



สถิตในดวงใจตราบนิจนิรันดร์

น้อมศีระกราน กราบแทบพระยุคลบาท

ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าน้อมกระหม่อมรำลึกในพระมหากรุณาธิคุณหาที่สุดไม่ได้



ข้าพระพุทธเจ้า บริษัท ยู ซิตี้ จำกัด (มหาชน)

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1.1 VISION & MISSION

1 INTRODUCTION



VISION

“To be the leading developer of innovative community-based solutions”

MISSION

“To become a leader in the real estate business by focusing on quality and service excellence”

1.2 MESSAGE FROM THE BOARD OF DIRECTORS

In the year 2016, Thailand's economy grew by around 3.2 percent. Household consumption and public investment expanded by 3.1 percent and 9.9 percent, respectively, while export growth was flat. The government's economic policy focused on the fast-tracking and implementation of THB 1,800bn in transport infrastructure projects and laying the legal groundwork to boost long-term growth. A number of shorter-term measures were also enacted, that were particularly positive for the real estate, tourism and retail sectors such as tax reductions and deductions and soft loans to low income earners.

Despite the boost from property sector-specific stimulus measures, new real estate project launches remained soft this year, particularly in the suburban areas of Bangkok. Given the challenging environment, many developers have focused on restructuring their capital and organizational structure and diversifying risk by ramping up joint venture projects with foreign partners. In 2017, we can expect to witness major restructuring across the industry spectrum. Many companies are now launching a broad range of products at all price levels, or have ventured overseas to increase and diversify revenue generation. Given the considerable advantage of scale in this industry, larger players are expected to fare better.

Encouragingly, the tangible progress in rail mass transit development in Bangkok will be a boon for property developers. Generally, property in close proximity to mass transit stations offers more predictable demand dynamics and higher foreign sales. Having an informational advantage to opportunistically acquire land at reasonable prices near current and future mass transit stations; the capability to enhance property values with direct connections to those stations; and having a balance sheet that facilitates growth and a long-term outlook will be key competitive advantages. While most property players may possess some of these qualities, our partnership with BTS Group Holdings Public Company Limited offers all the aforementioned.

The Company continues to focus on developing or acquiring recurring income properties. It has a land bank and planned projects in place that are poised to be developed and would enhance its earnings profile in the future. The Company believes in striking a balance between developing greenfield land bank into recurring income properties, which often take a couple of years to monetise and acquiring existing assets that are already operating and generating cash flow. On 8th September 2016, the Company's acquisition of a long-term, leasehold office building at 33 Gracechurch Street – a prime location in London, UK - is a complementary addition that broadens and diversifies geographically, our recurring income portfolio. The London office building market has favourable demand/supply dynamics and the building is expected to benefit from considerable upside from rent reversion when existing rental contracts are renewed. The London real estate market is also highly liquid and investment-friendly.

The majority of the Company's business continues to be from hotels. We expect our hotels to grow its revenues, while improving service efficiency and costs control. On 23 February 2017, the Company signed a Sales-Purchase Agreement (SPA) to acquire 24 hotels across 9 European countries with a mixture of ownership structures, a portfolio of brands and a hotel management platform that manages 12 third-party owned hotels. We expect to complete the transaction by 31 July 2017, whereupon the Company's hotel business expands from 670 owned keys to 4,800 owned keys with another 2,600 keys managed.

The Board of Directors of the Company would like to thank all our shareholders, partners and financial institutions for their support and trust, and to the Company's executives and employees who have devoted themselves tirelessly over the year. We look forward to cooperating with all stakeholders in the future.

And finally, in remembrance, the Board of Directors, executives and employees of the Company would like to express our condolences and paying our respects to His Majesty King Bhumibol Adulyadej. His generosity and compassion will always be remembered. We also would like to express our warm wishes to His Majesty King Maha Vajiralongkorn on his accession to the throne.

The Board of Directors

U City Public Company Limited



Mo Chit Project



Phayathai Project

1.3 FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME (THB million)					
	2016	2015	2014	2013	2012
Operating Revenue	1,089.9	965.2	265.9	186.9	77.0
Total Revenue	1,164.9	1,258.2	338.6	764.1	816.5
Operating Gross Profit	723.3	581.5	179.7	74.0	20.4
EBITDA	46.9	45.5	-413.1	458.7	422.5
EBIT	-160.6	-148.5	-527.8	377.1	395.3
Net Profit	-314.8	-277.1	-607.7	295.8	376.5
Total Comprehensive Income for the Year	-574.9	-258.4	-606.9	279.1	464.6
STATEMENT OF FINANCIAL POSITION (THB million)					
Total Assets	25,185.1	21,995.2	12,785.9	5,686.7	1,701.5
Net Debt	6,322.7	2,557.8	1,135.7	-272.2	-98.6
Shareholders' Equity	18,862.4	19,437.4	10,229.1	4,500.9	921.8
CASH FLOW (THB million)					
Net Cash (used in) Operating Activities	-1,393.2	630.7	-2,272.0	-977.8	-642.8
Capital Expenditures	1,513.7	1,121	305.4	166.4	12.5
PER SHARE DATA (THB/Share)					
Earnings Per Share (Basic)	-0.00056	-0.00055	-0.00288	0.00210	0.00590
Book Value Per Share	0.03360	0.03875	0.04841	0.03233	0.01435
KEY RATIOS					
Operating Gross Margin (%)	66.4%	60.3%	67.6%	39.6%	26.5%
EBITDA Margin (%)	4.0%	4.5%	-122.0%	60.0%	51.7%
EBIT Margin (%)	-13.8%	-11.8%	-155.9%	49.4%	48.4%
Net Debt to Equity (Times)	0.23	-0.05	0.11	-0.06	-0.11
Interest Coverage Ratio	-9.7	9.7	-11.1	-16.3	-3.3
ROA (%)	-1.3%	-1.6%	-6.6%	8.0%	20.0%
ROE (%)	-1.6%	-1.9%	-8.3%	10.9%	61.1%
SHARE INFORMATION					
Par Value (THB/share)	1.0	1.0	1.0	1.0	1.0
Share Price (THB)	0.03	0.03	0.05	0.06	0.06
Outstanding Shares(Million Shares)	561,362.3	561,362.3	361,275.4	180,637.7	66,925.1
Market Capitalization (THB Million)	16,840.9	16,840.9	18,063.8	10,838.3	4,015.5



2 THE COMPANY

2.1 BOARD OF DIRECTORS



1. **Mr. Chaiwat Atsawintarakun**
Chairman of the Board of Directors, Independent Director,
Chairman of Audit Committee and
Chairman of Nomination and Remuneration Committee
2. **Mr. Thavisakdi Tanta-Nanta**
Independent Director, Audit Committee
And Nomination and Remuneration Committee
3. **Mr. Manu Maniwatana**
Independent Director, Audit Committee
And Nomination and Remuneration Committee
4. **Mr. Burin Pusiri**
Director and Executive Director
5. **Mr. Weerawat Wattanatchariya**
Director and Executive Director



- 6. Mr. Voraphot Chanyakomol**
Director and Executive Director
- 7. Mr. Sumet Sangsiri**
Director
- 8. Mr. Surayut Thavikulwat**
Director
- 9. Mr. Daniel Ross**
Director
- 10. Mr. Sayam Siwarapornskul**
Company Secretary

2.2 THE EXECUTIVE MANAGEMENT



1) Ms.Piyaporn Phanachet*

Chief Executive Officer

2) Mr. Burin Pusiri

Executive Director

3) Mr. Weerawat Wattanatchariya

Executive Director

4) Mr. Voraphot Chanyakomol

Executive Director and Chief Financial Director

5) Mr. Veerapong Rodjanawarodom**

Chief Operation Officer

6) Mr. Sayam Siwarapornskul

Chief Legal Officer

7) Ms. Nuttapun Giramethakul

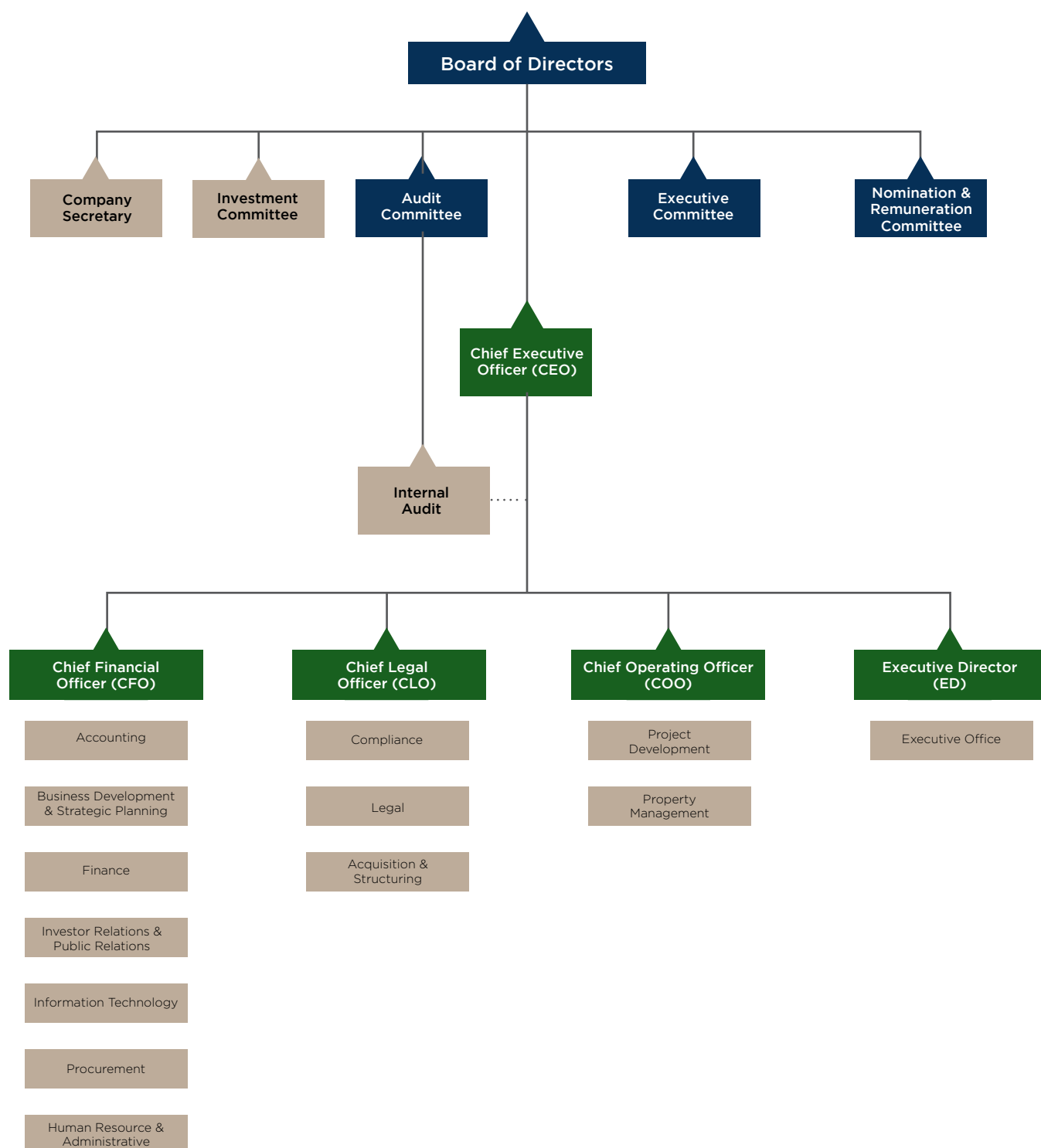
Vice President, Accounting Department

Note:

