 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, 2019, the Company sold 494 residential units and commercial space for a total sales value of Baht 2,954.01 million. There remain 12 units of approximately Baht 586.14 million sales values left unsold (at Baht 125,000 per square meter) and 1 unit for commercial rent.

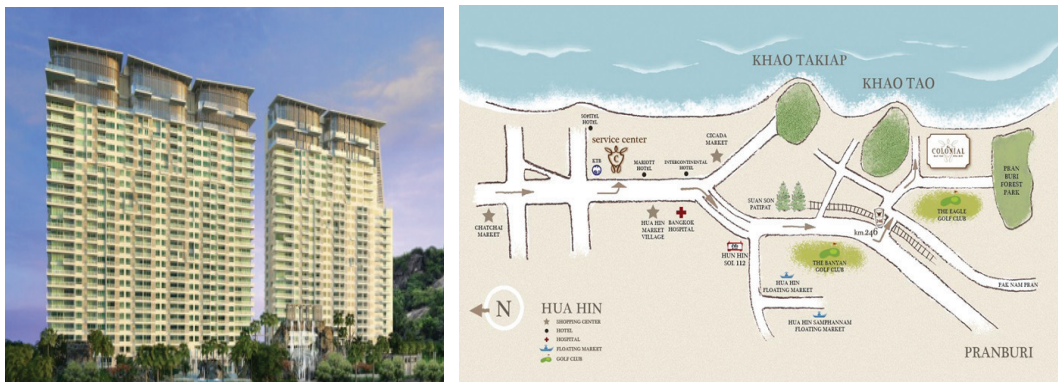






## (2) The Colonial Kao Tao Hua Hin

A residential condominium, the project is located at Kao Tao, Paknam Pran Sub-district, 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 in December 2014 was temporarily suspended since the project was involved in a lawsuit (Details are in Section 1, Topic 3: Risk Factors). As of December 31, 2019, the Company continued to delay the project due to the litigation.



## (3) 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 Vajiravudh College. 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 5 years from the day it has been approved by Bangkok Metropolitan Administration (BMA) to build the project) or from the day the construction is finished, whichever is earlier.

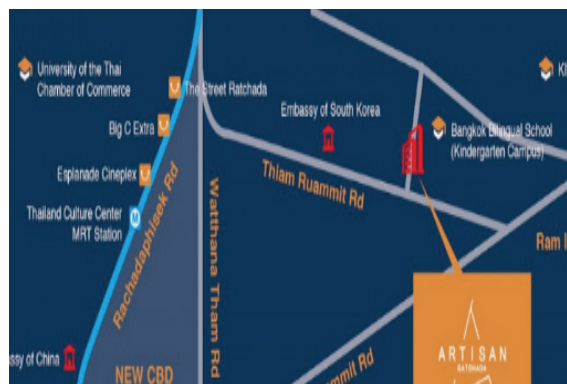
The Mahadlek Residences Project's Environmental Impact Assessment Report (EIA report) was already approved by the Office of Natural Resources and Environmental Policy and Planning (ONEP) on June 10, 2014 and also received the Building construction permit on June 1, 2016. However, at present the Company has temporarily delayed the investment in this project because 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 then ordered the temporary suspension of the construction and on September 14, 2017, the Central Administrative Court judged revoking of the project's EIA report which thereafter the Company has appealed the order. On September 26, 2019, the Central Administrative Court has adjudicated to revoke the project's building construction permit, with retroactive effect from the date of the issuance of the said permit. The Company has already submitted an appeal against said judgment to the Supreme Administrative Court on October 24, 2019 which currently the case is under the consideration process by the Supreme Administrative Court.





#### (4) The Artisan Ratchada Project

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, totaling 1,337 units. The total salable area is approximately 69,000 square meters while the total usable area is approximately 128,000 square meters. Total sale revenue is Baht 6,500 million. 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, with the structure of shareholdings between CROWN and BH at 51 : 49. Currently, this project has started the construction and plans to finish and will start to recognize the revenue in the second quarter of the year 2020. As of the December 2019, the backlog is approximately Baht 5,000 million.



#### 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 Vajiravudh College (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, 2019, 90.40 percent of the tower's total rentable areas were rented. The building has an average rent income of Baht 7.67 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, 2019, 77.34 percent of the tower's total areas were rented. The building has an average rent income of Baht 5.83 million a month.

Most of the rental terms of lease agreements and its customers are 3 years with 3 months of security deposit.

The following table features the Company's office buildings as of December 31, 2019 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	14,887.49	13,458.89	1,428.60	90.40%
The Millennia	62 Langsuan Road, Kwaeng Lumpini, Pathumwan District, Bangkok	One 26-storey office building plus one underground parking space	11,941.50	9,235.70	2,705.80	77.34%
Grand total			26,828.99	22,694.59	4,134.40	84.59%

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 4:Operating assets.)

As of December 31, 2019 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 buildings located in industrial estates. The TIF1's properties include 26 factories 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	17,247	12
2. The Bangpa-in Industrial Estate	Ayutthaya	Land+Factory	1,980	1
3. The Navanakorn Industrial Estate	Pathum Thani	Land+Factory	2,310	1
4. The Amata Nakorn Industrial Estate	Chonburi	Land+Factory	9,150	7
5. The Bangkadi Industrial Estate	Pathum Thani	Land+Factory	10,611	3
6. The TFD Industrial Estate 1	Chachoengsao	Land+Factory	3,240	2
<b>Grand total</b>			<b>44,538</b>	<b>26</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 35 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	Pathum Thani	Land+Factory	Freehold	1,080.00	1
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 1	19,350.00	18
4. The Kingkaew Warehouse	Samut Prakan	Land + Warehouse	Freehold+Leasehold 2	15,034.10	17
<b>Grand total</b>				<b>63,274.10</b>	<b>52</b>

- Note: 1. The asset type of factories are freehold properties while the lands are leasehold properties. The lease rights of land (28-0-66.09 rai) will expire in the year 2042 and the sub-lease of the land (1-0-80 rai) expired in 2018, which the Fund has already executed to expand the term of lease agreement to be expired on December 17, 2042.
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 2 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	14,887.49	Right to lease the land and office building (expired in 2023)	Vajiravudh College
2. The Millennia	11,941.50	Right to sub-lease the land and office building (expired in 2025)	JF Holding Co., Ltd.
<b>Total</b>	<b>26,828.99</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 and, 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, at present, 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 2 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 have 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 2 main distribution channels; namely, through salespersons of the Company and real estate agents. In addition, the Company also advertises through media such as billboards erected nearby the project's location, 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, 2019, the Company has 4 condominium projects under development and/or sold and/or waiting to be transferred to customers which include (1) the 15 Sukhumvit Residences Project; (2) the Colonial Kao Tao Hua Hin Project; and (3) The Mahadlek Residence Project (4) The Artisan Ratchada 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 2 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 Soi Mahadlekluang 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 3 years based on the rental term to consistently reflect market conditions.

The Company has 2 major sales and distribution channels consisting of direct sales through the Company's sales office and sales through agents.





# Status of Industry and Competition

## 1) Industrial Estate

The Industrial Estate Authority of Thailand (IEAT) has a plan to develop the new industrial estates in the border provinces to support the entry to the ASEAN Economic Community, especially in Kanchanaburi and Chiang Rai, and also has a plan to develop additional eight industrial estates in some provinces along the Eastern and Western Economic corridors. On June 28, 2016, the Cabinet has approved the plan of the Eastern Economic Corridor Development, with the estimated investment by the public sector of 300 billion Baht and is expected that these projects will be able to attract the investment from the private sector of more than 1.9 trillion Baht with the objective to use those areas to be the main source of investment in the country which will connect to western economic corridor and Dawei city including the connection by waterway to the coast of Cambodia and China which will operate in 3 main eastern provinces which are Chon Buri, Rayong and Chachoengsao by dividing to the industrial zones, fundamental infrastructure development zones and the urban development zone, from the investment of 10 target industries in order to be a key mechanism or New Engine of Growth to drive the economy in the future. Thus the Industrial Estate Authority of Thailand will need the partners from the private sector to participate in the development of the small industrial estates to support the small and medium enterprises industries.

In addition, the Board of Investment of Thailand (BOI) has adopted their policy regarding the promotion of investment to the modern policy, to support the entry into the ASEAN Economic Community and also to increase the capability of the country to compete with other countries, which other countries in the region of ASEAN have launched several measures and benefits to attract foreign investors to invest in their country. However, the foreign investors still concern about their investments divisions according to the new promotion policy because some areas in Thailand still lack of the promptness and readiness of the utility system to support their industry. Thus, the government should give priority and develop the utility system to support the investment.

The government also plans to develop the special economic zones throughout the country especially the provinces along the border line which connect to the neighbor countries via the Friendship Bridges and the economic corridors which connected between the eastern and western regions. Every special economic zones will comprise of commercial, residential and industrial areas which will be the key important factors that have impacts to the industrial estates in the country and in the future.

The selling price of land in the industrial estates and industrial parks depends on the location, distance from transportation, fundamental infrastructure and distributors. The highest price of land in the industrial estate is in Bangkok since Bangkok is the center of the transportation hub, both the ports and airports. The second and third in place are Chachoengsao and Rayong, consecutively. The reason that the price of land in Bangkok and Chachoengsao are very different from other areas is due to the fact that there are many industrial estates located near Bangkok while other industrial estates which are located far away from these facilities such as the estates in Prachinburi and Saraburi will have lower cost due to the distance from Bangkok and the ports.

The internal competitive situation in the industrial estates business is classified to be at a moderate level as there are few operators and this type of business requires high investment. The direct competitors of the Company are five industrial estates which locate in the same locations comprising of Gateway City industrial estate, Wellgrow industrial estate, Amata nakorn industrial estate, Asia industrial estate and Tpark industrial estate. However, the location of TFD Industrial Estate is considered to be the strategic point and thus provide the competitive advantage for the Company, which results in the Company high potential in competitiveness and can be the leader of Price maker in the industrial estate business which located in the nearby area.





From the information of the Industrial Estate Authority of Thailand in 2019 stated that the investment value in the industrial estate still is in a good direction. Total investment in industrial estate under the IEAT's supervision, which comprised of 59 industrial estates and one industrial port, have total area of 175,939 rai and can be classified as areas for sale / rent of 110,558 rai and cumulative sales / lease areas of 88,906 rai, with total overall investment value of 4 trillion Baht, with 5,875 factories and total employment of 500,000 employees.

The top 5 industrial groups which are interested in investing in the industrial estates are as follows : 1) Steel and metal products industry 2). Automobiles and transportation industry 3). Rubber, plastic and artificial leather industry 4). Engines, machineries and spare parts industry and 5). Electrical appliances, electronics and scientific tools. The top 5 countries that invest in the estates are Japan, China, Hong Kong, Malaysia and the United States. Currently, industrial estates under the supervision of the IEAT have the potential to promptly serve the investment with all fundamental infrastructure and public utility systems.

The trend of industrial estate businesses in the year 2020 is expected to improve, especially in the area of Eastern Economic Corridor (EEC), which has received additional support from various investment promotion policies from the public sector, both in terms of tax and non-tax privileges. The accelerating investment in the development of various infrastructure systems within the EEC area with substantial progress, both the Map Ta Phut Port Phase 3 Development Project (Stage 1), the High Speed Rail Link which links with the 3 Airport Project, the Laem Chabang Port Project Phase 3 and the City Aviation Development Project and U-Tapao Airport, all these are significant factors that affect investor's confidence and attract investors to continuously invest. Also the Industrial estates operators which still have potential or have available land in hand, have accelerated to develop their business to serve the incoming investment of the foreign investors. As the trade war between United States and China is still prolonged thus results in the increase in pressures on the entrepreneurs which related to these two countries to seek for their alternative investment to set up their additional factories in other countries.

Furthermore, the Board of Investment has recently approved additional privileges to promote the investment and to attract the medium-sized businesses with the net worth of 500 million - 1 billion Baht, by providing an additional 50% corporate tax deduction benefit for a period of 5 years for industries that are tax-exempt of 5-8 years in all areas where the investment must not less than 500 million Baht by the year 2020 or not less than 1,000 million Baht within the year 2021. By this means, BOI expects such measures will stimulate investment in more than 200 billion Baht from this measure which is an additional measure on top of "Thailand Plus", which aims to enhance the promotion of the large-scale investment, which the investment is higher than one billion Baht. However, the Foreign Direct Investment (FDI) may now have impact from the outbreak of the virus Covid-19, at least in the first quarter of 2020. On the contrary, this crisis may have positive impact in the medium to long term as the manufacturers may consider the business continuity plan by expand or set up additional production bases to avoid the future disruption in supply chains as a result of the closure of factories policy in China to control and reduce the spread out of the Covid-19 such as Honda Motors, Nissan Motors, Hyundai Motors and several large-scale companies which have affected the global supply chains as China is the largest manufacturer country in the supply chain. It is expected that many manufacturers will start to have their business continuity plan to reduce any risks which may occur in the future by establish additional production bases outside of China. Therefore, from the abovementioned factors, it is possible that in 2020 the industrial estate industry will have a constant growth and also the opportunity that the investors will consider to move their production base to Thailand and decide to increase their invest in industrial estate in Thailand.





## 2) 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 standard ready-built factory and warehouse also allows foreign entrepreneurs to set up their manufacturing bases in Thailand without the 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.