** On 16 January 2017, Ms.Piyaporn Phanachet was appointed to be Chief Executive Officer of the Company.*

*** On 1 July 2016, Mr. Veerapong Rodjanawarodom was appointed to be Chief Operation Officer of the Company.*

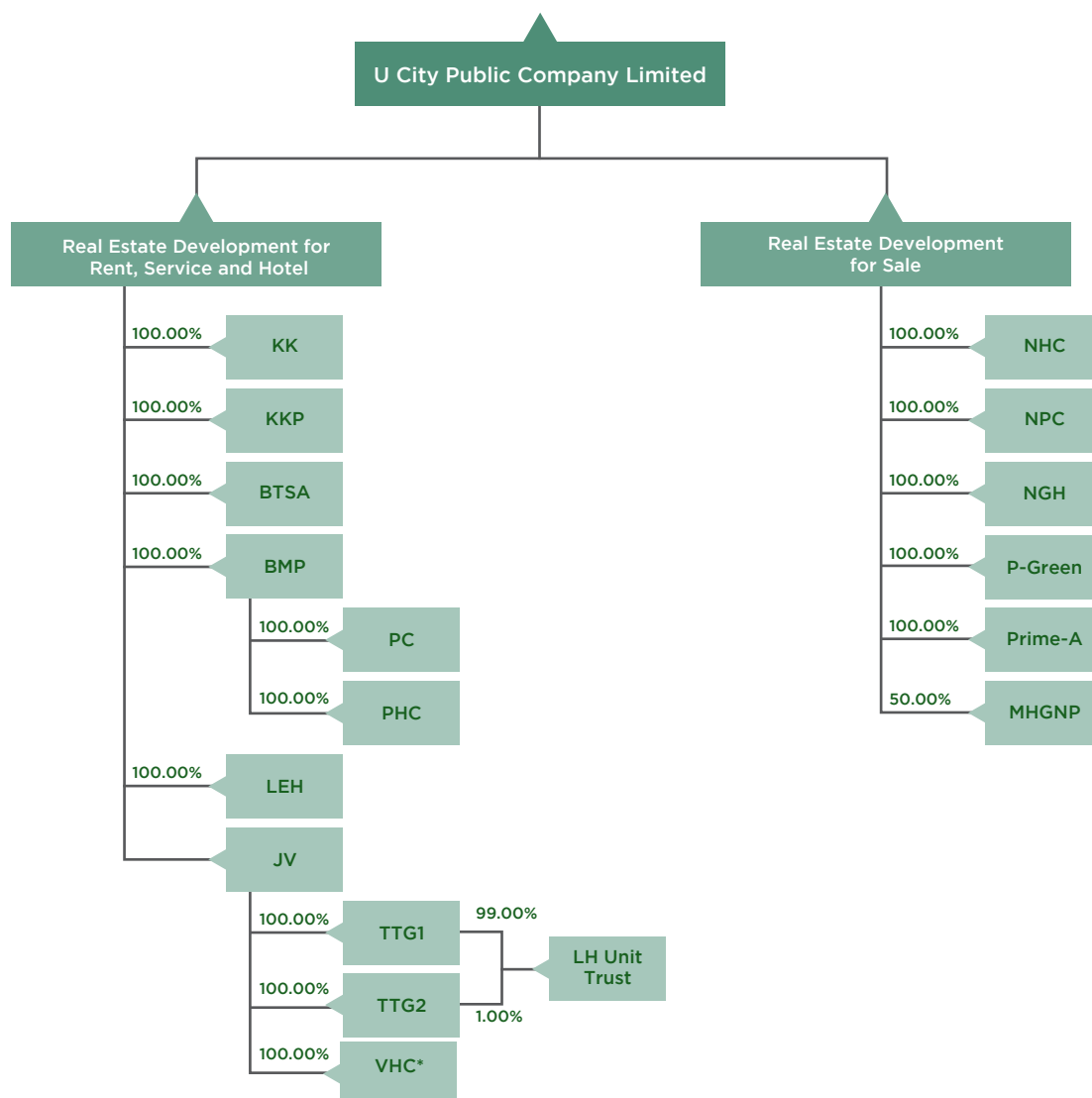
2.3 ORGANIZATION STRUCTURE



2.4 CORPORATE STRUCTURE

Investment Structure of the Company

As of 31 December 2016, the Company's investments in subsidiaries and associated companies are as follows:



* Vienna House Capital GmbH is a company incorporated under Austrian law and became a subsidiary on 10 February 2017.

Real Estate Development for Rent, Service and Hotel		Real Estate Development for Sale	
KK	: Khon Kaen Buri Company Limited	NHC	: Natural Hotel Chaophraya Company Limited
KKP	: Kamkoong Property Company Limited	NPC	: Natural Project Chaophraya Company Limited
BTSA	: BTS Assets Company Limited	NGH	: NPARK Global Holding Company Limited
BMP	: Boonbaramet Metta Property Company Limited	P-Green	: Project Green Company Limited
PC	: Pacific Chiangmai Company Limited	Prime-A	: Prime Area 38 Company Limited
PHC	: Pacific Hotel Chiangmai Company Limited	MHG NP	: MHG NPARK Development Company Limited
JV	: Joint Venture of U City Public Company Limited, Aman Resort Services Limited and Silverlink Holding Limited		
LEH	: Lombard Estate Holdings Limited		
TGT1	: Thirty Three Gracechurch 1 Limited		
TGT2	: Thirty Three Gracechurch 2 Limited		
LH Unit Trust	: Unit Trust invests in the long-term lease of 33 Gracechurch office building.		
VHC	: Vienna House Capital GmbH		

Moreover, the Company also has a group of non-operating subsidiaries and related companies as follows:

Non-Operating Companies		Shareholding (%)
NHP	: Natural Hotel Panwa Company Limited	100
NHSK	: Natural Hotel Sukhumvit Company Limited	71.57
NPV	: Natural Park Ville Company Limited	100
NRE	: Natural Real Estate Company Limited	100
PO	: Park Opera Company Limited	100
RPM	: Richee Property Management Company Limited	99.94
PG	: Park Gourmet Company Limited	100

Detail of Subsidiaries, Associated Companies and Joint Venture

Business of Real Estate Development for Rent, Service and Hotel (In Thailand)

Company	Shareholding (%)	Type of Business	Note
KK: Khon Kaen Buri Company Limited	100.00	Hotel business	Avani Khon Kaen Hotel and Convention Center
KKP: Kamkoong Property Company Limited	100.00	Real estate development for Lease, Service and Hotel	Under development, EIA approved in December 2016.
BTSA: BTS Assets Company Limited	100.00	Hotel business	Eastin Grand Sathorn Bangkok
BMP: Boonbarammee Metta Property Company Limited	100.00	Investment in property	Invest in Pacific Hotel Chiangmai (PHC) and Pacific Chiangmai (PC)
PC: Pacific Chiangmai Company Limited	100.00 (Hold by BMP)	Hotel business	Anantara Chiangmai Resort and Spa
PHC: Pacific Hotel Chiangmai Company Limited	100.00 (Hold by BMP)	Hotel business	Anantara Chiangmai Resort and Spa
JV: Joint Venture of U City Public Company Limited, Aman Resort Services Limited and Silverlink Holding Limited		Hotel business	Under process of negotiation mediation in court. (See details in sections Litigation)

Business of Real Estate Development for Rent, Service and Hotel (International)

Company	Shareholding (%)	Type of Business	Note
LEH: Lombard Estate Holdings Limited	100.00	Investment in real estate development business by investing through 2 companies : Thirty Three Gracechurch 1 Limited ("TTG1") and Thirty Three Gracechurch 2 Limited ("TTG2")	Hold share in Thirty Three Gracechurch 1 Limited ("TTG1") and Thirty Three Gracechurch 2 Limited ("TTG2")
TTG1: Thirty Three Gracechurch 1 Limited	100.00 (Hold by LEH)	Investment in property	Invest in LH Unit Trust
TGT2: Thirty Three Gracechurch 2 Limited	100.00 (Hold by LEH)	Investment in property	Invest in LH Unit Trust
LH Unit Trust:	100.00	Unit Trust Investment in property	Long-term lease of 33 Gracechurch Street
VHC: Vienna House Capital GmbH	100.00	Investment in property	In the process of acquiring the property.

Business of Real Estate Development for Sale

Company	Shareholding%	Type of Business	Note
NHC: Natural Hotel Chaophraya Company Limited	100.00	Real estate development	Bang Kra Chao Project
NPC: Natural Project Chaophraya Company Limited	100.00	Real estate development	Bang Kra Chao Project
P Green: Project Green Company Limited	100.00	Real estate development	Project is under study
Prime A: Prime area 38 Company Limited	100.00	Real estate development	Project is under study
NGH: NPARK Global Holding Company Limited	100.00	Real estate development	Project is under study
MHG NP: MHG NPARK Development Company Limited	50.00	Real estate development	In progress for real estate development for sale

Relationship with Major Shareholders

Since 2015, the Company has no significant business relationships in competition with businesses of major shareholder's. Although BTSG owns business or property developments for sale and lease which are in the same category as the Company's business, as a whole the differences in project type, target customers and the location of the projects do not create a significant conflict of interest or business competition.