The competitive situation in the standard factory / warehouse business is still at a moderate level as there are few operators and this type of business also requires high investment as same as the industrial estate business. In addition, most of the entrepreneur and investors who have a need for factories or warehouses for rent, will have their target location which will be able to support their business. The direct competitors of the company in this business are several industrial estates which are in the same location, who provide standard factories and warehouses for rent. However, from the location of the TFD Industrial Estate which is considered to be a strategic location and can create a competitive advantage for the group of companies, resulting in the company having a relatively high potential in competitiveness and can be a leader in price maker in the standard factories / warehouses business which located in nearby locations.

According to Krungsri Research's data, It is expected that during the year 2019 – 2021, the warehouse business is still in a slow down trend, though the demand for rental space is likely to continuously grow according to the growth in agricultural sector, investment in Industrial sector and trade & services sector in Thailand. However the investment in expanding warehouse space which is increasing continuously may result in oversupply of warehouses in some areas, therefore price competition is intense and the increase in rental fee is still difficult due to the economic pressure.

However, the warehouse business is likely to receive a positive trend from the development of infrastructure by the public sector. According to the Economic Research Center of the Government Savings Bank, it expects that the development of infrastructure by the public sector to link important economic areas, both local and outside the country, including the Eastern Economic Corridor Project (EEC) now begin to be more clear picture. As a result, the investment in industrial sectors in those areas tends to expand, especially the 10 target industries of the government, which may cause the demand for stock keeping and related services a tendency to grow in line. The warehouses which will have potential to expand should be the warehouse with the modern warehouse management system, new model of warehouse which does not require large scale of area but concentrates on the convenient and speedy

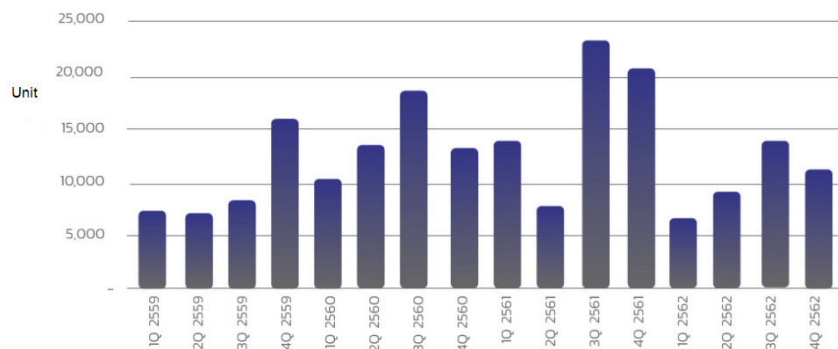




management to support the rapid growth in the E- Commerce business, including the Cold Storage warehouse and warehouses in good location which have potential to grow continuously in the future such as the warehouses in the industrial estate in Bangkok and surroundings, the area in the Eastern Economic Corridor: ( EEC ) , the central provinces of each regions and the border provinces which will benefit from the development of Special Economic Zone (SEZs) including the warehouses which Thai entrepreneurs have invested in the neighboring countries.

### 3) Residential Condominiums

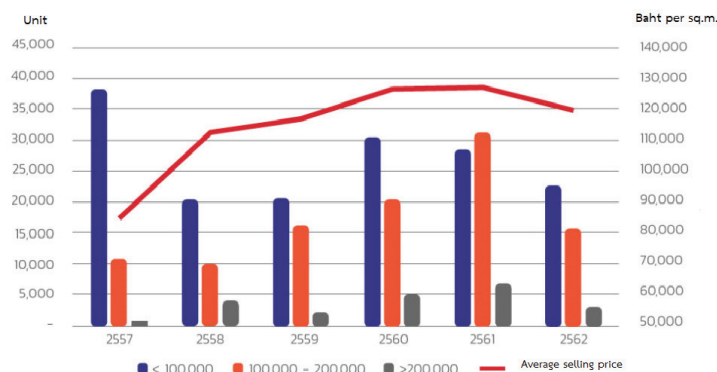
According to the research report of Phoenix Property Development and Consultant Co., Ltd., it can be foreseen that in the fourth quarter of 2019, there were approximately 11,362 new condominium units, a 20% decrease from the previous quarter. For the whole year 2019, there are approximately 41,568 new supply of condominium sales in Bangkok, approximately 37% decrease from last year with the total project value is around 200 billion Baht, which reflects the adjustment of condominium developers in the market that reduced the new launching project sales in accordance with the economic slowdown and the decrease in purchasing power of Thai people and also the Chinese buyers which have been affected by the strength of Thai Baht obviously in 2019. Together with the declining of Chinese economic growth which was affected by the trade war, thus the number of Chinese investors that used to be the largest group in the Bangkok condominium market has clearly decreased in the past year.



Source : The Phoenix Property Company Development and Consultant Co., Ltd.

In addition, based on previously collected data, sale of the condominiums with the selling price of less than 100,000 Baht per sq.m. have the highest proportion in the Bangkok condominium market while the proportion of condominiums with the price range of 100,000-200,000 Baht per sq.m. is a variable factor that affects the average selling price of condominiums in Bangkok. According to the data shown, the average selling price of condominiums in Bangkok has continuously increased in the previous 3-4 years, after which the average selling price has dropped in 2019 since the proportion of condominiums in the price level of 100,000-200,000 Baht per sq.m. is less than condominiums with the explicit lower sales prices. However, the average selling price of newly launched condominium projects in Bangkok is still 41 % higher than in the past 4-5 years.





source : The Phoenix Property Company Development and Consultant Co., Ltd.

While the Thai economy is in the slowdown period or the growth is declining, most operators will focus on launching the new project which the selling price is less than 100,000 Baht per sq.m. or in total price not exceed 3 million per unit to be in line with the decrease in purchasing power of the customers. However, there are some new launching expensive condominium projects in order to maintain their income base from various target groups. Another fact is that for the buyer of the condominium unit with the price less than 3 million Baht may face some difficulty to apply for the loans from the commercial banks.

For the average salable rate of condominiums in Bangkok which have been selling since 2014 to the present, as of the 4th quarter of 2019, is approximately 86% of the total units of 287,714 units. With this average selling rate can imply that the available residual condominium units on sale in the market now are from the projects starting since 2014 at the approximately 40,000 units onwards, but if we take into account all previously launched projects, there would be more condominiums sold in the Bangkok market.



source : The Phoenix Property Company Development and Consultant Co., Ltd.





Purchasing power of Thai people in 2019 has decreased when compared to the previous period due to the uncertainty in the economic conditions, including the bank lending policy which is quite strict and also from the Bank of Thailand's supervision measures on credit lending, or LTV, which directly affects buyers, groups of investors and people who have existing bank loans which is not longer than 3 years. All these various factors directly affect the condominium market. The government's measures didn't enhance the trading in the market as expected due to the limitations of the measures, and most important factor is the issue of application for bank loans, which is a significant factor to drive the purchasing power.

For the foreign purchasing power, especially Chinese people, in 2019 has decreased more than 40% because of the appreciation of the Baht, the restrictions on transferring money out of their country including the economic slowdown in China which is a result from the trade war with the United States, although the direction has been more released, but it is still need to keep a close watch in the year 2020

The direction of the condominium market in 2020 will remain in an unchanged situation from the year 2019, especially in the purchasing power which is expected that the buyers will take longer time to make decisions. Moreover, the lack of confidence in the government's stability and the economic situation will also be other important factors which have impact on the decision to buy housing in the country.

The average selling price of condominiums in Bangkok in the 4th quarter of 2019 is at approximately 100,000 Baht per sq.m. which has continuously tendency to decrease when compared to the previous periods, especially in the 3rd and 4th quarters, because many developers, both the large operators and the next below groups, have launched new condominium projects at the price level below 100,000 Baht per sq.m.. As a result, the average selling price of the new sales project is continuously decreasing and is the first time in several past quarters that the price decreases down to below 120,000 Baht per sq.m.



source : The Phoenix Property Company Development and Consultant Co., Ltd.

Many entrepreneurs choose to sell the project at the level of not more than 100,000 Baht per sq.m. or not more than 3 million Baht per unit in order to be capable to access to the majority of the purchasing power of the buyers in Bangkok and also to gather the purchasing power of new generations which have never bought any home or asked for a bank loan before so they will be exclude from the BOT's restrictions on LTV. However, the entrepreneurs need to understand and educate the knowledge regarding the loan application to these buyer group, as in case of the loan rejection may cause them inability to transfer the ownership, which such cases have caused lot of problems for the entrepreneurs. Therefore, some entrepreneurs have to extend the down payment period



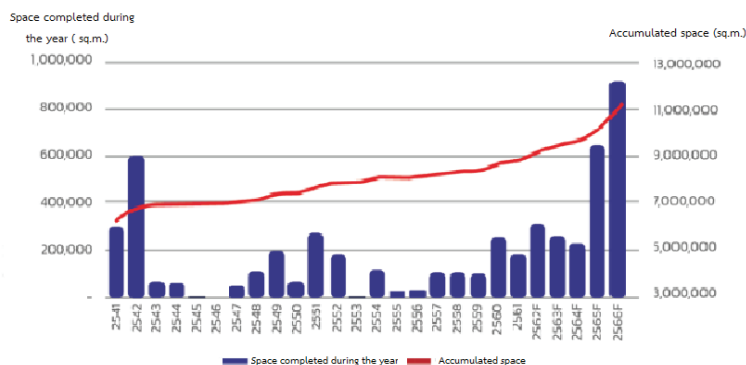


so that the buyers can apply for the loans, provided that the entrepreneur will select only some potential buyers who will not have much problem in this regard.

In conclusion, the condominium market in short term is still slow down and many operators have delayed their new projects and accelerate to close the sale of their existing projects by using various strategies such as price discount, give-away premium and other promotions including to increase the proportion of the condominium project which selling price is less than 3 million per unit along the BTS line and also increase the proportion of housing project to compensate the overall business.

#### 4) Office Building for Rent

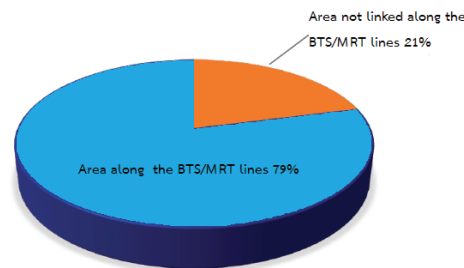
According to the research report done by The Phoenix Property Development and Consultant Co., Ltd, the total area of office building in Bangkok at the end of year 2019 is approximately 9,177,500 sq.m. In 2019, there are new office building area opened for services of 312,000 sq.m. During the year 2014 – 2019, there are new office building area opened more than 100,000 sq.m. each year while the office occupancy rate in each year is higher than 130,000 sq.m thus resulting in the office occupancy rate in Bangkok has still continuously increase over the past few years.



Source : The Phoenix Property Company Development and Consultant Co., Ltd,

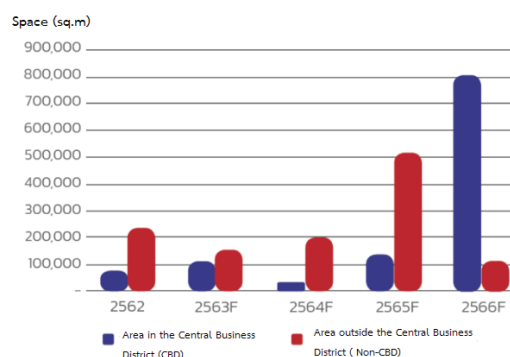
The total area of office buildings in Bangkok in the near future which is currently under construction is approximately 2 million sq.m. Especially in the central business district area (CBD) which will have many additional office buildings from many large Mixed-use projects which are under construction in these zone that have office buildings as part of the projects. The office building area which is part of the Mixed-use project, is scheduled to be completed by 2024, with approximately 1.46 million sqm., most of them are in the central business district area or CBD.





Source : The Phoenix Property Company Development and Consultant Co., Ltd.

About 79% of the office building space in Bangkok is located in the area along route line of the sky train and subway. This was due to the fact that when the sky train routes (BTS) started to construct in Bangkok, their routes were planned to pass through the commercial area where there are lots of office buildings. Since then, most of the office buildings which have been opened over the past few years are located in the areas along the sky train and subway lines, with only a few located outside the sky train and subway route. But in the future, there will be less office buildings in the area outside of the sky train and subway lines as currently the expansion and the construction of new routes have been under construction consecutively. The office buildings which located in the areas along the sky train and subway lines normally have relatively higher rental rates than those outside the routes due to the cost and the potential of the land which is clearly higher.



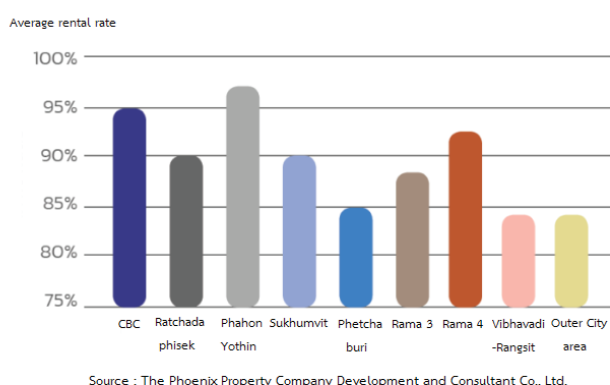
Source : The Phoenix Property Company Development and Consultant Co., Ltd.

The area of office buildings which are under construction and scheduled to be completed between 2020-2023 is approximately 2.07 million sq.m., of which during In the period of 2020-2022, the area will be in the location outside the central business district area. However, after several mixed-use projects in the central business district area are completed at nearly the same time, the office building in the central business district area which will be completed in 2023 will sum up to 809,000 sq.m. It is also possible that there will be other new office building project launching in the future, because the office building market is the product of interest to both Thai and foreign investors both in term of the investment of new project development or the purchase of existing office buildings in the market for further management.





Many business operators have developed their own office buildings, both for their own use as an office and also for renting to generate additional long-term revenue for their businesses. As for example, the operators in these industry are such as real estate entrepreneurs, Food & beverages, Insurance & life insurance, automobiles and construction, etc. These office buildings may be in kind of general office buildings with retail space supported as part of the project or the large mixed-use office buildings with various utilization within the building. The total office building space which is likely to add on in the market in the next few years is worth attention since the extremely high volume of the new spaces will be completed is more than 2 million sq.m. or equals to approximately 22% of total office building space at present. Thus it is worth for attention from all parties which related in the office building market.



The occupancy rate of office buildings in Bangkok at the end of the year 2019 was at 93%, slightly change from the previous year. The average occupancy rate of the whole Bangkok area has not increased as much as in 2019, there are new office building area reaching 312,000 sq.m. add on to the market while the demand for office building space does not change much when comparing to the previous year due to the economic slowdown both in Thailand and also at the global level.

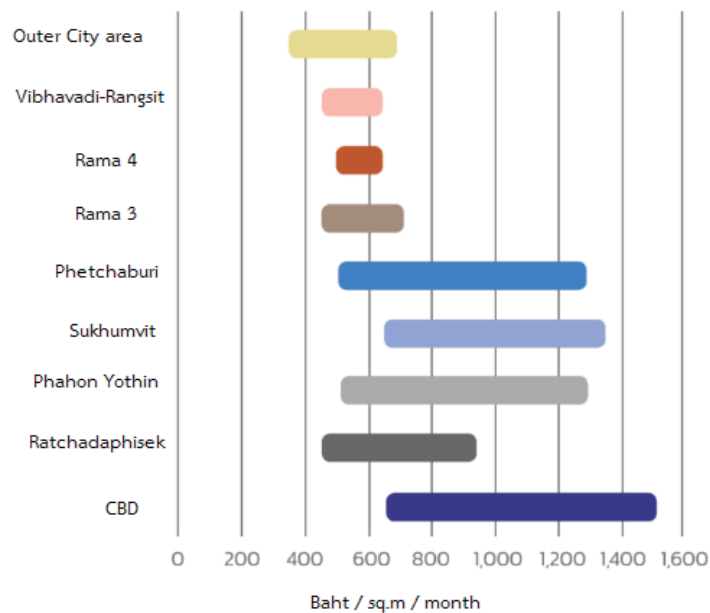
In addition, the Co-Working Space business, which previously had raised concerns for office building owners to a certain extent, has now turned out that Co-Working Space operators in Thailand and around the world have become major tenants of office buildings. Many new office buildings have Co-Working Space operators as the major tenants of the building.

The demand for office space in 2020 is likely to remain unchanged from 2019 due to various factors which have an impact on business and the need for office space still exists including the possibility that the negative factors will increase from problems arising both local and outside the country.

Modern business models may become one of the key factors that reduced the demand for office space including the size of the offices of each company in the future which is likely to be smaller as a result of the use of AI systems or the outsourcing of some work to outsiders, which will reduce the number of employees in the company. Thus office buildings may become one of the businesses that need to be closely watched and concerned in the future







Source : The Phoenix Property Company Development and Consultant Co., Ltd.

In terms of rental rate, though the average rental rate of Grade A office buildings in the CBD is over 1,000 Baht per sq.m. for many years, but the increase in rental rate is not much significant. The rental rate of Grade A office buildings in the CBD area have changed only about 5% from the previous year, although the rental rates at various buildings have been set is higher than this. In some buildings the rental rate is higher than 1,500 Baht per sq.m. but it depends on some conditions such as for only specific area or specific floors and may be bargaining depending on the size of the space and negotiations between the tenant and the building owner. Rental rate of Grade B office buildings in the CBD (CBD) is lower than Grade A office buildings in the same area by around 20-25 %. Rental rate of office buildings in 2020 is likely to remain unchanged from 2019 from various factors such as economic situation, the increase in the investment in private sector and the supply of the office building space which continues to increase so all these factors will pressure the rental rate not to increase significantly.

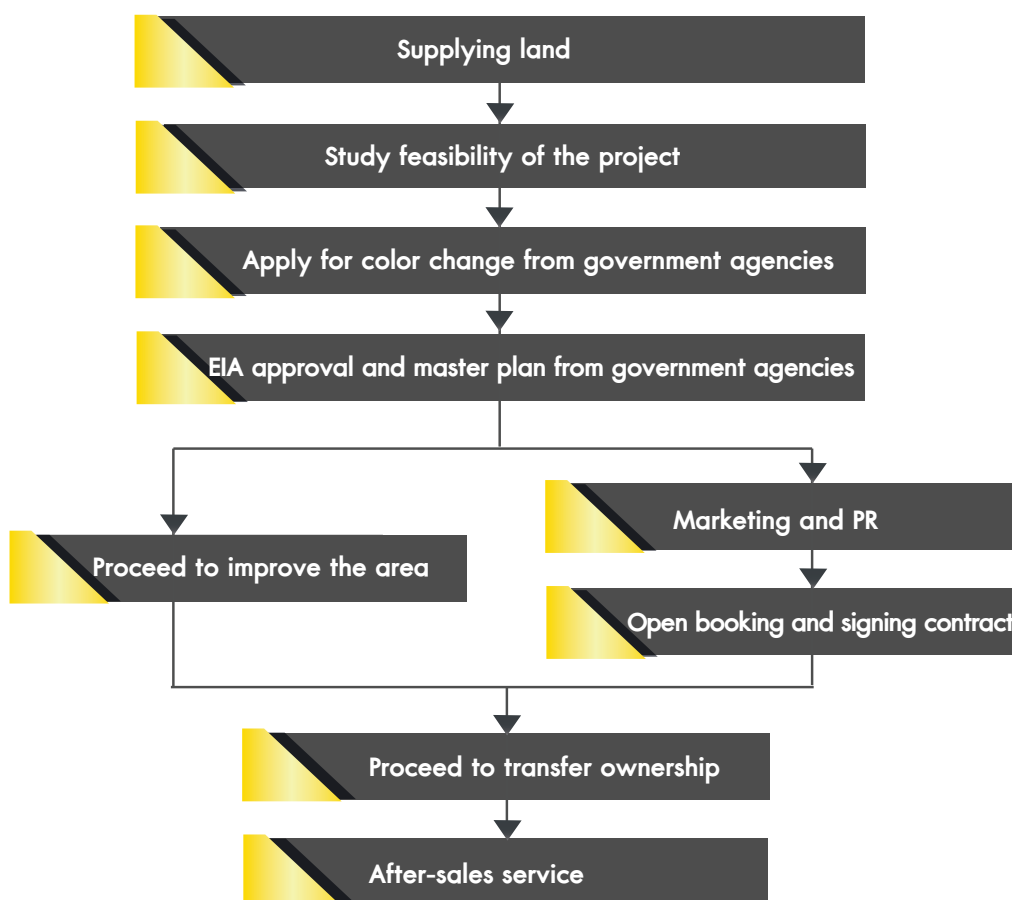




## Product or Service procurement

### 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. In brief, the process of the Company's industrial estate development can be summarized as in the flow-chart below :



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 time for 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 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 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 Ple., 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 2019, the Company and subsidiaries did not have unfinished work.



# 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.

Person / Entity having a conflict of interest	Relationship
JC Kevin Development CO., Ltd (JC Kevin) Operates the condominium development for sale, office building for rent and hotel business.	Mrs. Chalida Taechaubol (wife of Mr. Apichai) holds 100% of shares. Mr. Apichai Taechaubol and Mr. Chotiwit Taechaubol (son of Mr. Apichai) are directors of JC Kevin.
JC Kevin Food and Beverage Co., Ltd (JC Food) Operates the hotel management, restaurants, bars and nightclubs.	Ms. Varaporn Taechaubol holds 99.01% Mr. Apichai Taechaubol and Mr. Chotiwit Taechaubol are directors of JC Food.
High Active Consultant Communication Co., Ltd (HACC) Operates the real estate development business.	Mr. Apichai Taechaubol holds 100% of shares. Mr. Apichai Taechaubol is a director of HACC.
JCK Hospitality Public Company Limited (JCKH) Operates the restaurants in various styles : Suki, Shabu, Grilled, Steak House, Fusion Foods, Italian and Chinese restaurants.	Mr. Apichai Taechaubol holds 26.41% of shares. Mr. Chotiwit Taechaubol holds 2.56% of shares. Mr. Apichai Taechaubol and Mr. Chotiwit Taechaubol (son of Mr. Apichai) are directors of JCKH.
High Active Consultant Co., Ltd (HAC) Operates the restaurants and also provides the consultant services on food for the restaurants and food shop.	Mr. Chotiwit Taechaubol holds 100% of shares. Mr. Apichai Taechaubol and Mr. Chotiwit Taechaubol (son of Mr. Apichai) are directors of HAC.
Mr. Apichai Taechaubol	Executive Chairman and major shareholder of the Company.
Mrs. Chalida Taechaubol	Wife of Mr. Apichai Taechaubol.
Mr. Kittawat Taechaubol	Son of Mr. Apichai Taechaubol, Executive Director and Director Deputy Managing Director of the Company.





## 2. Connected transactions between the Company and subsidiaries with the persons who may have the conflict of interest.

During 2017 - 2019, the Company and its subsidiaries had entered into the following transactions with persons who may have the possible conflict of interest from such transactions, but without the conflict of interest as follows :

### Transactions related to general business operation,

Connected person with possible conflict of interest	Company	Nature of transaction	Value (million Baht)			Necessity and Rationality
			Year 2017	Year 2018	Year 2019	
JC Food	JCK	<u>Entertainment Expenses</u> : JCK had used the services of restaurants and hotel of JC Food to entertain guests and use the meeting rooms to hold the Board's meeting and the shareholders' meeting	4.62	1.75	-	JC Food charged the Company with an offer of 10% discount from the normal rate to general customers.
		<u>Trade Payable</u>	0.34	0.24	-	<u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transactions were reasonable and also provided convenience for JCK to entertain JCK's guests and organize the meetings as the place was closed to JCK's office including the special discount provided.
		<u>Deposit for purchase of condominium units</u>	-	-	41.50	JC Food had set the selling price for JCK at the rate under the appraisal value and market rate of not less than 15% <u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transactions was reasonable as the selling price was reasonable and as the condominium units already has tenants, thus when JCK purchased, JCK can realized the rental income promptly
JC Kevin	JCK	<u>Entertainment Expenses</u> : JCK had used the services of restaurants and hotel of JC Kevin to entertain guests and use the meeting rooms to hold the Board's meeting and the shareholders' meeting	-	-	1.40	JC Kevin charged the company with an offer of 10% discount from the normal rate to general customers. <u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transactions were reasonable and also provided convenience for JCK to entertain JCK's guests and organize the meetings as the place was closed to JCK's office including the special discount provided.





Connected person with possible conflict of interest	Company	Nature of transaction	Value (million Baht)			Necessity and Rationality
			Year 2017	Year 2018	Year 2019	
		<p><u>Office rental:</u> JCK had entered into the lease agreement of office building space from JC Kevin on the 2<sup>nd</sup> floor and on the 4<sup>th</sup> – 6<sup>th</sup> floors, total areas of 2,693 sq.m. to use as the headquarter of JCK with the rental and services fees at Baht 1,279,145 per month (or Baht 475 per sq.m) for 3 years, ending on December 31, 2019.</p> <p>On August 1, 2017, the Company had reduced some partial space to be at only 1,802.44 sq.m. with the rental and services fees at Baht 856,159 per month, and on February 7, 2018, JCK had further reduced the space of 107 sq.m., making the total areas was 1,695.44 sq.m. with the rental and services fees was at Baht 805,334 per month, ending on September 1, 2019. The contract has been expanded for another 3 years which will end on August 31, 2022 with the rental and services fees at Baht 805,334 per month.</p>	28.69	9.66	8.87	<p>The Company had considered to rent the office building space from JC Kevin which was the new building and had sufficient space for the Company's needs and the rental rate was comparable to other nearby office building rental rate.</p> <p><u>The Audit Committee's opinion:</u> The Audit Committee 's meeting of 7/ 2016 on November 10, 2016 had considered the conduct of this connected transaction and was of the opinion that the transactions were reasonable as the JC Kevin's building was a new building and had sufficient space for the requirement of JCK, and also the rental price was at the acceptable rate when compared to other nearby office building rental rates.</p>
		<p><u>Advance rental and service fees</u></p> <p><u>Advance Deposit</u></p> <p><u>Other payables</u></p>	- 7.94 0.20	- 5.02 5.21	22.90 5.02 1.25	
JCKH	SG	<p><u>Rental and service fees:</u> JCKH had entered into the rental agreement of office building space from SG in total area of 299 sq.m. to set up a restaurant. The rental and service fees is Baht 194,350 per month (or Baht 650 per sq.m) with the term of 3 years, ending July 31, 2022.</p> <p><u>Rental and services Fees Deposit</u></p> <p><u>Trade receivables</u></p>	- - -	- - -	2.19 0.58 1.71	<p>The rental rate is at acceptable rate when compared to other nearby office building rental rates and the trade conditions are normal as other trade transactions.</p> <p><u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transactions were reasonable for the benefit of the Company and was deem as general trade conditions.</p>







Connected person with possible conflict of interest	Company	Nature of transaction	Value (million Baht)			Necessity and Rationality
			Year 2017	Year 2018	Year 2019	
JCKH	JCK	<u>Entertainment expenses:</u> JCK bought the food coupon from the restaurants of JCKH	-	-	1.35	JCKH charged the coupon at the actual value which is sold to other outsiders. <u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transaction was reasonable, and was according as general trade conditions.
		<u>Other Payable</u>	-	-	1.09	
HAC	SG	<u>Rental and services fees:</u> HAC has entered into the lease agreement of office building space from SG of total area of 518 sq.m. to use for the restaurant. The rental and services fee at Baht 336,700 per month (or Baht 650 per sq.m.) with the term of 3 years ended July 31, 2022	-	-	3.27	The rental rate is at the same rate as offered to general customers with normal trade conditions. <u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the transactions were reasonable for the benefit of the Company and was deemed as general trade conditions.
		<u>Rental and services Fees Deposit</u>	-	-	1.01	
		<u>Trade receivables</u>	-	-	4.65	
HACC	JCK	<u>Deposits for purchase of real estate projects:</u> JCK has made a deposit contract for land purchase in Lat Krabang Sub-district, Lat Krabang District, Bangkok, with a total area of 31-0-79.9 rai and had made the deposit of Baht 65 million on the date of contract.	-	-	65.00	JCK has entered into the agreement to purchase the land as JCK has foreseen that the land is located in the potential location which can be developed to various types of project in the future and the purchasing price is lower than the appraisal value and also has better conditions. <u>The Audit Committee's opinion:</u> The Audit Committee was of the opinion that the purchase transactions was reasonable with the purchasing price being lower than the appraisal value of 19% including that all the expense related to the transfer of the ownership will be borne by the seller which is deemed to be a better deal than to purchase from other general people. The Committee has asked the Management to negotiate for the price bargaining including other conditions with the seller, then conclude and present to the Committee before submitting to the Board of Directors for final approval. The Committee considered that the Company should diversify its source of income in the real estate industry which will also be one of the risk management for the Company.