The Company's management and BTSG are aware of the potential of a conflict of interest and both will monitor and find a

2.5 CORPORATE INFORMATION

General Information of the Company

Company	U City Public Company Limited
Company Registration Number	0107537000459
Nature of Business	Real estate development for rent, service and sale
Head Office	21 TST Tower, Soi Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900, Thailand
Telephone	0-2273-8838
Fax	0-2273-8858
Website	www.ucity.co.th
Registered Capital	THB 861,413,132,646
Paid-Up Registered Capital	THB 561,362,298,976
Number of Issued Common Shares	861,413,132,646 shares
Shares Offered	561,362,298,976 ordinary shares at a par value of THB 1 per share
Warrants (U-W1)	180,637,710,882 units
Warrants (U-W2)	100,043,438,606 units

Auditors of the Company for Financial Statement Year 2016

Auditors' Names	Mr. Narong Puntawong, Certified Public Account No. 3315 and/or Ms. Siraporn Ouaanunkun, Certified Public Account No. 3844 and/or Mr. Supachai Phanyawattano, Certified Public Account No. 3930
Office Name	E Y Office Company Limited
Location	33rd Fl, Lake Rajada Office Complex, 193/136-137 Rajadapisek Rd, Klongtoey District, Bangkok 10110
Telephone	+66 2 264 0777
Fax	+66 2 264-0789-90

General Information of Companies in which the Company holds more than 10%

as of 31 December 2016

Business of Real Estate Development for Rent, Service and Hotel (In Thailand)							
No	Company Name	Office Location	Shareholding (%)	Paid-up Capital (THB)	Registered Capital (THB)	Shares Offered	Par Value (THB)
1	Khon Kaen Buri Company Limited - Hotel business	999 Moo 4 Prachasamosorn Road, Nai Muang Sub-district, Muang Khon Kaen District, Khon Kaen Province Telephone 043 209-888 Fax 043 209-889	100.00%	800,000,000	800,000,000	8,000,000	100
2	Boonbaramet Metta Property Company Limited. – Hotel and Real estate business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	700,000,000	700,000,000	7,000,000	100
3	Pacific Chiangmai Company Limited - Business of leasing land and buildings to Pacific Hotel Chiangmai Company Limited	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00% (Hold by the company Merit merit Property limited)	200,000,000	200,000,000	2,000,000	100
4	Pacific Hotel Chiangmai Company Limited - Hotel business	21 Soi Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00% (Held by the company Merit merit Property limited)	600,000,000	600,000,000	6,000,000	100
5	BTS Assets Company Limited. – Hotel and Real estate business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	2,955,000,000	2,955,000,000	29,550,000	100
6	Kamkoong Property Company Limited. – Real estate business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	1,100,000,000	1,100,000,000	11,000,000	100

Business of Real Estate Development for Rent, Service and Hotel (International)							
1	Lombard Estate Holdings Limited (LEH) - Investment in property	Unit 1001, The Workstatione, 43 Lyndhurst Terrace, Central, Hongkong.	100.00%	GBP 76,500,001	GBP 76,500,001	76,500,001 Shares	GBP 1
2	Thirty Three Gracechurch 1 Limited (TTG1) - Investment in LH Unit Trust	26 New Street, St.Heier, Jersey, JE2 3RA	100.00% (Hold by LEH)	GBP 15,140,001	GBP 15,150,000	15,150,000 Shares	GBP 1
3	Thirty Three Gracechurch 2 Limited (TTG2) - Investment in LH Unit Trust	26 New Street, St.Heier, Jersey, JE2 3RA	100.00% (Hold by LEH)	GBP 154,001	GBP 164,000	164,000 Shares	GBP 1

Business of Real Estate Development for Rent, Service and Hotel (International)

4	LH Unit Trust - Investment in the long-term lease of 33 Gracechurch office building	-	100.00% (Hold by LEH)	GBP 4,924,000	-	49,294 Unit	GBP 1,000
5	Vienna House Capital GmbH - Investment in property	Parking 2, 1010 Vienna	100.00% (Hold by LEH)	EUR 35,000	EUR 35,000	1	EUR 35,000

Business of Real Estate Development for Sale

No	Company Name	Office Location	Shareholding (%)	Paid-up Capital (THB)	Registered Capital (THB)	Shares Offered	Par Value (THB)
1	Natural Hotel Chaophraya Company Limited* - Real estate development	21 TST Tower, Choei Phuang, Vipavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100%	737,000,000	737,000,000	1,000	100
2	Natural Project Chaophraya Company Limited - Real estate development	21 TST Tower, Choei Phuang, Vipavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100%	1,256,000,000	1,256,000,000	10,000	100
3	Npark Global Holding Company Limited* - Real estate business	21 TST Tower, Choei Phuang, Vipavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	1,000,000	1,000,000	10,000	100
4	Project Green Company Limited** - Real estate development	21 TST Tower, Choei Phuang, Vipavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100%	100,000,000	100,000,000	1,000,000	100
5	Prime Area 38 Company Limited - Real estate development	21 TST Tower, Choei Phuang, Vipavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100%	10,000,000	10,000,000	100,000	100

* On 20 April 2016, the Annual General Meeting of Shareholders of Natural Hotel Chaophraya Co., Ltd. had approved the increase of the company's registered capital from the original registered capital of Baht 100,000 to the registered capital of THB 737,000,000. The company had increased its registered capital by THB 736,900,000 by issuing new ordinary shares of 7,369,000 shares with a par value of THB 100 each.

* On 20 April 2016, the Annual General Meeting of Shareholders of Natural Project Chao Phraya Company Limited had approved the increase of the registered capital of the Company from the original capital of THB 1,000,000 to the registered capital Baht 1,256,000,000. The company had increased its registered capital by THB 1,255,000,000 by issuing 12,550,000 new ordinary shares with a par value of Baht 100 each.

** On 11 February 2016, the Board of Directors of Project Green Limited approved the increase of the paid-up share capital from the shareholders of the Company from paid-up THB 75 per share to fully paid-up THB 100 per share. The additional paid-up Baht 25 per share will raise an additional THB 25 million for general business purposes. This implemented successfully on 16 February 2016.

Joint Venture							
No	Company Name	Office Location	Shareholding (%)	Paid-up Capital (THB)	Registered Capital (THB)	Shares Offered	Par Value (THB)
1	Joint Venture of U City Public Company Limited, Aman Resort Services Limited and Silverlink Holding Limited						
An Associated Company							
1	MHG NPARK Development Company Limited, - Property development	16 floor Berli Jucker housr, 99 Soi Rubia Sukhumvit 42 Road, Kwaeng Phhrakanong Sub-district, Klongtoey District, Bangkok	50.00% (remainly 50% by Hua Hin Resort Limited)	100,000,000	100,000,000	10,000,000	10
Non-Operating Companies							
1	Natural Hotel Panwa Company Limited - Hotel business	5/3 Moo 8 Yon Bay-Khao Khard Road, Wichit Sub-district, Muang Phuket District, Phuket Province	100.00%	143,000,000	143,000,000	1,430,000	100
2	Natural Hotel Sukhumvit Company Limited - Hotel business	555/5 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok	71.57%	41,352,750	150,000,000	1,500,000	100
3	Natural Park Ville Company Limited - Management business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	43,000,000	43,000,000	430,000	100
4	Natural Real Estate Company Limited - Real estate development business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	33,000,000	33,000,000	330,000	100
5	Park Opera Company Limited - Real estate development business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	22,555,000	50,000,000	5,000,000	10
6	Richee Property Management Company Limited is to operate a real estate development business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	99.94%	1,000,000	1,000,000	10,000	100
7	Park Gourmet Company Limited - Restaurant business	21 TST Tower, Choei Phuang, Viphavadi-Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok10900 Telephone +662 273 8838 Fax +662 273 8858	100.00%	25,000,000	50,000,000	500,000	100

Capital Structure

Company's Securities

As of 31 December 2016, the Company's registered capital detail is as follows:

Registered Capital	BHT 861,413,132,646
Paid-Up Registered Capital	BHT 561,362,298,976
Number of Issued Common Shares	861,413,132,646 Shares
Par Value	1.00 Per Share

Shareholders

The first 10 shareholders and the number and percentage of shares information from the book closure as of 30 December 2016

	Name – Surname / Company	Number of Shares (shares)	% Shareholding
1.	BTS GROUP HOLDING PLC.	200,086,877,212	35.64
2.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	66,807,181,265	11.90
3.	Mr. Wanchai Panwichien	10,015,000,000	1.78
4.	Thailand Securities Depository Company Limited	9,190,394,795	1.63
5.	Mrs. Sukalaya Thongphun	9,151,375,650	1.63
6.	Mr. Somkiet Chatsakulwilai	8,129,591,572	1.44
7.	Mr. Komol Jungrunreangkit	7,334,542,672	1.30
8.	Mr. Vichit Chinwongvorakul	6,500,000,000	1.15
9.	Mr. Chaiyan Chakarakul	4,900,489,608	0.87
10.	Mr. Thongplew Siripornpitak	4,595,854,122	0.81

The Other securities

Warrants to purchase ordinary shares of U City Public Company Limited No.1 (U-W1)

Category of Warrants	:	Warrants to purchase ordinary shares of U City Public Company Limited # 1 (U-W1)
Method of Allocation	:	Allocate to existing shareholders of the Company who subscribe their right offering and are allocated new ordinary shares, and whose names appear on the share register book as of 25 September 2014 and providing the collection of the name under Section 225 of Securities and Stock Exchange of Thailand Act by closing method of shareholders register book suspending the transfer of shares on 26 September 2014, who subscribe for newly issued ordinary shares will be entitled to be allocated the Warrants to purchase ordinary shares of the Company No.1 at the ratio of 1 new ordinary share per 1 unit of Warrant.
Type of Warrants	:	Transferable named certificate
Number of Offering Warrants	:	180,637,710,882 units
No. of new ordinary shares reserved for exercise of Warrants	:	180,637,710,882 shares (par value THB 1.00 per share)
Price per Unit	:	None (THB 0 per unit)
Date of Issue of Warrants	:	7 November 2014

First trading day	:	1 December 2014
Tenor	:	5 years from the Date of Issue of Warrants
Exercise Ratio	:	1 unit of Warrant will be entitled to purchase 1 newly-issued ordinary share. (Subject to any adjustment of rights)
Exercise Price	:	Baht 0.06 per share at a par value of THB 1 each, (Subject to any adjustment of rights)
Exercise Period	:	Warrants holders shall be able to exercise their Warrants after 2 years from the Date of Issue of the Warrants with no limit of units. Warrants' holders shall exercise the Warrants on the last business day of every 3 months, March, June, September and December of each year through the maturity date. The first exercise date ("First Exercise Date") is on 30 December 2016 and the last exercise date ("Last Exercise Date") is on 6 November 2019.
Warrant Secondary Market	:	The Company shall apply for a listing of this Warrant on the Stock Exchange of Thailand ("SET").
Secondary Market for Ordinary Shares from the Exercise of Right	:	The Company shall apply to have the new ordinary shares reserved for the exercise of Warrants listed on the Stock Exchange of Thailand.