### Transaction of loans between the Company and its subsidiaries and connected parties which may lead to conflict of interest

- None -

### Guarantee of financial institution loans

Connected person with possible conflict of interest	Borrower	Guarantor	Total Amount (million Baht) as of Dec 31, 2019	Outstanding (million Baht)			Nature of Transaction	Necessity and Rationale
				As of Dec 31, 2017	As of Dec 31, 2018	As of Dec 31, 2019		
Mr. Apichai Taechaubol	JCK	P	1,600.00	775.80	956.20	971.78	Personal Guarantee	This guarantee was corresponding to borrowing conditions of a financial institution of which the project loan was used as a working capital of the business and for the procurement of lands and building projects operated by JCK and its subsidiaries which were the project loans, which would benefit the Company and its subsidiaries businesses. <u>The Audit Committee's opinion.</u> The Audit Committee was of opinion that the transactions were necessary and deemed reasonable and appropriate, which would benefit to the operating performance of both JCK and its subsidiaries.
	TISCOM	P	235.00	235.00	181.70	127.30		
	TISCOM	P	185.00	78.52	66.53	32.48		
	CROWN	P	55.00	-	55.00	48.36		

### **3. The approval measures or process of connected transactions.**

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

- The Management shall prepare and submit the report to the Board of Directors. The report should contain sufficient and comprehensive information for consideration in order to protect the investors and should also provide the explanation of the necessity and appropriateness of the transaction.
- Any related person shall have no right to vote.
- Appraisal by acceptable and recognized independent appraiser is also required.
- Opinion from the independent or member of the Audit Committee is required.
- Such transaction has to complied with the legal or related regulations.

If a connected transaction meets a guideline which was given by the Board of Directors or if such transaction is a normal business transaction, the transaction will be considered subject to an approval by the Executive Board and / or the management.



# Risk Factors

## 1. Risk from the increase in indebtedness and Debt-to-Equity Ratio

As of December 31, 2019, the Company's debt to equity ratio stood at 2.41 times, an increase when compared to the end of 2018, which was only 2.03 times, as a result from the Company's issuance of a new set of debentures in order to reserve cash for the repayment of debts which will be due and for the use as working capital for its business operation which cause the Company to have interest bearing liabilities in the amount of 5,321.16 million Baht, an increase from the year 2018 which was 5,173.34 million Baht. Together with the decrease in shareholders' equity from the operating loss in the year 2019, thus the debt to equity ratio of the Company has increased when compared to the end of 2018.

However, the Company is confident that it will be able to maintain the net debt to equity ratio as specified in the debenture rights specification at 3.0 – 4.5 times as the Company expects that in 2020, it will receive the income from the sale of land in the industrial estate, the revenue from the sale of the warehouse into the Real Estate Investment Trust (REIT) and the expected cash inflow in form of dividend income from the project "Artisan Ratchada" which the Company will use all funds to repay loans from financial institutions and short-term borrowings. These will result that, by the end of 2020, the net debt to equity ratio should not be higher than the ratio which specified in the debenture term.

Note: Net Debt means total debts, according to the consolidated financial statements of the issuer of the debentures, which have been audited by the auditor pursuant to the figures stated in the issuer's annual consolidated financial statements (as the case may be) which bear interest payment obligations (but not include the liabilities incurred in normal business operation, trade advance received and/or any liabilities without interest bearing and/or loans from related persons and/or juristic persons) Less with the cash and/or Cash equivalents and/or short-term investments and/or investments in trading securities.

## 2. Risks of ability to pay principal and interest and the Company's liquidity

The Company has uneven incomes from its business operations, especially the income from industrial estate business which is a result of the nature of industrial estate business that requires several steps in the procedure in order to obtain a permission and also requires a long time to proceed, such as changing the zone color of the land plots, applying the EIA approval and acquiring a permission to allocate the land with the IEAT, as well as the lack of government stability in the past period and the current economic slowdown due to the impact of the trade war. In addition, the revenue from condominium business in 2019 has decreased from the sale of The Harbor View Residences project to customers at the end of the year 2018. For the Artisan Ratchada project, it is expected to be completed its construction and start the transfer to the customers in the 2nd quarter of 2020 onwards, which will result in the inconstancy of the Company's ability to pay its principal and interest, which can be clearly seen from the ratio of "Net debt to profit before interest, income tax, depreciation and amortization" (net debt to EBITDA ratio) of the Company at the end of 2017, 2018 and 2019 which equaled to 67.26 times, 8.79 times and 260.00 times respectively.

As the Company operates in the real estate industry, the main current assets of the Company is real estate project development costs. As of December 31, 2019, the Company has Project development costs of 5,825.02 million Baht, an increase of 64.65 million Baht from the end of 2018, due to the development costs of the TFD II Industrial Estate Project. Since the Project development costs is the asset with low liquidity which means that it cannot turn to be cash or cash equivalents immediately when required, thus the Company's quick ratio is at only 0.17 times which affects the Company's liquidity and ability to pay short-term liabilities.





In addition, the Company has total liabilities of 5,837.04 million Baht, comprising of the current liabilities in the amount of 2,712.66 million Baht, representing 46.47 percent of total liabilities and the non-current liabilities of 3,124.38 million Baht or equivalent to 53.53 percent of total liabilities. For the part of current liabilities, the Company has short-term liabilities which will be due within 1 year, totaling of 2,487.69 million Baht, consisting of bank overdrafts and short-term loans in the amount of 377.59 million Baht, current portion of debentures payable within one year of 1,636.01 million Baht, current portion of long-term loans from financial institutions and liabilities under finance lease agreements payable within one year of 438.09 million Baht and also the current portion of Long-term loans from related parties and interest payable within one year of 36.00 million Baht. The Company has long-term liabilities, net of current portion of 2,833.46 million Baht, divided into 2,015.90 million Baht in debentures, liabilities under financial lease and hire purchase of 2.43 million Baht, long-term loans from financial institutions of 775.56 million Baht and long-term loans from related parties and interest payable of 39.57 million Baht.

As of December 31, 2019, the Company has a cash cycle of 8,365.48 days, a significant increase from the end of 2018 which was only 1,396.53 days, thus it is considered that its cash cycle is at a high level which may affect the ability to pay the liabilities. In addition, the Company has a relatively high short-term debt which may have impact to the Company's liquidity.

However, as at present, the Company's industrial estate project, which has been delayed beyond the schedule, has now completely received all approval from various local state agencies. Therefore, the Company expects to recognize the revenue from the sale of land in the TFD II Industrial Estate Project, which has been started to recognize since the end of 2018. The Company has focused to accelerate to develop the construction of the main utility of the project to be completed in the year 2020 (of which approximately 80% has been completed at present) in order to increase the investors' confidence. The Company expects that by 2020, it will have the revenue from sales of TFD2 land to be increased from the sales in 2019, which some portion will be used to repay the loans from financial institutions.

In addition, in 2020, the Company plans to sell warehouses and factories in a subsidiary which already has tenants to the Real Estate Investment Trust (REIT), which is expected to have a total sales value of approximately 1,500 - 2,000 million Baht in addition to the cash receivables from the Artisan Ratchada project, which is expected to be completed and transfer the ownership to its customers within the second quarter of 2020 onwards. At present, the project has a sale backlog of not less than 5,000 million Baht. From the abovementioned factors, the Company expects that it should be able to improve the financial status and the operating results of the Company.

### **3. Risks in relation to Business and Operation of the group**

#### **3.1 Legal Risk in relation to the Real Estate Business**

Since the laws, rules and regulations governing the real estate sector are constantly amended and increased, the group may be exposed to a risk resulted from such regulatory change, such as amendment of the Land Development Act, rules and regulations on zoning, town and country planning laws and designation of additional green-zone for rural and agricultural areas and decreasing of the designated purple industrial zones. These 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.





However in November 2019, the cabinet has approved the draft announcement of the Eastern Special Development Zone Policy committee which results the EEC city plan covering 3 provinces, namely Rayong, Chon Buri and Chachoengsao, to become effective immediately and also expand the borderline of the industrial estate development area surrounding the TFD Industrial Estate from approximately 2,000 rai to 5,000 rai. As a result, the land surrounding the TFD Industrial estate that the Company currently owns has changed from the green zone (agricultural areas) to the purple zone which is industrial area. This plan will tremendously benefit JCK as the Company can use the land in this area to develop into industrial estates in the next phase instantly or may allot and sell some parts of the land (outside the industrial estates) which have potentiality to build the factories or warehouses for interested customers.

The group is monitoring these regulatory changes on a regular basis in order manage the risk and to adjust its business direction to be consistent with such changes.

### **3.2 Risk from disputes under the Colonial Khao Tao Huahin Project and the Mahadlek Luang Residences Project**

The Company was filed with a complaint by another company as a co-defendant (the 4th 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. The construction permit was deemed to violate the law and thus the defendants cannot develop or do anything until the final judgment to be 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. The Company already appealed the ruling by submitting its opposition to the Supreme Administrative Court on December 19, 2014 which at present the Company has temporarily suspended the construction.

As of December 31, 2019, the Company has already invested 451.98 million Baht into the project. However, if the Supreme Administrative Court finally decides to bar the Company from building the project based on the existing design, the Company can change the design to reflect any legal provision where the project could be smaller or the Company could decide to sell the project to other investors. If the Company eventually loses the case and the court rules or orders that the permit be revoked, the Company could still file a lawsuit against the Paknam Pran Sub-District Administration Organization for compensation and losses of business opportunity.

The management has exercised its discretion by assessing the result of the case and any possible damage from the construction suspension and was confident that no damage would incur to the project's value. The Company, to that consequence, did not book a provision for the fall of the project's value or estimate liabilities from this litigation as of end of the reporting period. However, the value of the project has been appraised by the South East Asia International Co., Ltd. on November 21, 2019, which the appraisal value was 552.11 million Baht. The appraisal value has higher value than the amount of investment in present of the Company.





For the Mahadlek Luang Residences Project, the Company has already 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 suspended the investment in this project due to an injunction from the Central Administrative Court ordering the temporary suspension of the construction. On September 14, 2017, the Central Administrative Court has judged to revoke the project's EIA report, and subsequently on September 26, 2019, the Central Administrative Court has ordered the judgment to revoke the project building construction permit, with retroactive effect from the date of the issuance of said permit. The Company has re-appealed said judgment, whereby currently both cases are under the consideration process by the Supreme Administrative Court.

As of December 31, 2019, the Company has invested in the above project in total amount of 204.62 million Baht. In the event that if at the end the Supreme Administrative Court ruled that the Company will be unable to proceed with the original construction permit, the Company will be able to change the design of the project to comply with the provisions of the law, though it may reduce size of the project to become smaller or the Company may consider to sell the project to other investors. In such case that the Company loses the suit and received the verdict or ruling to revoke the permit, the Company can sue the state sector who granted the permission for the compensation of all Company's damage including the claim of business opportunity loss of the Company.

However, the Company's management has used its discretion in the evaluation of the result of this case and the damage from said construction suspension and is confident that there will be no damage to the value of the Company's project because the Company has applied for approval in accordance with the procedures and regulations of each related departments and received the EIA permit and the construction permit correctly. Therefore, the Company has not recorded an allowance for diminution in project value or provision for liabilities from the legal case at the end of the reporting period. The value of said project has been evaluated by Thai Appraisal Company Linn Phillips Company Limited on 15 February 2018 with an appraised value of 414 million Baht, which the appraised value is higher than the current investment of the Company.