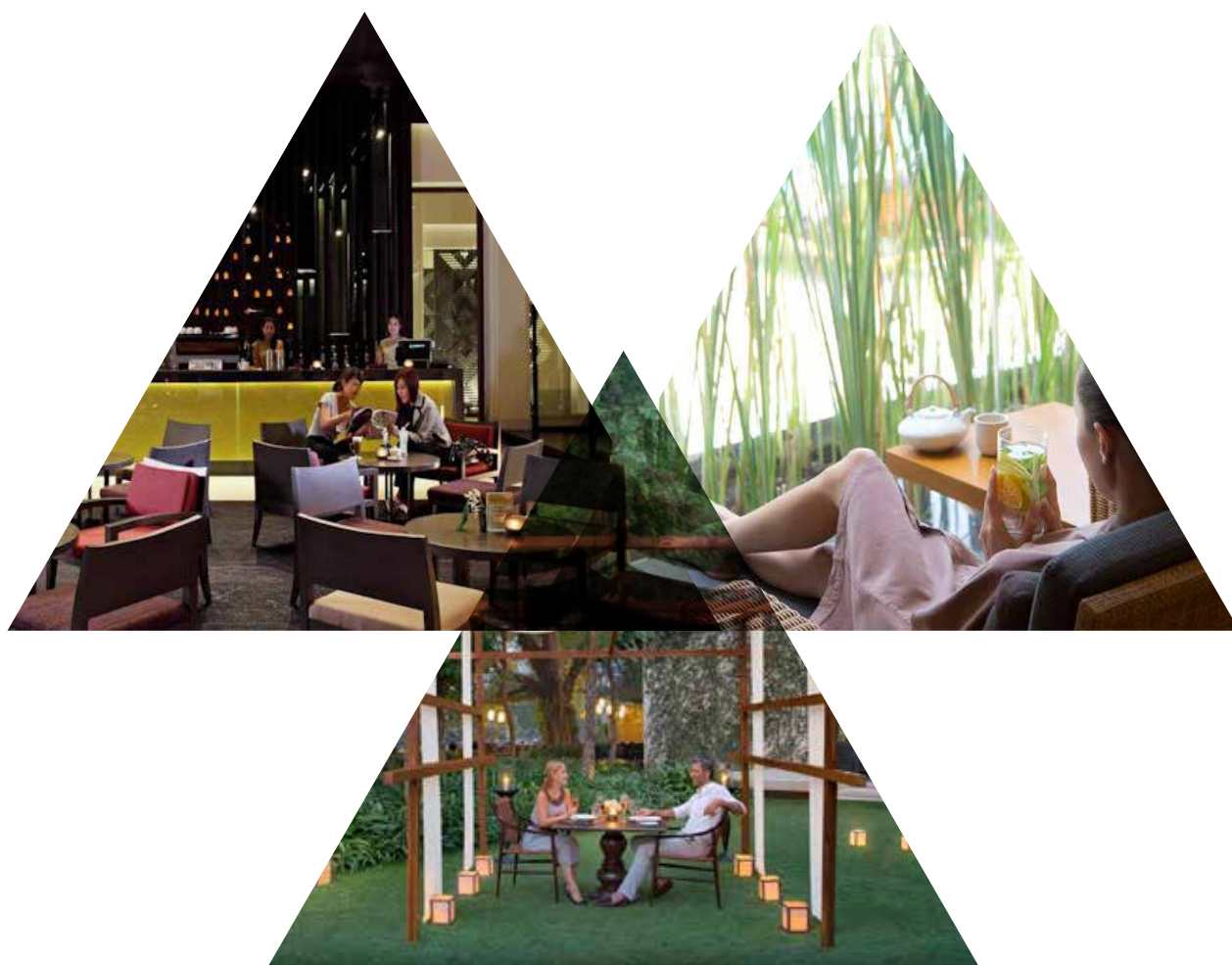
Warrants to purchase ordinary shares of U City Public Company Limited No.2 (U-W2)

Category of Warrants	:	Warrants to purchase ordinary shares of U City Public Company Limited # 2 (U-W2)
Type of Warrants	:	Specified names of the holders and transferable under the restriction to maintain the limited offering. The Company/registrar of warrants shall not register any transfer of the warrants if such transfer may effect to nature of the Private Placement offering scheme.
Number of Offering Warrants	:	100,043,438,606 units
No. of new ordinary shares reserved for exercise of Warrants	:	Not greater than 106,500,000,000 shares (par value THB 1.00 per share) which account for 50.00% by the paid-up shares of the Company after including the right offering of U-W1 (After the issuance of the Company's ordinary shares to BTS Group Holdings Public Company Limited ("BTSG") and the increase of paid-up capital. The Company's paid-up capital will be equal to THB 561,362,298,976).
Method of Allocation	:	Allocate to BTSG at the ratio of 2 new ordinary share per 1 unit of Warrant after BTSG received the allotment of the ordinary shares of the Company for the payment of acquiring all ordinary shares of BTS Assets Co., Ltd. and Kamkoong Property Co., Ltd.
Date of Issue of Warrants	:	20 April 2015
Price per Unit	:	None (THB per unit)
Tenor	:	The maturity date for the Warrants will be the same date as the last exercise date for the U-W1 Warrants, on 6 November 2019.
Exercise Ratio	:	1 unit of Warrant will be entitled to purchase 1 newly-issued ordinary share. (Subject to any adjustment of rights)
Exercise Price	:	THB 0.0047 per share at a par value of Baht 1 each, (Subject to any adjustment of rights). The exercise price of such warrants is lower than the par value of the Company's shares. The Company must comply with and obtain approval from the shareholders meeting under Section 52 of the Public Limited Companies Act BE 2535, but the price is not less than 90% of the market price. Market price means the weighted average market price of the Company's ordinary shares on the SET for 8 consecutive business days prior to the date the Board of Directors has resolved to present to the Extraordinary General Meeting of Shareholders No. 2/2057 from 23 September 2014 to 2 October 2014, which is equal to THB 0.052 (According to information from SETSMART on www.setsmart.com of the Stock Exchange of Thailand)

Exercise Period	:	Warrants holders shall be able to exercise their Warrants with no limit of units. The first exercise date ("First Exercise Date") is on 30 December 2016 same day as U-W1 exercise date. Warrants' holders shall exercise the Warrants on the last business day of every 3 months, March, June, September and December of each year through the maturity date and the last exercise date ("Last Exercise Date") is on 6 November 2019.
Warrant Secondary Market	:	The warrants shall not listed on the Stock Exchange of Thailand (SET).
Secondary Market for Ordinary Shares from the Exercise of Right	:	The Company shall apply to have the new ordinary shares reserved for the exercise of Warrants listed on the Stock Exchange of Thailand.

Dividend Policy

The Company's dividend policy is to pay to shareholders not less than 30 percent of net profit as stated in the Company. Only financial statements after deduction of reserves, as determined in the Memorandum of Association of the Company and Thai law. Nonetheless, the dividend payment will incorporate the following factors such as the performance and financial position of the Company, liquidity of the Company in business expansion and other factors related to managing the Company. The dividend payment is subject to approval by the shareholders and the Board of Directors of the Company.



2.6 POLICY AND NATURE OF BUSINESS OPERATION



Our vision is to be the leading developer of innovative community-based solutions. The Company continues its “Development and Management for Sustainable Profitability” strategy, which has been implemented since 2012. Its key tenets are as follows:

1. To do land development and potential projects for maximum benefit
2. To ensure sustainable growth in revenue from corporate assets
3. To prepare and adapt to the changing trends

These will ensure that business operations should run stably and generate sustainable revenue despite changes to the business environment and competition in the market. The Company looks for opportunities to invest or develop new property projects in attractive business locations, which have high potential for value accretive development. The Company may also seek to co-operate with strong business partners in joint investments that leverage the strengths of each partner and mitigates development-related risks.

Short term goals

- 1) To stabilize the Company’s financial status and on acquiring assets that create immediate, recurring income such as office buildings for rent, commercial spaces for rent and hotel businesses.
- 2) To focus on developing new projects on existing land bank, such as Phayathai and Mo-Chit for their long term value potential.
- 3) To acquire potential land bank for future development projects, particularly in attractive locations near mass transit lines.

Long term goal

The Company remains focused on increasing revenue from real estate development for rent, service and hotel and real estate development for sale projects on potential land, by growing its market share in the real estate industry. The Company plans to achieve higher annual revenues by substantially increasing the number of recurring income assets in its portfolio and developing real estate projects for sale. These can be achieved by either solely developing greenfield projects or jointly by seeking business partners that have the added benefit of unlocking synergies and mitigating development-related risks.

Real estate development for renting hotel and hotel services both domestic and international

Currently, the Company is engaged in the development and investment in real estate in both domestic and international markets covering:

- (1) Real estate development for rent, service and hotel business
- (2) Real estate development for sale

Current Project

Real estate development for rent, service and hotel

In the business of real estate development for rent, service and hotel focus on generating revenue from rents and service charges. The projects in this business group are:

Hotel Business

Currently, the Company has invested in 3 hotels through its 100% subsidiary companies and these generate the majority of income for the Company.

- (1) Avani Khon Kaen Hotel and Convention Center
- (2) Anantara Chiangmai Resort and Spa
- (3) Eastin Grand Sathorn Bangkok

Details are as follows:

1. Avani Khon Kaen Hotel and Convention Center (Former Centara Hotel and Convention Centre Khon Kaen)

Address	999, Moo 4, Prachasamosorn Road, Nai Muang Sub-District, Muang District, Khon Kaen
Size of Property	12-1-36.9 Rai
Type of Hotel	4-star city resort with a largest convention hall in Khon Kaen Province
Project Owner	Khon Kaen Buri Company Limited
Managed by	Minor Hotel Group
No. of Room	196 Keys
Occupancy Rate	60.96 %

2. Anantara Chiangmai Resort and Spa

Address	123 Charoenprated Road, Changklan, Muang Chiangmai, Chiangmai
Size of Property	7-0-91 Rai
Type of Hotel	Spa resort hotel surrounded by greenery courtyard and garden, facing Mae Ping River.
Project Owner	Pacific Hotel Chiangmai Company Limited
Managed by	Minor Hotel Group
No. of Room	84 Keys
Occupancy Rate	80.02%

3. Eastin Grand Sathorn Bangkok

Address	33/1 South Sathorn Road, Yannawa, Sathorn, Bangkok
Size of Property	2-1-57 Rai
Type of Hotel	Premier 5 stars city hotels with 33 Floor
Project Owner	BTS Assets Company Limited
Managed by	Absolute Hotel Services (AHS)
No. of Room	390 Keys
Occupancy Rate	86.05 %

Office Building for Rent Business

In the year 2016, the Company expanded its recurring income asset portfolio by acquiring long-term leasehold rights to an office building in a prime business location in London, United Kingdom. The acquisition diversifies geographically the source of income risk and opportunistically taken advantage of favorable foreign-exchange rates and pricing difference following the 'pro-Brexit' referendum result.

Address	33 Gracechurch Street City of London, United Kingdom
Total Floor Area	Total Floor Area 13,083.5 sq.m. Leasable Area 9,701.4 sq.m. Office area 7,124.6 sq.m. Retail 1,798.7 sq.m. Storage 778.1 sq.m
Type of Property	6 Floors Grade A office building with 1 basement level
Project Owner	Thirty Three Gracechurch 1 Limited and Thirty Three Gracechurch 2 Limited
Lease period	Approximately 145 years.
Occupancy Rate	98 % (over the past 3 years)

Future Project

Real estate development for rent, service and hotel

1. Phayathai Project

Location	At the junction of mass transit system: BTS Phayathai Station and SRT Airport Link Phayatai Station. Project faces Phayathai Road and connects to BTS Phayathai Station and Airport Link station.
Size of Project	6 - 2 - 31.4 Rai
Details of Project	A Mixed Use Complex Building with 52 floors Net usable area 52,000 sq.m. Comprising: Retail space for rent Grade A office space for rent A 4-5 star hotel Parking space
Construction area	Approximately 120,000 sq.m
Project Value	Around THB 9,500 mn
Project Status	EIA approved (Mid-December 2016)
Schedule	Construction period 42 Months. Construction start in 2017

2. Mo-Chit Project

Location	Project faces Phaholyothin Road and connects to BTS Mo Chit Station, which is the current northern termination station of the sky-train system. A sky-bridge walkway will be constructed to allow pedestrians safe and convenient travel to and from station. Furthermore, the building is located along the currently constructing Green Line North extension line.
Size of Project	11-0-44.8 Rai
Details of Project	Twin Tower Mixed Use Complex with 34 floors Total Usable area 72,000 sq.m. Comprising: Retail space for rent Grade A office space for rent Parking space
Construction area	Approximately 151,000 sq.m.
Project Value	Around THB 9,000 mn
Project Status	On design process and prepare document for EIA submitting.
Schedule	Construction period 48 Months. Construction start in 2018

3. Roi Chak Sam Project

Location	Located on the Chao Phaya Riverside, opposite The Icon Siam Project. Access via Soi Charoen Krung 36, Bang Rak District, Bangkok
Size of Project	5-0-60 Rai
Details of Project	A 5 star boutique hotel project feature with luxurious facilities. The design has been made under the Heritage Development concept focusing on the harmony between the ancient building - Neo-Classical Style- which had a long history more than 100 years and the new buildings which have carefully been designed to enhance the magnificence of the ancient site.
Net Usable Area	Approximately 5,700 sq.m.
Project Value	Around THB 2,000 -2,500 mn
Project Status	The company has submitted a proposal and a new development model to the Treasury Department in the fourth quarter of 2016 and awaiting the conclusion and delivery of leased space from the Treasury Department.
Schedule	Construction period 36 Months.

Real estate development for sale

The Company had started developing projects in 2013 under the name “PARK” series. The developed projects are located both urban and rural as follows:

1. PARK Ramintra

Location	Ramintra Road, Soi 47, Tha Raeng Sub-district, Bang Khen District, Bangkok
Size of Project	2 –1 –14.2 Rai
Type of Property	A low-rise 8 floors condominium with 206 units Parking space for 86 cars (representing 41% of total units)
Room Type	Studio with 1 bedroom and 1 bathroom, with the area of approximately 29.45-36.50 sq.m per unit
Project Value	THB 400 mn
Project Status	The Project is on registration process of condominiums with the Land Department.

2. PARK Aran Boulevard

Location	Moo 7, Sri Pen Road, Pa Rai District, Aranyaprathet District, Sa Kaeo Province
Size of Project	5-0-17.75 Rai
Type of Property	Three and a half floor Commercial unit building
Room type	Commercial unit building with usable area 163 sq.m./unit on 16 sq.wah. Total 62 units and 62 parking spaces.
Project Value	THB 60 mn
Project Status	The project is in the process of selling with remained 17 commercial units.

2.7 LITIGATION

As of 31 December 2016, the Company and / or its subsidiaries have lawsuits that may have an effect on the Company's and its subsidiaries 'assets of more than 5% of shareholders' equity.

Below this threshold, there are two legal disputes, which are either unresolved cases or disputes that may affect the Company's business or its subsidiaries significantly as follows:

- (1) On 18 December 2015, The Company affiliated with Aman Resorts Services Limited and SilverLink Holdings Limited ("Joint Venture") filed a lawsuit against the Treasury Department, as first defendant, and the Supervising Committee for the Ratchaphatsadu land at Rong Pasee Roi Chak Sam Development Project, as the second defendant, with the Central Administrative Court; asking the Central Administrative Court to issue a judgment or order which compels both defendants to comply with the Cabinet Resolution dated 26 August 2003, which set out a project construction period of 36 months and a project utilization period of 30 years after construction was completed and compels the Treasury Department to exercise its authority under Section 10 of the Act on the Private Participation in the Affairs of the State of 1992, Article 34, paragraph 1 (7) and paragraph 4 of the Ministerial Regulation relating to rules and methods for administration, maintenance, utilisation and benefit arrangement on State Land B.E. 2545, and the Cabinet Resolution dated 8 July 2013, by ordering the Bangkok Metropolitan to return the Ratchaphatsadu land and expel the Bangruk Fire Station and fire officers from the site of the Ratchaphatsadu land at Rong Pasee Roi Chak Sam Development Project and to demarcate an area for the subsidiary to proceed with project construction as scheduled, within 30 days following the date the Court issued final judgment or within the period specified by the Court.
- (2) On 16 October 2558, the juristic of D Condo condominium Ramintra with 27 people ("Plaintiffs juristic") sued a real estate developer to deliver three plots of land, approximately 135 square wah, to "Plaintiffs juristic" without the obligation and without conditions. All three plots of land are adjacent to the Company's land. This dispute has affected to the application to use the building and the registration of the condominium. So, on 8 April 2016, the Company filed a petition with the Minburi Province Court for an interpleader action in a legal dispute regarding the issue. Currently, the litigation is in the process of being considered by the court.





3. BUSINESS OVERVIEW

3.1 INDUSTRY AND BUSINESS OVERVIEW

Overview of the Thai economy in 2016

In 2016, Thai GDP growth was about 3.2%, slightly higher than in 2015. The higher growth was a result of continued government-driven stimulation, growth in tourism, pickup in private consumption, improvement in net trade and accelerated government budget disbursement in infrastructure projects. The benign headline inflationary environment both domestically and globally has been supportive of tourism and consumption in Thailand, whilst monetary policy is relatively accommodative with policy rates at 1.50%.

A number of events have also moderated potential growth this year. The severe drought across Central and Northern parts of the country early in the year culminated in historic flooding of the South at the end of the year, both of which affected agricultural production. The passing of His Majesty the King has caused great sorrow and during the first month of the mourning period, a number of planned events such as weddings, corporate outings and other celebrations were postponed or cancelled, affecting the restaurant and hospitality industry in particular.

Overview of Hotel Business in 2016

For the tourism situation of Thailand in 2016, a record number of international tourists, some 32.6 million or an increase by 12.7% compared to 2015, exceeded the government's target on baht the end of the year, ion ass card and generated total revenue of THB 2.5 trillion. Despite this, Thailand's tourism industry faces challenges from developments in the world economy. The number of long-haul tourists from regions such as Europe and America – typically higher spenders per capita - has not increased significantly. At the end of 2016, there were positive signs of a pickup of tourists from certain countries. The number of Russian tourists, which have fallen over the last couple of years, has seen some recovery. During the year, the government crackdown on illegal 'Zero Dollar Tour' has affected the number of Chinese tourists at the end of 2016. The effects of this crackdown may continue to be felt in 2017.

Meeting these challenges, the Thai tourism industry this year has started to restructure and set many standards with the aim of making Thailand's tourism sector more sustainable. The Ministry of Tourism and Sports has set an as yet, unofficial target in 2017 of tourism revenue at THB 2.71 trillion, an increase by THB 200 billion from previous year, from revenue of 2.51 trillion baht. Of the total, revenue from inbound arrivals is expected at THB 1.78 trillion, an increase of 8.5% and domestic tourism at THB 934 billion, an increase of 4.8%. The target emphasises quality of tourists, by setting higher revenue targets whilst the expected growth in the number of tourists was set at a more appropriate level of increasing the number of foreign tourists by 5.5% or 34.4 million this year. Of

this target figure, Chinese tourists will continue to be largest market with 33% of the share.

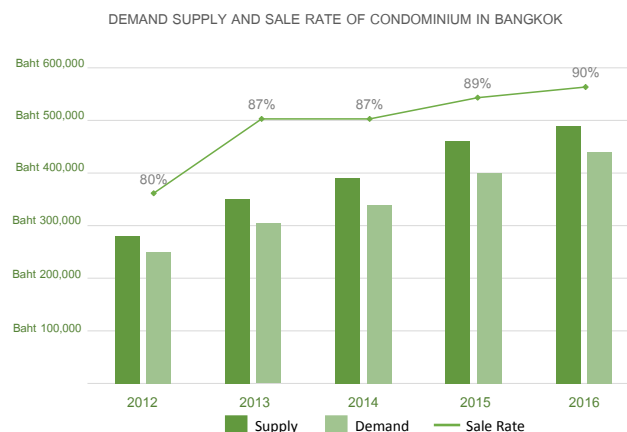
A number of risk factors for tourism for 2017 that will be closely monitored are the competition among ASEAN countries to attract Chinese tourists through the visa exemptions schemes, terrorism, conflict and rising fuel prices that may affect air travel and the political changes and economic policies in the US and Europe.

Overview of residential real estate for the year 2016

The overall transaction value for all types of property stood at THB 299 billion, a decrease of 4% from THB 313 billion in 2015. Within this, transaction value of both single houses and townhouses slightly increased, with single houses and semi-detached houses growing at THB 72.8 billion, or 3% from THB 70.4 billion in the previous year and townhouses, increasing to THB 68.5 billion, or 2% from THB 67.0 billion. Offsetting this growth was the fall in transaction value of condominiums to THB 158 billion, down 10% from THB 176 billion in 2015.

In 2016, the ongoing and anticipated mass transit lines that improve connectivity from the inner city to the suburban areas of Bangkok has fueled interest with single and semi-detached houses recording an increase in supply compared to the year 2015. The value of new single-detached homes amounted to THB 314 billion, or up to 4% from 2015 and townhouses of THB 190 billion, or up 2% from 2015.

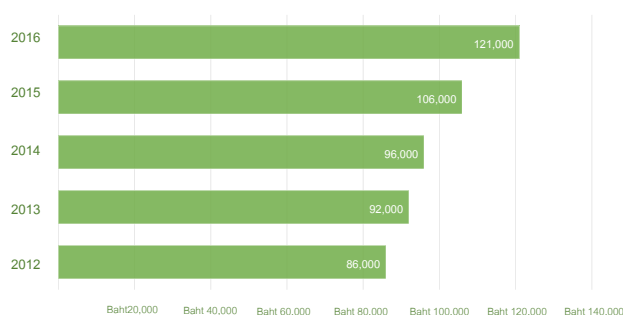
Residential condominium market, though still expanding is declining as proportion of the overall housing segment with a majority of declines in the mid-to-mass condominium segment. Nevertheless, condominiums that are close to the mass transit route remain an opportunity for real estate developers and have pricing premium advantage than condominiums further away from mass transit stations.



In 2016, the average selling price of condominiums continued to rise steadily from an average selling price of THB 100,000 per sq.m. to THB 120,000 per sq.m. Most of the new condominium launches in the city center will be priced at or over THB 150,000 per sq.m. Condominiums are categorised by the following:

1. Super-Luxury condominium (average selling price more than THB 250,000 per sq.m.)
2. Luxury condominium (average selling price is between THB 180,000 – 250,000 per sq.m.)
3. High-end condominium (average selling price is between THB 100,000 – 170,000 per sq.m.)
4. Intermediate condominium (average selling price is between THB 70,000 -100,000 per sq.m.)
5. City condo group (average selling price is lower than THB 70,000 per sq.m.)

AVERAGE SALE PRICE PER SQ.M. OF CONDOMINIUM IN BANGKOK



Within Bangkok, new projects are expected to be launched along the route of the Orange, Yellow and Pink lines. Sales prices are determined by the location and distance from the city center. For 2017, it is expected that the number of new launches will grow by 10% from 2016, or about 50,000 units from both large and small-scale developers, mainly along the mass transit routes.