### **3.3 Risk from additional land acquisition for the development of the TFD II Industrial Estate (the expanding phase)**

As of December 31, 2019, the Company has expanded its investment by buying more vacant land in the surrounding area of TFD Industrial Estate Phase 1, in approximately 1,980 rai in order to develop into a new industrial estate under the name "TFD II Industrial Estate", which the Company plans to expand the area for about 2,500 rai. In December 2015, some areas of land in this location were approved to change to be industrial land (purple zone). Later on November 10, 2016, the Company and the IEAT had jointly signed a joint operating agreement and IEAT has approved the Company to establish the TFD II Industrial Estate Project. The area for development of the TFD II Industrial Estate Project in Phase 1 is 833.26 rai, with the EIA approval on 26 July 2017. The Company has received the land allocation plan approval on March 2, 2018, and the title deeds have been completely prepared. The Company is currently accelerating the land development, adjusting the landscape and the construction of various utility systems. The remaining areas are currently in the process of requesting approval from the government agencies and other related bodies.





However, the Company may face the risk of not being able to buy additional land to develop TFD II Industrial Estate, either in the quantity or in the desired location, including the risk from the rise of the land prices. These factors may cause the Company being unable to have land at the predetermined size and location as required by the TFD II Industrial Estate Development Plan or may result in a higher cost of the project development which will affect the financial position and operating results of the Group Companies. According to the Cabinet's approval of the draft announcement of the Eastern Special Development Zone Policy committee in November 2019, resulting in EEC city plan covering 3 provinces which are Rayong, Chon Buri and Chachoengsao with immediately effective, the Committee also announced the expansion of the industrial development area surrounding the TFD Industrial Estate from 2,000 rai to 5,000 rai. This change has affected to the land surrounding the TFD Industrial Estate to change from the green color zone (agricultural zone) to be in the purple zone (Industrial zone) which has great advantage to JCK to be able to immediately use the land in the areas to develop as an industrial estate in the next phase, including to partial sell some parts of land (outside the industrial estate) which has potentiality to build the factories or warehouses to interested customers.

In addition, the Company also has guidelines for managing such risk by entering into agreements with land procurement agents in order for them to act as brokers in the negotiations and bargaining the prices in accordance with the conditions set by the Company and to assist the Company to complete the process of land acquisition. The Company's land procurement broker comprises of agents both outside and inside of Chachoengsao Province which is resulting in the procurement operation being more effective.

#### **3.4 Risk from shortage of contractors**

Construction contractors are extremely necessary for the real estate development business. The Company 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 the project development as it could delay the projects from the plans and will affect the group's financial status and operation results.

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

#### **3.5 Economic and political risk**

The business of the Company 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.







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

The Company'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, occupancy rate for rent of the Company's standard factories and warehouses remained relatively high, or sometimes the Company could not even build enough factories and warehouses to meet demands of the customers. Besides, most customers usually renew the lease agreement, resulting to the vacancy of the warehouses and factories remained very few. The risk effect 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 the cash flows and the 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 are located in strategic prime areas. Besides, rental rates of both buildings remained competitive compared to others. This risk to have any effect to us, therefore, is quite low.

### **3.7 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 (currently, Vajiravudh College is the operator who manages the assets instead). 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 4 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 6 years. 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 the Company and its subsidiaries.

In 2017, SG earned Baht 175.70 million from rents and service fees and enjoyed a net profit of Baht 19.96 million, or 11.36% of the total revenues. In 2018, SG earned Baht 178.80 million from rents and service fees and recorded a net profit of Baht 30.14 million or 16.86% of the total revenues, and for the year 2019, SG received rental and services revenue of 184.99 million Baht and net profit of 52.33 million Baht or 28.29 % of total revenue.

### **3.8 Risk from requirements to pay compensations based on agreements made between the Company and subsidiaries with the M-II Property Fund**

In December 2012 and August 2013, the Company and TISCOM sold lands and factories for rent in the Company's 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, the Company and TISCOM are obliged to pay compensations or to absorb additional expenses incurred in the future as follows.

(A) A term in relation to TISCOM property (if the King Kaew land is expropriated) provides that the Company and TISCOM have jointly agreed to compensate the M-II Property Fund where the amount will be calculated from the rate of compensation in square meter to be multiplied by the land plot area 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, the Company 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 in the case where such expropriation prevents the M-II Property Fund or minor tenants from using the land; or if any part of the property has to be replaced, renovated or repaired.







(B) A term in relation to TISCOM property (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 the Company and TISCOM have agreed to compensate 40 million Baht 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, the Company and TISCOM could be exposed to the risk of having to pay compensation based on the agreements made above with the M-II Property Fund, which could mean additional expenses that the Company and TISCOM are to be liable to in the future.

## 4. Financial risk

### 4.1 Risk from interest rates and regulations of Bank of Thailand in relation to the property sector

#### Risk from interest rate changes

- ***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.

The Company plans to manage this risk by learning the customer's behaviors and desires and by providing them purchasing terms and conditions and down payment methods that will respond to the customer's need while relieving their financial burden as much as possible when buying a condominium unit.

- ***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 change 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 prepare 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.

### 4.2 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 group 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, the Company 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, the Company and subsidiaries are raising funds from diverse channels ranging from the equity market to financial institutions to reduce excessive dependency from a particular funding source.



# Management Discussion and Analysis

## 1. Overview of the business operations and significant changes

The Company and its subsidiaries have operated the business of real estate development, which can be classified into 6 sectors as follows :

- Industrial estate development
- Selling and renting out land with standard ready-built factory and/or warehouse
- Selling residential Condominium
- Renting out office building
- Asset management services
- Managing Real Estate Investment Trust (REIT) and leasehold rights

## 2. Operating Performance and Profitability

### 2.1 Revenue

#### Total Revenue

Total revenues of the Company comprise of revenues from sales, rental incomes and services fees, gains from sale of investment property and other incomes.

Unit : million Baht

Total Revenues	Audited Financial Statements as of December 31,					
	Year 2017		Year 2018		Year 2019	
	MB	%	MB	%	MB	%
Revenues from Sales	602.76	59.00%	1,888.28	79.91%	131.50	30.84%
Rental Incomes and Services Fees	312.92	30.71%	239.54	10.14%	257.98	60.50%
Gains from sale of investment property	-	0.00%	13.29	0.56%	8.40	1.97%
Dividend Incomes	9.03	0.89%	9.41	0.40%	9.67	2.27%
Interest Incomes	10.96	1.08%	11.98	0.51%	7.31	1.71%
Compensation Incomes	-	0.00%	155.00	6.56%	-	0.00%
Profit / Gain from sale of investment in subsidiaries	-	0.00%	7.34	0.31%	-	0.00%
Other incomes	83.17	8.16%	38.12	1.61%	11.56	2.71%
<b>Total Revenues</b>	<b>1,018.84</b>	<b>100.00%</b>	<b>2,362.96</b>	<b>100.00%</b>	<b>426.41</b>	<b>100.00%</b>

Total revenues of the Company during the year 2017-2019 equaled to Baht 1,018.84 million, Baht 2,362.96 million and Baht 426.41 million, consecutively. For the year 2018, total revenues was at Baht 2,362.96 million, an increase from the previous year 2017 of Baht 1,344.12 million or 131.93% growth as a result of the recognition of sale of the Condominium project “The Harbour View Residences” of Baht 1,620.66 million which the transfer of the entire project ownership to the customers was completed in the fourth quarter of 2018 including other income which was the compensation income for the deferment of transfer of ownership of the customers at total of Baht 155 million while the revenue from the project 15 Sukhumvit Residences decreased from the past year of Baht 266.60 million as a result from the fact that most of the units had been transferred during the past few years.



In 2019, the Company has total revenues of Baht 426.41 million, a decrease of Baht 1,936.55 million or a 81.95% decrease when compared to the same period in the past year. This was mainly due to the decrease in sales and other income.

The main factor which has impacted the decrease in revenues from sale in 2019 was a result of the sale of the Condominium project “The Harbour View Residences” at the end of 2018 which resulted in decrease numbers of the available condominium units for sale and also from the project “Artisan Ratchada” which is still under construction, in addition to the impacts from the trade war and the appreciation in Thai Baht of more than 8% which is the highest rate when compared to other competitive countries in this region, which has greatly affected to the decision making of some investors to delay their investment plan, and thus the sales of the land in the industrial estate were not be in line with the predetermined plan. However, the Company expects that the revenue from sales in 2020 will improve to increase from the following reasons : 1) the construction of project “Artisan Ratchada” will be completed and will be able to transfer the ownership to the customers in the second quarter of the year 2020, which as of now the project has backlog of approximately Baht 5,000 million and will allow the Company to realize the revenue through the gain from investment in the joint venture company starting from 2020 onwards; 2) The revenue from sale of land in the industrial estate which the company foresees that the trade war crisis will be ease up and the Bank of Thailand has provided a signal that in 2020, the exchange rate will have tendency to improve when compared to the trend in 2019 which is considered to be a good sign. In addition, at current, the company has some customers who are in the process of negotiating to buy the land in the industrial estate, and the company is now studying the plan to sell the warehouses which already have tenants to the Real Estate Investment Trust.

#### Revenue from Sales

Unit : million Baht

	Year 2017	Year 2018	Year 2019
Revenue from sales of Land and factory building	103.39	34.85	118.00
Revenue from sales of Condominium units	499.37	1,853.43	13.50
<b>Total</b>	<b>602.76</b>	<b>1,888.28</b>	<b>131.50</b>

#### Revenue from the sale of land and factory building

In 2017, the Company earned the revenue from the sale of land and factory in Bang Sao Thong Project, of total 3 units, with a total sales value of approximately Baht 103.39 million. In the year 2018, the Company earned the revenue from the sale of 2 rai of land in the TFD Industrial Estate I and another 2 rai from TFD Industrial Estate II, which made total sale value of approximately Baht 34.85 million. However, in the year 2018 there was no factory sale (with no tenants), thus the revenue from land and factory sales had decreased from 2017.

For the year 2019, the Company earned a revenue from factory sales (with no tenants) in the amount of 1 unit, with a total value of Baht 52.00 million, an increase when compared to the same period of the previous year which had no income from this business. In addition, the Company also earned the income from the sale of land of 8.70 rai, with a total value of approximately Baht 66.00 million, an increase of Baht 18.85 million from the same period in last year.





### **Revenue from sale of condominium units**

The Company has developed and operated residential condominium projects for sale both in the center of the city and in some recreation location. Currently, the Company has 4 projects in hand which are; 1) The 15 Sukhumvit Residences Project 2) The Mahadlek Residence Project 3) The Colonial Khao Tao Hua Hin and 4) the “Artisan Ratchada” Project.

During the year 2017-2018, the Company’s revenue from the sale of condominium units was Baht 499.37 million and Baht 1,853.43 million consecutively, which was the sale from the transfer of ownership of units sold in The 15 Sukhumvit Residences Project and The Harbour View Residences ( which in the last quarter of 2018, the Company has sold out the entire project).

The sale of condominium units in 2018 had increased by Baht 1,354.06 million or 271.15% growth when compared to the same period of the previous year, due to the recognition of the sale of The Harbour View Residences. While The 15 Sukhumvit Residences Project had less unsold units, and also because of the size and location of the available units which were in diminished condition, thus, these caused the decrease in revenue from sale of this project.

In 2019, the Company earned revenues from sale of condominium of only 2 units as most of the units for sale of The 15 Sukhumvit Residences Project had been transferred the ownership and recognized the revenue in the previous year.

However, the progress of the other condominium projects such as the Project Artisan Ratchada is expected to complete the construction and will start to realize the revenue from sale in the second quarter of year 2020 onwards.

For the project The Colonial Khao Tao Hua Hin and The Mahadlek Residence Project, at present, the Company has temporarily suspended both projects. For the Project The Colonial Kao Tao Hua Hin, the Central Administrative Court has revoked the construction permit of the project on only for the part of the construction of the building with a height of more than 12 meters from the ground level on November 21, 2014. Also for The Mahadlek Residence Project, the Central Administrative Court has issued a judgment revoking the Environmental Impact Assessment (EIA) report on September 14, 2017 and then also revoked the construction permit on September 26, 2019, which the Company has filed the appeals against the Court’s judgment to the Supreme Administrative Court. Currently, all cases are under the consideration process by the Supreme Administrative Court.

As of December 2019, these projects are under the suspension. However, the management is confident that there will be no damage to the value of the Company’s project, and, as a result, the Company has not recorded any allowance for diminution in the project value or provision for liabilities from the legal case at the end of the reporting period. Moreover, though the future of said projects is still unclear regarding the direction of the final judgment, the value of land or the lease rights of land at present has been increasing which will result in advantage for the Company as the Company has considered the plan to sell the land or leasehold rights with the building of both projects to interested investors to reduce its financial indebtedness and will be able to bring the funds from the sale for further investment and for working capital in other projects of the Company. Currently, the Company is in the process of negotiating the price and conditions with the investors who are interested in buying the Company’s projects.





### Rental Incomes and Services Fees

Both rental income and services fees are revenue from the land and factory buildings or warehouses for rent which the Company has bought the land or rented on the long term period to develop and build the factory or warehouse buildings including the construction of utility systems for the purpose to rent out the land with ready-built factories or warehouses under the management by TISCOM. For the office building for rent segment which will handle the long term rental of land in order to develop and construct the office building for the office space rental is under the management by SG.

Unit : million Baht

Rental Incomes and Services Fees	Year 2017	Year 2018	Year 2019
Rental revenue from factories and warehouses	140.48	60.74	72.99
Rental revenue from office building	172.44	178.80	184.99
<b>Total</b>	<b>312.92</b>	<b>239.54</b>	<b>257.98</b>

During the year 2017 - 2019, the Company's revenue from the rental income and services fees equaled to Baht 312.92 million, Baht 239.54 million and Baht 257.98 million consecutively. In 2018, the revenue from rental income and services fees decreased by Baht 73.38 million or a decrease of 23.45% when compared to the prior year because the Company had sold a warehouse and factory in UK.