The key issue of the residential market over the past few years is accessibility to mortgages. There has been a marked tightening of lending standards. In the first half of 2016 up to 50% of all loan applicants were rejected. Further tightening of lending standards may have the potential to affect demand for residential properties in the coming years, particularly in the mass and mid-end markets, where buyers often make purchases on credit.

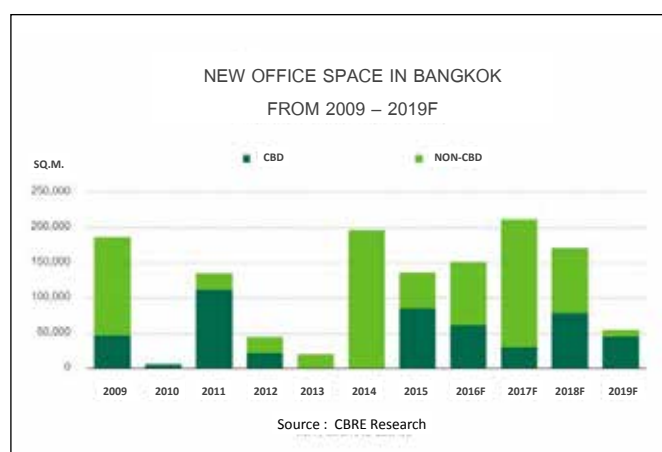
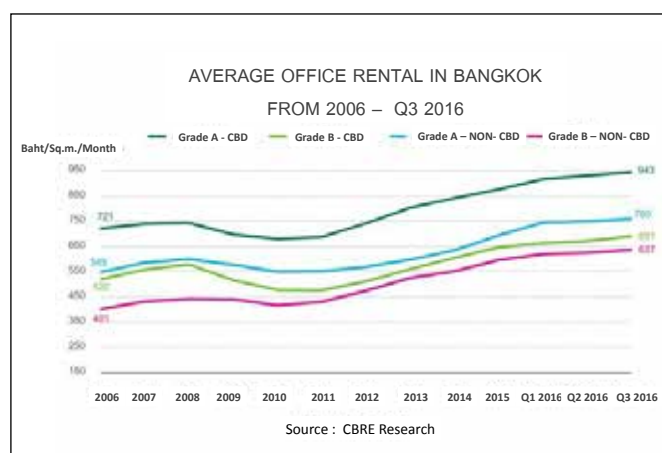
Overview of Business Office Rental 2016

Based on research by CBRE reports, the overall market of office space in Bangkok in 2016 is growing relatively well. Due to limited new office space supply and continuously growing demand, vacancy rates have declined and office rents have risen as a result.

Office space rents in Bangkok increased by an average of 6.5%. Within this, office space rental rates for Grade A and Grade B buildings increased by 8% and 5%, respectively. According to the latest survey conducted in the third quarter of 2016:

1. Grade A office space in CBD has an average rental rate of THB 943 per sq.m.
2. Grade B office space in CBD has an average rental rate of THB 691 per sq.m.

3. Grade A office space outside CBD has an average rental rate of THB 760 per sq.m.
4. Grade B office space in CBD has an average rental rate of THB 637 per sq.m.



The total amount of new office space completed in the year 2016 was 151,000 sq.m. taking the total office space in Bangkok to 8.54 million sq.m., an increase of around 1.7% year-on-year. The overall occupancy rate increased to 91.8 %. Throughout the year, office space demand was approximately 180,000 sq.m., down slightly from 2015, but enough to reduce the overall vacancy rate in the market by 0.8% from the previous year. The demand for pre-leasing remains very high. New buildings that are due for completion in the second quarter of 2017 have successfully been pre-leased. While a number of developers have plans to develop land into office buildings, it is expected that total office space will increase by approximately 1 million sq.m. in the next few years but only 463,000 sq.m. is expected to be completed by the year 2019.

Overview of London office rental business

London is one of the most popular real estate investment markets in the world among international investors who are drawn by a number of attractive factors.

The London property market has been one of the highest growing markets in Western Europe. The pound sterling is widely traded and liquid. Real estate trading is highly developed, investor-friendly and transparent. As a financial center, with leading financial, legal and advisory firms established, the city has inherent demand and limited space for additional supply at the main commercial and business districts. These factors support the expectation of sustained capital and rental rate appreciation.

Data from the CBR research indicated that since the 'Brexit' referendum, Chinese institutional investors have invested GBP 600 million or approximately THB 2.67 Billion in London office buildings. Some examples of large real estate transactions since the referendum is the acquisition of the Sovereign Bank General building in London at GBP 84.5 million (around THB 3,759 million), the purchase of Ryder Court office building in Mayfair area at GBP 115 million (around THB 5,117 million) and the purchase of an office building in Moore Place in London's financial district at GBP 271million (around THB 12,000 million). The main factor that attracted investors was the weakening of the pound against the yuan and falling of interest rates.



Overview of Business Hotel

At present, the company is investing in three hotel as follows:



Avani Khon Kaen Hotel and Convention Center

Characteristics of target customer groups

Khon Kaen is the center of trade, education and administration of Thailand's northeast region, making it an important regional center of education and medical treatment. Our hotel focuses on attracting corporate and government agencies events such as seminars. The hotel offers the largest conference rooms in the province to accommodate various activities in this target group. As Khon Kaen is not a key province for tourism or leisure, the number of visitors in that segment are limited and most tourists are Thai tourists, accounting for 86% of the total market. However, there has been an uptick in tourists from Germany, UK and USA.

Occupancy rate of 2016 61%

Distribution channels

Formerly managed by Central Group hotel under brand "Centara", the hotel has been re-branded as "Avani" and is now managed by Minor Group Hotels. Minor Group is known among Thai and foreign tourists for high standards in room and service quality and is a leading company in the hospitality sector in Thailand.. Minor utilises both online and offline distribution channels, which are geared towards reaching a wider range of customers and offering greater efficiency through a number of key booking channels as follows:

Distribution channels	Percentage
Discount Channel	30%
Government Group	18%
Qualified Group	13%
Others	38%



Anantara Chiangmai Resort and Spa

Characteristics of target customer groups

Chiangmai is a province is a major tourist destination and is very popular during the winter and festive seasons. With its mountainous terrain, the weather is relatively cool all year round. There are also unique cultural attractions. As a result, Chiang Mai is an attractive province for both Thai and foreign tourists and among one of the top spots in the country for overnight stays in 5-star hotels. This group of customers have higher purchasing power and are less sensitive to economic uncertainty. Anantara Chiangmai is ranked second highest in RevPAR among hotels in the same area. Most guests are Chinese and American tourists comprising 33% and 12% of the total number of visitors, respectively.

Occupancy rate of 2016 80%

Distribution channels

Minor Hotels Group is a hotel management company with a sales network covering all major markets in the world, especially in the Asia Pacific region under brands such as Anantara, Four Seasons, JW Marriott St. Regis Wai, covering a wide range of customers. In Thailand, the Anantara Hotel chain is located in almost every region of the country. It utilises both online and offline distribution channels, which are geared towards reaching a wider range of customers and offering greater efficiency through a number of key booking channels as follows:

Distribution channels	Percentage
Discount Channel	29
Wholesale Channel	27
Retail Channel	19
Others	25



Eastin Grand Sathorn Bangkok

Characteristics of target customer groups

The hotel is located in central Bangkok area. As the City Hotel, it offers 5-star accommodation for diverse city-life tastes. The hotel is located in a highly accessible location in the central business district with convenient transportation via expressway and public transport. The hotel is also connected to the BTS Sky Train Station, providing added convenience for guests. In addition, the hotel also located near the Chao Phraya River and its attractions. The hotel is focused towards Thai and foreign clients as well as business travellers who come to Bangkok. Due its convenient location, RevPAR is ranked third highest among hotels in the area. Most guests are Korean and Chinese tourists, comprising 33% and 14%, respectively. The Bangkok market, especially in the heart of the Sathorn business district, continues to sustain demand.

Occupancy rate of 2016 86%

Distribution channels

Absolute Hotel Services the owner and manager of Eastin Hotels, Eastin Easy and U Hotel brands, has a rapidly expanding network in fast-growing markets such as Vietnam, Indonesia, India and Oman. The Eastin brand is well known among foreign and local customers. It utilises both online and offline distribution channels, which are geared towards reaching a wider range of customers and offering greater efficiency through a number of key booking channels as follows:

Distribution channels	Percentage
Online Travel Agent (OTA)	43
Wholesale Channel	25
Corporate Sale	12
Others	19

3.2 IMPORTANT DEVELOPMENTS OF THE COMPANY IN 2016

May 2016

- Mr. Nakorn Laksanakarn has resigned from the position of Chief Executive Officer and President of the Company effective from 4 May 2016.

Note: The Board of Directors' Meeting has resolved to appoint Ms. Piyaporn Phanachet to be Chief Executive Officer effective from 16 January 2017 onwards.

July 2016

- On 28 July 2016, the Company established three subsidiary company to invest in overseas properties, namely: (1) Lombard Estate Holdings Limited ("LEH") which is the Company's subsidiary in which the Company holds 100 percent of its shares in the Hong Kong Special Administrative Region, China with the registered capital of GBP 76,500,001, divided into 76,500,001 ordinary shares with a par value of GBP 1. (2) Thirty Three Gracechurch 1 Limited ("TTG 1"), a subsidiary in Jersey in which the Company indirectly holds 100 percent of the total issued shares, through Lombard Estate Holdings Limited ("LEH") with the registered capital of GBP 15,150,000, divided into 15,150,000 ordinary shares at a par value of GBP 1 per share, and (3) Thirty Three Gracechurch 2 Limited ("TTG 2"), a subsidiary in Jersey in which the Company indirectly holds 100 percent of the total issued shares, through Lombard Estate Holdings Limited ("LEH") with a registered capital of GBP 164,000, divided into 164,000 ordinary shares with a par value of GBP 1 per share.

September 2016

- On 8 September 2016, the Company invested in LH UNIT TRUST ("LHUT") through TTG1 and TTG2, (LHUT is a Jersey property unit trust (JPUT) established under the laws of Jersey¹) totalling 49,294 units or equivalent to 100 percent of the total units in LH UNIT TRUST with a par value of GBP 1,000 per unit at the purchase price of GBP 1,507.25 per unit or at a total sum of GBP 74,298,593 (equivalent to approximately THB 3,435.56 million converted based on the GBP to THB currency exchange rate of GBP 1/THB 46.24) The objective of LHUT is to invest in the long-term lease (approximately 145 years and 5 months at the transaction date which will expire on 18 January 18, 2162) of a Grade A office building located at 33 Gracechurch Street in the City of London, United Kingdom.

3.3 BUSINESS TARGET ASSESSMENT 2016



The Company continues its “Sustainable Development and Management” strategy set in 2015. The Company aims to increase the number of properties that generate recurring revenue within five years, including other real estate businesses that will support the overall objective to increase higher revenue for the future. The goal is also to utilise the Company’s financial and current asset portfolio, with the aim of generating revenue from the recurring income business such as office building for rent, retail space for rent and hotel business. The Company may acquire – through M&A - currently operating property, which can recognize revenue immediately. The Company will also develop existing land to provide long-term return on investment, whilst continuously acquiring new potential land plot, especially near mass transit lines, for further project development.

In 2016, the Company’s assets increased due to the investment in a new recurring income, office building business. The objective is to diversify the source of income through an investment in 33 Gracechurch Street, an office building in London, England. The investment was in the form of wholly-acquiring two unit trusts, that hold units of investment in the long-term leasehold rights of the office building (expiring in approximately 145 years) within the third quarter of 2016 with total value of GBP 74,298,593 (or approximately THB 3,435.56 million, based on an exchange rate of THB 46.24 baht / GBP 1). In addition, new project developments on existing land is in progress. The project on Phayathai land has received EIA approval from the Office of Natural Resources and Environmental Policy on 14 December 2016, which allowed the company to start construction in the year 2017 onwards. It is expected to take 42 months to complete, with a project value of approximately 9,500 million baht. Another project on Mo Chit land has already been completely designed and we are currently in the process of submitting a request for EIA approval. We expect to receive EIA approval from the Office of Natural Resources and Environmental Policy and Planning in 2017. During the year, the Company purchased additional plots of land in both urban and suburban areas for new projects that will take place in the future.

Financial Performance

The Company’s total revenue for the year 2016 was THB 1,164.9 million, a decrease of THB 93.3 million or 7.4% compared to the previous year. Revenue came primarily from the real estate development business for rent, service and hotel segment of which hotels generated revenue of THB 1,027.1 million and rental revenue from office building business of THB 62.8 million from the aforementioned acquisition by the Company in the third quarter of 2016. The main reason for the decline in total revenues was the result of not recognizing revenue from real estate for sale.

Total expenses for the year 2019 was THB 1,334.7 million, a decrease of THB 69.4 million or 4.9% compared to last year. Administrative expenses amounted to THB 647.7 million, an increase of THB 218.0 million or 50.7% from the previous year. The main reason for the increase came from (1) the cost of the Eastin Grand Sathorn Hotel being fully recorded, while only 8 months of cost were recorded in previous year, (2) Management fee increases on the increase in revenue of the Anantara Chiangmai Resort and Spa, (3) an increase in the annual rent to be paid to the Treasury Department, which was pre-agreed as the ‘third tranche’ under the contract and (4) non-recurring acquisition and due diligence-related expenses, from the acquisition of the office building in the U.K. and (5) rebranding costs from the change in hotel management of Avani Khon Kaen Hotel and Conference Center (Former Centara & Convent Center Khon Kaen).

As of December 31, 2016, the Company had total assets of THB 25,185.1 million, total liabilities of THB 6,322.7 million and shareholders’ equity of the parent company was THB 18,862.4 million.



3.4 BUSINESS OUTLOOK 2017



The economic forecast for 2017 by the Bank of Thailand estimated that GDP growth rate will be around 3.2%. The government is accelerating the disbursement of the remaining unspent 33.6% of the 2016 investment budget and expediting its 2017 investment budget, of which only 6.4% has been disbursed. The main driver for this disbursement will be large infrastructure projects planned in 2017. These will stimulate the economy, create employment and individual incomes as well as generate revenue for related industries.

At the same time, the government supports developing and adopting technology in the manufacturing sector and seeking new markets for the export sector through ongoing economic and trade negotiations. These efforts will be positive for Thai economy. The inflation rate is expected to pick up to between 1.5-2.0% with policy rate remaining steady at 1.5%.

Exports in 2017 are also expected to grow up by 0.5%, led by demand from major trading partners such as ASEAN countries with a market share of 25.3% of total export value. Demand growth from ASEAN countries are expected to be a result growth in both the private and public sector in each ASEAN country. Overall growth in ASEAN is forecast at 4.6%, an increase from around 4.5% in 2016.

The US market, which is the second largest partner with an export share of over 11.4%, is likely to see positive economic growth under the direction of the new US president who has signalled expansive fiscal policy. While the Chinese market, comprising 10.6% of Thailand's exports, is expected to slow down due to a decrease in investment from private sector.

The above factors should support the Thai capital market in 2017. The National Institute of Development Administration (NIDA) expects the SET Index to rise to 1,600-1,650 as a consequence of these aforementioned factors.

For tourism sector, the Tourism Authority of Thailand focuses on driving revenue growth of 10 percent rather than on the number of tourists. The aim is to attract more quality tourists to Thailand and on maintaining the proportion of revenue from domestic tourism in order to diversify risks. Domestic tourism's continued growth this year resulted from the on-going economic recovery, which increased discretionary spending and government support policies such as "Thai Thew Thai". The development of both land and sea travel networks will facilitate domestic travel growth. The above factors would be positive to the hotel business in 2017.

In 2016, the expansion of several mass transit lines in Bangkok presents opportunities for real estate developers. This expansion will be a factor in the growth of the housing market, especially outer city or suburban areas. Additional mass transit lines are expected to be up for bidding in 2017. These new lines open more opportunities for residential development as accessibility improves commuter travel in and out of the city without the need to purchase high price housing in the city or Bangkok area. A shift in project launches from inner city Bangkok to areas along the route of the orange, yellow, and pink lines is expected

For the office market in the year 2017, CBRE Thailand predicts that the demand growth rate would increase at the same rate as last year at about 200,000 square meters per year. However, the supply of newly completed office space is expected to be at 170,000 square meters, of which 25% or about 45,000 square meters will be the area used by the owner of the building. Therefore, the office market will continue to have limited new office space supply and the vacancy rate will continue to decline, driving rents higher by 5-10%

ข้อมูลจาก

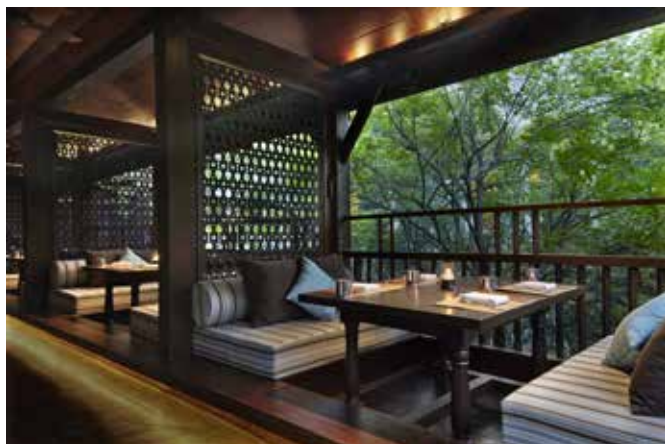
Bank of Thailand

The National Institute of Development Administration (NIDA)

CBRE Thailand

Tourism Authority of Thailand

3.5 RISK MANAGEMENT REVIEW



STRATEGIC RISKS

- Economic & Political Risk
- Readiness to support business growth

Economic fluctuation Economic and political policy

The performance of the Company or even a specific recurring income property such a hotel, an office building for rent or real estate development for sale are all affected by the fluctuations of the local and global economy, political stability and government policies. For example, the Russian financial crisis in 2014, affected the number of tourist arrivals, which impacted the hotel business. Russians were also significant buyers of residential and investment properties, which affected the real estate developers. More local risks such as political gatherings or protests can be a safety concern for foreign tourists or the government's policy of suppressing the "Zero-Dollar Tour" during 2016 saw a large decline in the number of Chinese tourist arrivals. These factors may impact hotel occupancy and operational performance and foreign interest in Thai property in the short or long term, depending on the situation. The Company must monitor these external factors that may affect its business plan.

Readiness to support business growth

The Company runs its business by setting short-term, medium-term and long-term goals to expanding its business and revenue base. To ensure continued revenue generation, the Company has to analyse the trend of industries, the economic and political situation and the feasibility of investing in each project under an acceptable level of risk, which requires planning, preparation, funding, personnel management, personnel development and working processes to work in unison. Within its investment strategy, the Company aims to acquire businesses or properties as a fast-track strategy to expand its business and grow its revenue base. At the same time, this is an organisational challenge. Therefore, the Company must be prepared to supervise staff and management in its subsidiaries to ensure that the business operations are in line with the goals set.

Also, the Company must be prepared to acquire new potential land at reasonable prices with the potential for future development. In the past 5 years, land prices have increased significantly. The expansion of mass transit routes, speculation, competition for land, especially among the big players in the industry and the arrival of new developers makes sourcing and securing land with the right mix of the potential for development and satisfactory returns a challenge. The Company manages these risks by monitoring market movements, studying and analysing the growth of major cities in the region for land acquisition planning and having a long-term outlook. This is to ensure that the Company will have land for the future project development.

OPERATIONAL RISKS

- Human resources to accommodate business expansion
- Controlling operating and project development costs
- Compliance and law

Manpower to accommodate business expansion

To achieve the Company's business goals, the key factor is the professionalism and the ability recruit human resources to support the growth of the business in the short and long term. In 2016, the Company began to expand its investment abroad and has new projects under development, which the Company must ensure that it possesses sufficient and qualified personnel. In addition, the Company also regularly provides staff training to enhance the skills and teamwork of its employees. After the merger of various subsidiaries, the management has reorganized and managed staffing to accommodate current and future business expansion.

Controlling costs of operating and project development

The Company is aware of various factors that may affect the construction costs of new projects such as fluctuating commodity prices, large public sector construction projects and ongoing construction projects of other real estate developers. These may have an impact to the price of construction materials, create a shortage of construction materials or manpower. These are all important components of project development costs, which will have a direct impact on the cost and duration of project development as well as cash flow and profitability of the Company. So, the Company manages these risks by signing turn-key agreements with contractors. The process includes calling for bids and selecting the contractors with the best pricing and as a condition for each project, the contractor will be responsible for all procurement. The price of the key materials will be pre-determined in the contract. In addition, certain material or work can be ordered in bulk directly from the manufacturer with the best price, quality. The Company may also enter into pre-contractual agreements for pre-fabricated building materials to control fluctuations in construction material prices within a project.

Compliance and law

The government, acting in the interest of civil society has enacted regulations to minimize the negative effect of new project development to surrounding communities. Construction must comply with City Planning Law and project developers have to apply and receive Environmental Impact Assessment (EIA) approval. In order to comply with these, the Company may need to modify its plans, which may affect the timeframe and cost of a project. The Company aims to be a responsible member of a sustainable society.

FINANCIAL RISKS

- Liquidity source and cost of fund
- Fluctuation of exchange rate

Liquidity source and cost of fund

To support the growth of business and be able to continuously develop new projects to meet the Company's plan, the Company needs funding from various sources, including financial institutions and capital markets. The success of the Company to access these sources of funds and the ability to have sufficient funds to sustain business growth depends on a number of factors, including interest rate fluctuations, the capital market situation, as well as the confidence of financial institutions, Investors and stakeholders in the Company. In addition, strong strategic partnerships also ensure the Company to be able to fund its operational plan at the appropriate level of risk and financing cost.