For the year 2019, the revenue from the rental income and services fees increased by Baht 18.44 million or a 7.70% growth from the previous year, mainly from the increase in the rental business of warehouses segment and also the rental space and the increase in the rental rate of the office building segment. However, as of December 31, 2019, the occupancy rate of the factories and warehouses of the Company was at 33.94% of total area, a decrease from 45.60% at the end of 2018 as the Company had sold 2 factories and warehouses in Thailand which had the tenants and another factory in UK in the year 2019.

### Other Incomes

Other incomes are all other incomes from the non-core business of the Company which includes dividend, interest income, management fee and other miscellaneous income.

Unit : million Baht

Other Income	Year 2017	Year 2018	Year 2019
Dividend	9.03	9.41	9.67
Interest Income	10.96	11.98	7.31
Profit from sale of investment in subsidiaries	-	7.34	-
Profit from sale of investment property	-	13.29	8.40
Compensation Income	-	155.00	-
Other miscellaneous	83.17	38.12	11.56
<b>รวม</b>	<b>103.16</b>	<b>235.14</b>	<b>36.94</b>





During the year 2017 - 2019, the Company's other income was recorded at Baht 103.16 million, Baht 235.14 million and Baht 36.94 million consecutively. In 2018, other revenues increased significantly from 2017, an increase of Baht 131.98 million or at 127.94% growth as a result of the Company receiving the compensation income from the customers for the delay of the transfer of ownership under the Project The Harbour View Residence in the amount of Baht 155.00 million.

In 2019, the Company's other revenues decreased by Baht 198.20 million or a 84.29% decrease compared to the amount in 2018 which was mainly from no compensation income comparatively to the year 2018.

## 2.2 Expenses

### Total Expenses

Total expenses of the Company comprise of cost of sales, cost of rental and services, selling expenses, administrative expenses, loss on sale of investment in trading securities, loss from change in the investment transfer and loss from sale of investment in subsidiaries, details are as follows :

Total Expenses	Audited Financial Statement as of December 31					
	Year 2017		Year 2018		Year 2019	
	MB	%	MB	%	MB	%
Cost of Sale	497.34	48.81%	1,386.16	58.66%	90.78	21.29%
Cost of rental and services	184.58	18.12%	155.90	6.60%	152.32	35.72%
Selling expenses	67.07	6.58%	49.79	2.11%	20.82	4.88%
Administrative expenses	232.90	22.86%	214.88	9.09%	225.09	52.79%
Loss on sale of investment in trading securities	0.29	0.03%	-	0.00%	-	0.00%
Loss from change in the investment transfer	9.73	0.96%	-	0.00%	-	0.00%
Loss from sale of investment in subsidiaries	-	0.00%	-	0.00%	8.09	1.90%
<b>Total Expenses</b>	<b>991.91</b>	<b>97.36%</b>	<b>1,806.73</b>	<b>76.46%</b>	<b>497.10</b>	<b>116.58%</b>

During the year 2017 - 2019, the Company's total expenses were Baht 991.91 million, Baht 1,806.73 million and Baht 497.10 million respectively. In 2018, the Company's total expenses increased by Baht 814.82 million or at 82.15% growth when compared to same period of the previous year as a result mainly on the revenue of the sale of the Project The Harbour View Residence which caused the increase in cost of sale of condominium.

In 2019, the total expenses decreased by Baht 1,309.63 million or a decrease of 72.49% when compared to the previous year which was the result of the decrease in the cost of sale of condominium in line with the sale, as the transfer of the condominium units has done in the previous year. As of December 31, 2019, the Company has the unsold units of the Project 15 Sukhumvit Residences left only 12 units which one of them is the rented unit.



### Cost of Sale

Cost of Sale of the Company consists of cost of vacant land, cost of land with factory and cost of condominium unit sold.

Unit : million Baht

	Year 2017	Year 2018	Year 2019
<b>Cost of sale of land and factory</b>			
Cost of sale of vacant land	-	15.83	38.02
Cost of sale of land with factory	87.10	-	41.52
<b>Cost of sale of condominium unit</b>	410.24	1,370.33	11.24
<b>Total</b>	<b>497.34</b>	<b>1,386.16</b>	<b>90.78</b>

#### *Cost of sale of land and factory*

In 2017, the Company received the income from the sale of land with factory in the Bang-Sao-Thong project of 3 units with total sales of Baht 103.39 million while the cost of sales was at Baht 87.10 million, and in 2018, the Company had sold 2 plots of vacant lands at the sale price of Baht 34.85 million with the cost of sale of Baht 15.83 million which was approximately of 45.42% of the sale of land and factory.

In 2019, the Company's total cost of sales equaled to Baht 79.54 million, an increase of Baht 63.71 million or a significant growth at the rate of 402.46% when compared to the same period of the previous year. The main cause was from the increase in the cost of sale according to the increase in sale revenue of the vacant land in the TFD Industrial Estate II and also the sale of land with factory in the Project Green Park 2 which increased when compared to the same period in the previous year. Both the increase in sales and cost of sales have reflected the increase in demand of purchasing of customers after seeing the progress in the development in utilities in TFD Industrial Estate II which as of now has been developed more than 80%. The Company expects to be able to sell the land continuous increasingly in the year 2020 after all the utilities have been completely finished.

#### *Cost of sale of condominium units*

Unit : million Baht

Cost of sale of condominium units	Year 2017	Year 2018	Year 2019
Project 15 Sukhumvit Residences	410.24	203.16	11.24
Project The Harbour View Residence	-	1,167.17	-
<b>Total</b>	<b>410.24</b>	<b>1,370.33</b>	<b>11.24</b>

During 2017 - 2018, the cost of sale of condominium units equaled to Baht 410.24 million and Baht 1,370.33 million consecutively. The cost of sale of condominium units in 2017 was the cost of sale of units in the 15 Sukhumvit Residences Project which the average cost of sale was approximately 74 – 82 % of the sale revenue. The reason that the cost of sale in each year was varied depended on the average selling price per sq. m. which related to the floor level or location of the units sold in each year, including the price discount promotion to boost the sales in some period of time while the average cost of sale per sq. m. remained in the same range.





In 2018, the Company received the revenues from both the 15 Sukhumvit Residences project and The Harbour View Residence project, which when compared the cost of sales to total sale, the proportion had decreased from 82.15% in 2017 down to 73.94% in 2018 as the revenue in year 2018 mainly come from The Harbour View Residence project which the cost of the project was much lower.

For the year 2019, the Company's revenue was from the sale of only 2 units from the 15 Sukhumvit Residences project, a significant decrease from 2018 as most of the units had been sold in the previous year, thus the cost of sales of condominium units in 2019 was only Baht 11.24 million or a 99.18% decrease.

#### *Cost of Rental and Services*

Unit : million Baht

Cost of Rental and Services	Year 2017	Year 2018	Year 2019
Rental cost of warehouse	60.83	34.38	40.68
Rental cost of office buildings	123.75	121.52	111.64
<b>Total</b>	<b>184.58</b>	<b>155.90</b>	<b>152.32</b>

During 2017 - 2019, the cost of rental and services was recorded at Baht 184.58 million, Baht 155.90 million and Baht 152.32 million consecutively. In 2017, the cost of rental and services increased from 2016 of Baht 3.44 million or 1.90% as a result of the increase in cost of rental of warehouse which was in line with the increase in rental space.

In 2018, the rental cost and services decreased from 2017 of Baht 28.68 million or 15.54% from the decrease in the cost of warehouse which the Company had sold out one factory and warehouse in UK in November 2018.

In 2019, the rental cost and services equaled to Baht 152.32 million, a decrease of Baht 3.58 million or 2.3% from 2018 with the main reason from the decrease from the cost of rental of office building of Baht 9.88 million.

#### **Sales and Administrative Expenses**

Sales Expenses of the Company comprise of advertising and promotion, salesmen salary, sale management and commission while the administrative expenses comprise of salary, director's remuneration, travelling expenses and entertainment expenses and office rental expense. The details were as follows:

Unit : million Baht

Sales and Administrative Expenses	Year 2017	Year 2018	Year 2019
Sales Expenses	67.07	49.79	20.82
Administrative Expenses	232.90	214.88	225.09
<b>Total</b>	<b>299.97</b>	<b>264.67</b>	<b>245.91</b>

#### *Sales expenses*

During 2017 – 2019, the Company's sales expenses were recorded at Baht 67.07 million, Baht 49.79 million and Baht 20.82 million respectively, or at a percentage of 6.58%, 2.11% and 4.88% of total revenue respectively.





In 2018, sales expenses decreased by Baht 17.28 million or 25.76% when compared to the same period of the previous year as a result of the decrease in sales expenses and commission on sale of warehouses and condominium units while the revenue from sales of the condominium units in 2018 increased from the sale of The Harbour View Residence project, thus resulted in the decrease in ratio of sales expenses to total revenue from 6.58% in 2017 to 2.11% in 2018.

In 2019, the Company's sales expenses decreased from the previous year of Baht 28.97 million or a 58.18% decrease, mainly from the decrease in the specific business tax and commission on sale of condominium units.

#### *Administrative Expenses*

During 2017 - 2019, the administrative expenses were Baht 232.90 million, Baht 214.88 million and Baht 225.09 million respectively or equaled to 22.86%, 9.09% and 52.79% of total revenue consecutively. In 2018, the Company's administrative expense decreased by Baht 18.02 million or 7.74% down from the previous year mainly from the decrease in office space rental, financial consultant and legal advisors' fees.

In 2019, the Company's administrative expense was increased of Baht 10.29 million or 4.75%, compared to the previous year, mainly from the rental expenses and from fees on the Company's new project.

#### Financial Expenses

During 2017 - 2019, the Company's financial expenses were recorded at Baht 413.88 million, Baht 405.09 million and Baht 397.92 million consecutively. The financial expenses in 2018 - 2019 had decreased by Baht 5.59 million and Baht 7.17 million respectively when compared to the previous year due to the decrease in the interest paid on Company's debentures and bill of exchange as a result of the repayment of the liabilities.

## **2.3 Profitability**

#### Gross Profit Margin

During 2017 - 2019, the Company's gross profit margin ratio was 25.53%, 27.53% and 37.58% respectively. In 2018, the gross profit margin ratio was increased from 25.53% in 2017 to 27.53% as a result of the increase of gross profit margin from the sale of condominium units of The Harbour View Residence project which had higher gross margin than the 15 Sukhumvit Residences project. Also the rental and services business had improved from the increase of the rental fees of factories and warehouses in UK and the rent of new office space to the new customers at the higher price.

In 2019, the gross profit margin ratio equaled to 37.58%, an increase when compared to the same period of 2018 which the margin was only 27.53%. This was due to the Company's main revenue in this year was from the sale of land in the industrial estate which is the business with higher gross margin than the business of selling the condominium units and warehouses, while the revenue in 2018 mainly came from the revenue of sale of condominium units.





In summary, the gross profit margin of the Company can be classified into 3 groups according to its type of business as follows:

Unit: %

Gross Profit Margin	Year 2017	Year 2018	Year 2019
Sale of land and factory	15.76%	54.58%	32.59%
Sale of condominium units	17.85%	26.06%	16.74%
Rental and services	41.01%	34.92%	40.96%
<b>Total</b>	<b>25.53%</b>	<b>27.53%</b>	<b>37.58%</b>

From the above table, the gross profit margin ratio of the sale of land and factory during the year 2017 – 2019 was quite fluctuated due to in 2018, the Company earned the revenue from the sale of 2 plots of land in the TFD Industrial Estate I and II which made the gross profit margin ratio of the sale of land and factory improved to be at 54.58 %, while in 2019, the Company earned the revenue from the sale of 2 warehouse in the Bang-Sao-Thong and another plot of land in the TFD Industrial Estate II which resulted in the gross profit margin ratio of this business reduced to be at 32.59%

During 2017 - 2019, the gross profit margin ratio of the sale of condominium unit was 17.85%, 26.06% and 16.74% consecutively, whereas the condominium business of the Company has the gross profit margin ratio at the rate of 16 – 26%. The reason which the gross profit margin varied in each year was depended on the selling price per sq. m. according to the floor level or location of the units which were sold each year and also the price strategy which had been implemented to use at each period of time while the average cost per sq. m. was nearly stable. In addition, in 2017 the revenue was from the 15 Sukhumvit Residences project only, while in 2018, most of the revenue came from the Harbour View Residence project which had higher gross profit margin thus resulted in the better gross profit margin. For the year 2019, the Company's gross profit margin ratio equaled to 16.74%, a decrease from 2018 as the revenue in this year was from the unsold units of the 15 Sukhumvit Residences project only, which the selling price cannot be set at the high price as the Company would like to accelerate and sale all the unsold units.

During 2017 – 2019, the Company's gross profit margin ratio of the rental and service business totalled 41.01%, 34.92% and 40.96% consecutively. In 2018, the margin decreased from the previous year 2017 as a result of the sale of one factory in UK, while in 2019 the gross margin ratio has increased to 40.96%, mainly from the increase in price and the rental area of the office building which caused the increase in revenue from rental and services.

### **Operating Profit Margin**

During 2017 – 2019, the Company's operating profit margin ratio was at -7.23%, 15.09% and -25.05% consecutively. In 2018, the operating profit has highly improved as a result of the sale of the Harbour View Residence project and also the receipt of the income for the compensation of opportunity loss and also the increase in the coordination and consultant fee. In 2019, the operating profit margin ratio has decreased to -25.55%, mainly due to the decrease in the revenue of condominium units and also from the increase in the administrative expenses from the rental expenses and fees for the new project of the Company.



### **Net Profit Margin**

During 2017 - 2019, the Company's net profit margin ratio were at -46.58%, 3.62% and -110.07% respectively. The reason that the Company's net profit margin in 2018 improved from the year 2017 to 3.62 percent was a result of the revenue recognition from The Harbor View Residences project in the 4th quarter of 2018. For the year 2019, the net profit margin has decreased to -110.07% due to the decrease in sales of Condominium units and also from the increase in administrative expenses due to the new rental and New project fees of the Company.

However, the Company expects that by 2020, the Company's performance will improve due to 1) the construction of Artisan Ratchada project will be completed and the ownership will be transferred to the customers in the 2nd quarter of 2020; and 2) Revenues from the sale of land in industrial estates which are expected to be able to increase, and 3) the Company plans to sell a warehouse that has tenants already to the Real Estate Investment Trust.

### **Earnings Per Share (EPS)**

During 2017 - 2019, the Company's Earnings per share were at -20.42%, 3.10% and -17.99% consecutively. In 2017 and 2019, the Earnings per share were deficit (or negative) which was the result of the high selling and administrative expenses, high financial cost and also the realization of the loss from the investment in joint venture company, thus resulted in the Company's loss from operation. On the contrary, in 2018, the Earnings per share of the Company had improved significantly from the realized revenue of sale of The Harbor View Residences project which was sold in the last quarter of 2018.

## **2.4 Assets Management Ability**

### **Assets**

The main assets of the Company comprise of the Project development costs, leasehold rights and Investment properties. In 2017 - 2019, total assets of the Company were at Baht 10,492.48 million, Baht 8,479.29 million and Baht 8,256.95 million respectively. In 2018, the Company's total assets decreased from the year 2017 of Baht 2,013.19 million, mainly from the decrease in cash and cash equivalents and also the development cost of The Harbor View Residences project which was sold out in the fourth quarter of 2018. In 2019, the Company's total assets also decreased from the previous year of 2018 at Baht 222.34 million from the decrease in investment property as the Company has sold the investment in the Bognor Regis Warehouse Limited UK in the third quarter of year 2019.

During the year 2017 - 2019, the return on assets of the Company were at -4.71%, 0.90% and -5.61% consecutively. The return on assets which was negative in 2017 and 2019, and also had tendency to decline, was the result from the operating loss of the Company since the Company has expanded a lot of its investment in assets while the existing projects were still under development, especially the TFD industrial Estate Phase II which just received the land allotment approval from the Industrial Estate Authority of Thailand (IEAT) on March 2, 2018 and has started to develop since then. The Company has started the sale and realized the sale since 2018 but the volume of sale was still not in high volume, as at that time the main utility system of the project has not yet developed which effected to the confidence of some investors in decision making whether to invest in the project of the Company. However, the Company has now accelerated to invest and develop the main utility system in the project to enhance the confidence of the investors which as of now, the development has been proceeded for approximately 80%. The Company expects that in 2020, the Company will be able to sell the land and realized the sale from said project increasingly. In addition, since 2017, the Company realized the loss from investment in the joint venture company, namely BGY&TFD which is the operating company for the developing of the Condominium project under the project name of Artisan Ratchada which is now still under construction but is expected to be complete and start to realize the revenue from the second quarter of 2020, onwards. The return on assets in 2018 was improved to be at 0.90% from the realized revenue of The Harbor View Residences project which was sold out as an entire project to the customers in the fourth quarter of 2018.





### **Cash and cash equivalents**

During 2017 – 2019, cash and cash equivalents were booked at Baht 602.29 million, Baht 54.72 million and Baht 23.25 million respectively. As of December 31, 2018 and 2019, the Company had cash and cash equivalents decreased from the year 2017 and 2018, respectively in the amount of Baht 547.57 million and Baht 31.47 million as a result that the Company had repaid the loan borrowings and the debenture which was due to repayment.

### **Trade receivables and other receivables**

During 2017 - 2019, the Company's trade and other receivables were booked at Baht 46.52 million, Baht 40.72 million and Baht 103.65 million respectively. As of December 31, 2018, the trade and other receivables decreased from the year 2017 of Baht 5.80 million or at the rate of 12.47% as a result of the sale of one factory and warehouse in UK, thus the trade receivable had decreased while as of December 31, 2019, the Company had the trade and other receivables increased from the previous year of 2018 at Baht 62.93 million or an increase of 154.54%

### **Project Development Costs**

During the year 2017 - 2019, the Company had the project development costs equaled to Baht 6,567.76 million, Baht 5,760.37 million and Baht 5,825.02 million, consecutively. As of December 31, 2018, the Company's project development costs decreased when compared to the same period of 2017 of Baht 807.39 million due to the sale of the entire project of The Harbor View Residences to the customers in October 2018 which caused the significant drop in the development costs. As of December 31, 2019, the Company's project development costs increased from the year 2018 of Baht 64.65 million from the increase in the development cost invested in the TFD Industrial Estate II project.

### **Investment in trading securities**

During 2017 – 2019, the Company had investment in trading securities equaled to Baht 152.81 million, Baht 154.53 million and Baht 150.22 million, respectively. As of December 2018 and 2019, the change in value of the investment in trading securities for sale during the fiscal year has changed upward and/or downward according to the value at the market trend at that time.

### **Leasehold rights**

The Company's leasehold rights consist of leasehold of lands and leasehold of factory buildings. During 2017 - 2019, the Company's leasehold rights were Baht 282.56 million, Baht 259.34 million and Baht 418.68 million, respectively. The decrease of leasehold rights in 2018 was due to the amortization of leasehold rights during the year, while the increase in the leasehold rights as of December 31, 2019 was due to the investment in the new project which the Company has been selected by the Treasury Department to develop the project in the Special Economic Zone in Nakhon Phanom province for a period of 50 years.





### Investment Properties

The investment properties of the Company consist of office building for rent and factories and warehouses for rent (which already had the tenants). During 2017 - 2019, the investment properties were at Baht 1,526.85 million, Baht 1,440.10 million and Baht 828.92 million, consecutively. As of December 31, 2018, the Company had investment property decreased from the amount of Baht 86.75 million from the sale of investment property in Barnsley Warehouse Limited in UK., As of December 31, 2019, the Company's investment property decreased from the year 2018 of Baht 611.18 million from the sale of the investment property of the local warehouse and also the warehouse in UK (Bognor Regis Warehouse Limited) in the year 2019.

## **3. Liquidity and sufficiency of funds**

### **3.1 Source of funds**

Unit: million Baht

Source of funds	As of December 31,		
	2017	2018	2019
Total Liabilities	7,774.07	5,680.36	5,837.04
Total shareholders' equity	2,718.42	2,798.92	2,419.91
Debt to Equity Ratio ( times)	2.86	2.03	2.41

### Liabilities

Main Liabilities of the Company consist of short term borrowings from the financial institutions, Bill of exchange, debentures and long term loan from the financial institutions. During the year 2017 - 2019, the total liabilities were Baht 7,774.07 million, Baht 5,680.36 million and Baht 5,837.04 million respectively. As of December 31, 2018, the Company's liabilities decreased from the year 2017 of Baht 2,093.71 million as the Company had repaid the short term borrowing, debenture and bank loan. As of December 31, 2019, the Company's liabilities increased from the end of 2018 of Baht 156.68 million, mainly from the new issuance of the debenture to reserve for the repayment of short term borrowing which will be due and also to use as a working capital.

### Bank overdraft and short-term borrowing from financial institutions

During 2017 – 2019, the Company had total Bank overdraft and short-term borrowing from financial institutions of Baht 1,115.36 million, Baht 447.52 million and Baht 377.59 million, respectively. As of December 31, 2018, the Company had short term borrowing from financial institutions decreased from the year 2017 of Baht 667.84 million, mainly from the receipt of the sales of The Harbor View Residences project and the sale of the factory in UK which the Company used to repay the Bank overdraft and short-term borrowing from financial institutions. As of December 31, 2019, the Company also had Bank overdraft and short-term borrowing from financial institutions decreased from the end of 2018 of Baht 69.93 million which was the result of the sale of the investment property in Bognor Regis Warehouse Limited which was used to repay the short-term borrowing.





### **Trade and other Payables**

Trade payable of the Company comprised of the trade payable, construction payable and land payable, while other payables consisted of advance payments from customers, performance bonds, accrued expenses and other miscellaneous payables. During 2017 – 2019, the Company's trade and other payables equaled to Baht 266.52 million, Baht 324.64 million and Baht 207.58 million, consecutively. As of December 31, 2018, the Company's trade and other payables increased Baht 58.12 million from 2017, from the increase in the construction payable of the TFD Industrial Estate II. As of December 31, 2019, the Company repaid the construction payable of the TFD Industrial Estate II, thus resulted in the decrease in the trade and other payables of the Company from the year 2018 of Baht 117.06 million.

### **Long-term Debenture**

As of December 31, 2019, the Company had the long-term debenture outstanding of 3.6774 million units at face value of Baht 1,000, total value of Baht 3,677.40 million. The Company's debenture did not have any rating. Details of the outstanding debenture were as follows:

Number	Issuing Date	Maturity Date	Coupon (Interest) Rate (%)	Tenor (years)	Amount issued		Registrar	Trustee
					units	Million Baht		
1/2018	Feb 15, 2018	Feb 15, 2020	6.50	2 years	440,000	440.00	TMB	ASPS
2/2018	April 27, 2018	Jan 27, 2020	7.25	1 year 9 months	769,000	769.00	TMB	ASPS
3/2018	Sep 2, 2018	Sep 27, 2020	6.50	2 years	430,400	430.40	TMB	ASPS
1/2019	Feb 15, 2019	Feb 15, 2021	6.75	2 years	525,500	525.50	TMB	ASPS
2/2019	March 22, 2019	March 22, 2021	6.75	2 years	966,400	966.40	TMB	KTBS
3/2019	July 26, 2019	July 26, 2021	6.75	2 years	546,100	546.10	CIMBT	ASPS

### **Long term loans from financial institutions**

During the year 2017 – 2019, the Company had total long-term loans from the financial institutions – net from the current portion due in one year, equaled to Baht 1,703.08 million, Baht 1,549.95 million and Baht 775.56 million consecutively. As of December 31, 2018, total long-term loans from the financial institutions decreased from the amount in 2017 of Baht 153.13 million as a result of the Company's repayment from the funds received from the sale of The Harbor View Residences Project and the factory in UK. As of December 31, 2019, total long-term loans from the financial institutions decreased from the amount in 2018 of Baht 774.39 million by the new issuance of the debenture to repay the loans from institutions and the Company also received the funds from the sale of factory and warehouse in Thailand and of the Bognor Regis Warehouse Limited in UK.





### Shareholders' Equity

During years 2017 – 2019, the Company's shareholders' equity was Baht 2,718.42 million, Baht 2,798.92 million and Baht 2,419.91 million, respectively. As at the end of 2018, the Company's shareholders' equity increased from the year 2017 of Baht 80.50 million, mainly from the profits incurred in this year, thus the accumulated loss was improved to be reduced. As of December 31, 2019, the Company's shareholders' equity decreased from 2018 by Baht 379.02 million, which was the result of the Company's operating loss in the year 2019.

### Debt to Equity Ratio ( D/E ratio)

During the year 2017 – 2019, the Company's Debt to Equity ratio was at 2.86 times, 2.03 times and 2.41 times, respectively. As of December 31, 2018, the Company's Debt to Equity ratio was decreased from the ratio in 2017 to 2.03 times as the shareholders' equity had increased from the operating profit earned in the year, while the total liabilities also decreased by Baht 2,093.71 million from the repayment of debt by the funds received from the sale of The Harbor View Residences Project and the factory in UK.

As of December 31, 2019, the Company's Debt to Equity ratio increased from 2018 to be 2.41 times as a result that the Company has issued new series of debentures for the purpose to use as a reserve for the repayment of short term liabilities which will be due and also to use as working capital in the operation, plus the decrease in shareholders' equity from the operating loss in the year which caused the ratio to increase when compared to the ratio at the end of 2018,

### Investment Cost

The Company and its subsidiaries shared the main policy for the investment cost to mainly used for the expansion of the business operation. Currently, the projects which still are under operated by the group are TFD Industrial Estate II, the warehouse and factory for rent, ready-built factory and warehouses for rent at Tha Sa-An and Bang Sao Thong, The 15 Sukhumvit Residences project (through the investment in CROWN), The Colonial Khao Tao, Hua Hin, The Mahadlek Residences (invested by the Company directly), The Artisan Ratchada (through the investment in BGY&TFD), the investment in the office building for rent (through the investment in SG), investment in the M-II Property Fund. The main source of funds for these projects was the loans from financial institutions and debentures including the funds received from the capital increase and from working capital of the Company.

The group's investment plans in 2020 are as follows :

Unit : million Baht

Investment Plan	Purpose	Investment value (million Baht)	Year which the investment will be paid	Sources of funds	Impact to liquidity
TFD Industrial Estate II	Land development for sale / rent	500	2563	Loans and Investment fund	None
The project Artisan Ratchada	Residential condominium for sale	Not exceed 500	2563	Loans and Cash flow from the project	None





### 3.2 Liquidity Adequacy

Unit : million Baht

Cash flow	years 2017	years 2018	years 2019
Cash flow from / (used in) operating activities	(182.30)	767.28	(908.08)
Cash flow from / (used in) investing activities	(574.98)	441.55	582.37
Cash flow from / (used in) financing activities	1,093.71	(1,758.84)	296.84
Net Increase (Decrease) in the translation adjustments	0.44	2.44	(2.60)
<b>Net increase (decrease) in Cash Flow during the period</b>	<b>336.88</b>	<b>(547.57)</b>	<b>(31.47)</b>

#### Cash flow from operating activities

In 2017 and 2019, the Company recorded Cash flow used in operating activities at Baht 182.30 million and Baht 908.08 million, as a result of interest expenses during the year 2017 and 2019 at the amount of Baht 446.48 million and Baht 427.68 million, respectively, and also the increase in the project development costs which was recorded at Baht 35.59 million in 2017 and Baht 123.60 million in 2019.

While in 2018, the Company had cash flow from operating activities of Baht 767.28 million from the sale of The Harbor View Residences Project which resulted in the decrease in the project development cost of Baht 797.10 million.

#### Cash flow from investing activities

In 2017, the Company had used cash flow in investing activities of Baht 574.98 million, mainly from the investment in the Project Artisan Ratchada through the joint venture BGY&TFD, which resulted in increase in investment in joint venture and also the short-term loan to related parties in total Baht 510.00 million

For the year 2018 and 2019, the Company had the cash flow from investing activities recorded at Baht 441.55 million and Baht 582.37 million, consecutively. In 2018, the cash flow from investing activities was Baht 441.55 million, mainly from the repayment of short-term loan to related parties of Baht 140.00 million, decrease in restricted bank deposits (for the purpose use as collateral) in financial institutions of Baht 120.47 million and also the receipt of long term loan repayment from the sale of Bransley of Baht 137.52 million. In 2019, the cash flow from investing activities was Baht 582.37 million, mainly from the repayment of long-term loan from the sale of Bognor of Baht 333.18 million and also the cash received from the sale of investment in subsidiary Bognor of Baht 170.86 million.





### Cash flow from financing activities

In 2017 and 2019, the Company recorded cash flow from financing activities at Baht 1,093.71 million and Baht 296.84 million, respectively. In 2017, the Company had issued new debenture of Baht 2,639.10 million to redeem the debenture which was due at maturity of Baht 2,250.00 million and also to repay short-term borrowing. On the contrary, the Company borrowed additional long-term loan from financial institutions of Baht 623.07 million to invest in the development of the TFD Industrial Estate II and also received the cash fund from the private placement share issuance and the existing shareholders of Baht 1,032.24 million to use in the investment in Project Artisan Ratchada, and to reserve for the repayment of the loan which will due at the beginning of the year 2018. In 2019, the Company recorded Cash flow from financing activities at Baht 296.84 million, mainly from the new issuance of Debenture of Baht 2,078.00 million to redeem the debenture which was due at maturity of Baht 1,238.63 million and to repay the long-term loan from the financial institutions of Baht 525.77 million.

In 2018, the Company recorded Cash flow used in financing activities at Baht 1,758.84 million from the repayment of overdraft and short –term borrowing of Baht 689.02 million and redeemed some portion of Debenture Net of Baht 651.07 million.

The current ratio of the Company at the end of year 2017 – 2019 was at 1.56 times, 2.61 times and 2.32 times, consecutively. The current ratio in 2018 improved from the end of 2017 to 2.61 times as a result that the Company had used the cash receipt from the capital increase, to existing shareholders at the end of 2017, to repay loans and short-term debenture which due within one year, thus decreased the current liabilities. In addition, the Company also received the fund from the sale of The Harbor View Residences Project and the factory in UK, which the Company also used to repay the loan from financial institutions and short-term borrowings which resulted in the decrease in current liabilities from the year 2017 of Baht 2,658.11 million.

As of the end of 2019, the current ratio was at 2.32 times, a slight decrease from the end of 2018, mainly due to the increase in current liabilities from the current portion of Debenture which will be due in 1 year of Baht 444.56 million while the current assets increased in total sum of 204.61 million.



# 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, 2019 are reliable in compliance with the GAAP and relevant laws, rules and regulations.



(Dr. Apichai Taechaubol)  
Chairman of the Board



(Mr. Anukul Ubonnuch)  
Managing Director

# Shareholders and Management

## The Directors and Management who are holding Ordinary Shares of the Company as at December 31, 2019

Full Name		Number of Ordinary Shares (Share)		
		31 Dec. 2019	31 Dec. 2018	Increase (Decrease)
1. Mr. Apichai	Taechaubol	521,970,756	521,970,756	-
2. Mr. Gumpol	Tiyarat	-	380,000	(380,000)
3. Mr Anukul	Ubonnuch	250,000	250,000	-
4. Mr Krittawat	Taechaubol	44,095,000	44,095,000	-
5. Mr. Chaiporn	Yokawajorn	100	100	-
6. Mr. Prakob	Ruanglek	1,000	1,000	-

## Directors' and managements' remuneration as at December 31, 2019

- (1) Baht 10,000,000 was approved by the 2019 Annual General Meeting of Shareholders 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. Mr. Apichai	Taechaubol		Chairman and Executive Chairman	162,000	1,040,000	1,202,000
2. Mr. Prasong	Vara-ratanakul		Audit Committee Chairman, Corporate Governance, Nomination and Remuneration Committee Chairman and Independent Director	315,000	780,000	1,095,000
3. Dr. Sutham	Vanichseni*		Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee Member and Independent Director	171,000	350,000	521,000
4. Mr. Sommart	Sangkhasap*		Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee Member and Independent Director	92,000	200,000	292,000
5. Mr. Gumpol	Tiyarat*		Director	114,000	585,000	699,000
6. Mr. Anukul	Ubonnuch *		Director, Executive Director and Managing Director	157,000	585,000	742,000
7. Mr. Chetawan	Anuntasomboon*		Audit Committee Member, Corporate Governance, Nomination and Remuneration Committee Member and Independent Director	177,000	585,000	762,000
8. Mr. Krittawat	Taechaubol*		Director, Executive Director and Director Deputy Managing Director	117,000	585,000	702,000
9. Ms. Siriporn	Tamenant*		Director, Executive Director and Director Deputy Managing Director, Administration and Information Technology	39,000	346,500	385,500
10. Mr. Tawil	Praisont*		Audit Committee Member and Independence Director	23,000	251,129	274,129
11. Mr. Tseng	Kuo-Chan*		Director	-	251,129	251,129
Total				1,367,000	5,558,758	6,925,758





- Remark :
- \* Mr. Sommart Sangkhasap resigned from the position of Director since May 1, 2019.
  - \* Dr. Sutham Vanichseni resigned from the position of Director since August 1, 2019.
  - \* Mr. Gumpol Tiyyarat term as Executive Director and Managing Director ended since April 4, 2019.
  - \* Mr. Anukul Ubonnuch was appointed in the position of Managing Director since April 5, 2019.
  - \* Mr. Chetawan Anuntasomboon was appointed in the position of Audit Committee Member and Corporate Governance Nomination and Remuneration Committee Member since May 14, 2019.
  - \* Ms. Siriporn Tamenant was appointed in the position of Director and Executive Director since June 10, 2019 in replacement of Dr. Sunthorn Sathirathai who resigned from the position of Director since March 14, 2018.
  - \* Mr. Tawil Praisont was appointed in the position of Audit Committee Member and Independence Director since August 14, 2019. In replacement of Dr. Sutham Vanichseni.
  - \* Mr. Tseng, Kuo-Chan was appointed in the position of Director since August 14, 2019. In replacement of Mr. Sommart Sangkhasap

(2) The management's remuneration starts from the Assistant Managing Director level up to the Executive Chairman as follow:

Total of Remuneration	Managements	2019	Managements	2018
Salary / Annual Incentive	8	36,677,619.04	7	35,008,573.24

- Remark: In 2018, there were 8 managements consist of
- |                             |                               |
|-----------------------------|-------------------------------|
| 1) Mr. Apichai Taechaubol   | 2) Mr. Gumpol Tiyyarat        |
| 3) Mr. Krittawat Taechaubol | 4) Ms. Siriporn Tamenant      |
| 5) Mrs. Rachanee Siwawej    | 6) Mr. Prakob Ruanglek*       |
| 7) Mr. Chaiporn Yokawajorn  | 8) Ms. Jinjuta Satayasansakul |

\* Mr. Prakob Ruanglek resigned from the position of Assistant Managing Director, Business Development, Marketing and Sales since December 30, 2019.



## Major Shareholders as at December 31, 2019

	No. of Shares	%
1. Thailand Securities Depository Company Limited for Depositors	1,096,432,329	51.07
2. Mr. Apichai Taechaubol	502,098,500	23.39
3. Mrs. Chalida Taechaubol	349,761,006	16.29
4. Thailand Securities Depository Company Limited for Depositors	181,182,385	8.44
5. Mr. Chotiwit Taechaubol	8,147,200	0.38
6. Mr. Kasem Arpornthip	7,580,900	0.35
7. Ms. Pimpimon Jitman	553,800	0.03
8. Vibhavadi Foundation	180,000	0.01
9. Ms. Anisa Nana	162,518	0.01
10. Ms. Patchara Yakasam	52,275	0.00
11. Other	883,228	0.04
<b>Total</b>	<b>2,147,034,141</b>	<b>100</b>



## General Information



JCK International Public Company Limited (“JCK”), registered no. 0107537000475 (Bor Mor Jor. 294) with head office at 18 Soi Sathorn 11 Yaek 9, TFD Building, Yannawa, Sathorn, Bangkok, 10120.  
Tel : (662) 676-4031-6, (662) 676-3836-9  
Fax : (662) 676-4038-9  
Website: [www.jck.international](http://www.jck.international)

### 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 2,769,466,527.- divided into 2,769,466,527 of ordinary shares with a par value of Baht 1 per share. The Company’s shares issued and paid-up is at 2,147,034,141 shares with a par value of Baht 1 per share, which amount totaling Baht 2,147,034,141.-. The ordinary shares remaining at 622,432,386 shares, divided as unpaid as follows:

1. Ordinary shares in the amount of 241,117,818 shares to be reserved for the exercise of Warrants No. 5 (JCK-W5) which offering to the existing shareholders who subscribed for newly issued ordinary shares.
2. Ordinary shares in the amount of 166,611,154 shares left after the allocation of Warrants No.5 (JCK-W5) to the existing shareholders who subscribed for newly issued ordinary shares on January 15, 2018.
3. Ordinary shares in the amount of 214,703,414 shares with the Par value of Baht 1 per share reserved for the offering to investors via Private Placement in General Mandate.

### The Subsidiary Companies

#### Total Industrial Services Co., Ltd.

was established in April 2003,

current registered capital is Baht 500 million, the Company holds 100% of shares,

the objective is to 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.

Tel. : (662) 676-4055-57

Fax. : (662) 676-4064

Website : [www.tiscom.co.th](http://www.tiscom.co.th)





**CROWN Development Co., Ltd. (previous name was VSSL Enterprise Co., Ltd.)**

was established in July 1998,  
current registered capital is Baht 951 million,  
the Company holds 100% of shares, the objective is to engage in real estate development business.  
Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building,  
Yannawa, Sathorn, Bangkok, 10120.  
Tel. : (662) 676-4031  
Fax. : (662) 676-4038

**BGY & TFD Properties Co., Ltd.**

was established in June, 2017,  
current registered capital is 1,000 million,  
CROWN Development Co., Ltd. holds 51% of shares,  
the objective is to engage in real estate development business.  
Head office is situated at no. 9, G Tower Grand Rama 9, 24th floor,  
Rama 9 Road, Huaykwang Sub-District, Huaykwang District, Bangkok, 10310.  
Tel. : (662) 126-6870

**SG Land Co., Ltd.**

was established in June 1988,  
current registered capital is Baht 100.45 million,  
the Company holds 49.91% of shares, the objective is to 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,  
current registered capital of Baht 38 million,  
the Company holds 100% of shares, the objective is to provides Property Fund and REIT.  
Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building,  
Yannawa, Sathorn, Bangkok, 10120.  
Tel. : (662) 676-0288  
Fax. : (662) 676-0277

**Mahadlekluang Co., Ltd.**

was established in January 2020,  
current registered capital of Baht 1 million,  
the Company holds 100% of shares, the objective is to engage in real estate development business.  
Head office is situated at 18 Soi Sathorn 11 Yaek 9, TFD Building,  
Yannawa, Sathorn, Bangkok, 10120.  
Tel. : (662) 676-4031  
Fax. : (662) 676-4038





### **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.**

11<sup>th</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, 10500.

Tel. : (662) 695-5000

Fax. : (662) 695-5173

**Yuanta Securities (Thailand) Company Limited**

127 Gaysorn Tower 14<sup>th</sup>-16<sup>th</sup> Floor

Ratchadamri Road, Lumpini, Pathumwan, Bangkok, 10330.

Tel. : (662) 009-8000

Fax. : (662) 009-8889

**CIMB Thai Public Company Limited**

44 Langsuan Road, Lumpini, Pathumwan,  
Bangkok, 10330.

Tel. : (662) 626-7506, (662) 626-7511

Fax. : (662) 657-3390







### **The Auditor**

Ms. Watoo Kayankannavee      CPA No. 5423 or  
Ms. Supannee Triyanantakul      CPA No. 4498 or  
Mr. Preecha Arunnara      CPA No. 5800  
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 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.

### **Registrar and Paying Agent**

TMB Bank Public Company Limited  
24<sup>th</sup> floor, A building, No. 3000, Phaholyothin Road,  
Jompol, Jatujak, Bangkok 10900  
Tel. : (662) 299-1111 ต่อ 5522  
Fax. : (662) 299-1278



## FACTORY LOCATION MAP





**JCK International Public Company Limited**

18 TFD Building, Soi Sathorn 11 Yaek 9,  
Yannawa, Sathorn, Bangkok 10120 Thailand  
Tel : (66) 2676 4031-6, (66) 2676  
Fax : (66) 2676 4038  
[www.jck.international](http://www.jck.international)