Fluctuation of exchange rate

In 2016, the Company has started investing in real estate abroad, exposing the Company to foreign currencies, both from an investment, revenue recognition and repatriation standpoint. Therefore, it is imperative for the Company to formulate policies and guidelines for the management of foreign exchange risk or to manage with the best and most appropriate ways to mitigate the effect fluctuations in exchange rates that may occur. Financial instruments such as forward contracts, future contracts, or swap options, may be considered appropriate for each situation.



3.6 MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Structure

Business group	Operated by	2016		2015		2014	
		Revenue	%	Revenue	%	Revenue	%
		(THB		(THB		(THB	
		Million)		Million)		Million)	
Real Estate Development for Rent, Service and Hotel							
Rent and Services							
Office Building: 33 Gracechurch Street.	LHUT	62.79	5.39	-	-	-	-
Hotel Operation							
Avani Khon Kaen Hotel & Convention Center.	Khon Kaen Buri Co., Ltd.	156.39	13.43	157.64	12.53	157.55	46.52
Anantara Chiangmai Resort & Spa.	Pacific Hotel Chiangmai Co., Ltd.	299.55	25.71	271.54	21.58	85.30	25.19
Eastin Grand Sathorn Bangkok.	BTS Assets Co., Ltd.	571.12	49.03	377.26	29.98	-	-
Sale of Real Estate							
Park Aran Boulevard	U City PLC.	0.00	0.00	158.71	12.61	23.06	6.81
Other Income							
Dividend income		22.19	1.90	33.96	2.70	0.01	0.00
Interest income		6.30	0.54	57.98	4.61	33.03	9.75
Gain on sales of assets		0.45	0.04	151.66	12.05	23.72	7.00
Gain on debt restructuring		46.10	3.96	49.42	3.93	15.98	4.72
Total Revenues		1,164.89	100.00	1,258.17	100.00	338.65	100.00

Consolidated Operating Performance and Financial Status

The Company's operating performance in the year 2016 was as follows:

Operating Performance and Financial Status

Operating revenue of the Company in 2016 was mainly generated from real estate for rent, service and hotel which included Avani Khon Kaen Hotel & Convention Center, Anantara Chiang Mai Resort & Spa, Eastin Grand Hotel Sathorn and 33 Gracechurch, Office Building, which the Company acquired within the third quarter of 2016.

Business of real estate for rent, service and hotel

Hotel Business

Revenue from Hotel Business accounted for 88.2% of total revenues

In 2016, revenues from the Company's hotel business amounted to Baht 1,027.1 million, a considerable increase of Baht 220.6 million, or 27.4% from the previous year. The increase was mainly attributed to the full year booking of Eastin Grand Sathorn Hotel, when compared to eight-month booking in the previous year after acquiring the hotel in the Q2 of 2015. The overall tourism environment in Thailand was largely positive and beneficial to our hotel business, though somewhat offset by the impact of the mourning period where a number of weddings, reservations and corporate events were cancelled.

No. of Room Keys	Year 2016
Anantara Chiangmai Resort and Spa	84
Avani Khon Kaen Hotel and Convention Center	196
Eastin Grand Sathorn Hotel	390
Total no. of Room Keys	670

Blended Average	2016	2015	2014
Occupancy (%)	78.00%	77.8 %	70.2%
ADR (Baht)	3,035	2,860	2,996
RevPAR (Baht)	2,367	2,225	2,130

Note: RevPAR is calculated from multiplying average blended occupancy with average blended ADR

Blended average occupancy rates stood at 78.0% for the year, a small improvement from 77.8% of the previous year. Moreover, the increase in blended average daily rates (“ADR”) from THB 2,860 to THB 3,035 were a result of increased guest demand for rooms, having grown 6.1% compared to last year, thereby bringing blended average revenue per available room (“RevPAR”) from THB 2,225 to THB 2,367, or growing 6.4% in comparison to last year.

Direct Costs and Gross Profit of Hotel Business

Direct costs amounted to THB 363.4 million, an increase of THB 63.6 million, or 21.2% from the previous year. Growth in direct costs was largely due to the full year cost booking of Eastin Grand Sathorn Hotel, when compared to eight-month cost booking period in the previous year. Direct costs of the hotel businesses includes costs food & drink directly attributed to providing services to guests.

Gross profit stood at THB 663.6 million and gross profit margin at 64.6%. Gross profit grew THB 157.0 million or 31.0% from the previous year. The increase in numbers is in line with the record of revenue and expenses of Eastin Grand Sathorn as well as the improvement in cost control for all hotels.

Office Building Business for Rent

Revenue from Office Building Business for Rent accounted for 5.4% of total revenues

In 2016, the Company invested in office building business for rent. The cost of acquisition is GBP 74.3 million or approximately THB 3,435.6 million (based on GBP 1 exchange rate of THB 46.2) within the third quarter of 2016. Therefore, the Company's recorded revenue from the office rental business for only one- quarter, amounting to THB 62.8 million. In the future the Company expects annual rental income from the office building of around GBP 4.0 million per year, or around THB 174.0 million (based on GBP 1 exchange rate of THB 43.5).

Direct Costs and Gross Profit of Office Building for Rent Business

The direct costs incurred were THB 3.0 million. Direct costs came from the administrative expenses which consist of ground rental, insurance and fund management fees. The costs are charged in GBP which may fluctuate over time when translated into Thai Baht.

The gross profit of the office building business for rent was at THB 59.8 million and accounted for a gross margin of 95.2%. The acquisition of leasehold rights of the office building is a new revenue source for the Company

Overall Performance Overview

In 2016, the Company recorded total revenue of THB 1,164.9 million, a decrease of THB 93.3 million, or 7.4% compared to the previous year, of which total operating revenue generated from real estate business for rents, services and hotels stood at THB 1,090.4 million, an increase of THB 284.0 million, or 35.2%. The remaining THB 74.4 million was contributed by other income, which decreased by THB 218.6 million, or 74.6% from the previous year.

Other income comprised of (1) dividend income of THB 22.1 million, which decreased by THB 11.8 million or 34.7 % from the previous year, (2) interest income of THB 6.3 million, an decrease of THB 51.7 million, or 89.1% from the previous year, (3) gain on sale of assets of THB 0.4 million, which decreased by THB 151.2 million, or 99.7% from the previous year and (4) others of THB 46.1 million, which decreased by THB 3.3 million, or 6.8 % from the previous year.

The decrease in other income was mainly due to (1) essentially no disposal of assets compared to the previous year, (2) lower balance of cash and (3) disposal of investments as the Company makes investments into plots of land that were secured with deposits in the previous year and investments into projects under development. The Company believes the land plot purchased has high potential for development in the future.

The Company recorded total expenses of THB 1,334.7 million, a decrease of THB 69.4 million, or 4.9% compared to the previous year. Total costs mainly comprised of direct cost of hotel businesses of THB 363.4 million, an increase of THB 63.6 million or 21.2% compared to the previous year. Administrative expenses were THB 647.7 million, an increase of THB 218.0 million or 50.7%. due to: (1) the full year cost booking of Eastin Grand Sathorn Hotel, (2) incentive fees paid as a result of the improvement in operating performance of Anantara Chiangmai Resort and Spa and (3) non-recurring re-branding cost of Avani Khon Kaen Hotel & Convention Center (formerly known as Centara Khon Kaen Hotel & Convention Center); and 4) acquisition-related expenses such as multi-jurisdictional due diligence costs and consultant fees for the acquisition in oversea.

Operating gross profit, stood at THB 723.3 million and operating gross profit margin at 66.4%. Operating gross profit grew THB 141.9 million, or 24.4 % from the previous year. The significant improvement in operating gross profit margin was largely due to the improvement in hotel operating performance and the new investment in new business of the Company's portfolio.

Operating EBITDA for the year amounted to THB 46.9 million and Operating EBITDA margin at 4.0%. Operating EBITDA decreased by THB 1.4 million from the previous year's operating EBITDA of THB 45.5 million, mainly from the aforementioned acquisition-related expenses and due diligence costs.

The Company recorded a net loss for the year of THB 314.8 million and net profit margin of -27.0%, net loss grew by THB 37.7 million from the previous year's net loss of THB 277.1 million and net profit margin of -13.6 % mainly as a result of the aforementioned acquisition-related and due diligence costs.

Financial Status

(Unit: Baht Million)	31 December 2016	31 December 2015	31 December 2014 (restated)
Assets	25,185.1	21,995.2	12,785.9
Liabilities	6,322.6	2,557.8	2,556.8
Shareholders' Equity	18,862.4	19,437.4	10,229.1

Assets

As of 31 December 2016, total assets of the Company amounted to THB 25,185.1 million, an increase of THB 3,189.9 million, or 14.5 % from the previous year. This increase was primarily due to the acquisition of leasehold rights to 33 Gracechurch Street, an Office Building in United Kingdom. Consequently, in comparison to the previous year, the value of leasehold rights increased by THB 1,735.9 million, or 7.8 % of total asset value and investment properties increased by THB 1,687.2 million, or 7.8 % of total asset value. Real estate projects under development increased by THB 1,550.6 million, or 7.6 % of total asset value, and land and project awaiting development increased by THB 1,358.4 million, or 6.1 % of total asset value due to the purchase of high potential land plots secured with deposits in the previous year and investments in projects under development.

The asset structure of the Company comprised of:

- Current assets of THB 4,784.7 million, a decrease of THB 1,925.9 million in comparison to the previous year mainly from a decrease in (1) cash and cash equivalents of THB 1,771.7 million as the Company made payments for the acquisition of land plots that were secured with deposits in the previous year and invested in new project development, (2) current decreasing by THB 1,524.5 million from the previous year due to the reclassification of investments into long-term investments and some disposals for investment into new project development.
- Non-current Assets of THB 20,400.4 million, an increase of THB 5,115.9 million compared to the previous year, mainly from an increase in (1) leasehold rights of THB 1,735.9 million, (2) investment properties of THB 1,687.2 million, and (3) land and project awaiting development of THB 1,358.4 million.

Liabilities

As of 31 December 2016, the total liabilities of the Company amounted to THB 6,322.7 million, an increase of THB 3,764.8 million compared to the previous year. The large increase was primarily due to a bank loan to finance the acquisition of leasehold rights to 33 Gracechurch, an Office Building in United Kingdom.

The liabilities structure comprised of:

- i) Current liabilities of THB 3,942.9 million, of which the largest components were: (1) short-term loan from financial institution and interest payable of THB 3,537.7 million, (2) trade and other payables of THB 70 million, (3) deposits and advances received of THB 44.3 million, and (4) estimated amount of interest in the net assets value over purchase cost of THB 29.9 million.
- ii) Non-current liabilities of THB 2,379.7 million, of which the largest components were: (1) liabilities under debt restructuring agreements of THB 1,168 million, (2) deferred tax liabilities of THB 851.6 million and (3) long-term provisions of THB 320.5 million.

Shareholders' Equity

As of 31 December 2016, the Company's paid up capital amounted to THB 561,362.3 million, remaining unchanged from the previous year.

The Company's total shareholders' equity stood at THB 18,862.4 million, a slight decrease of THB 574.9 million or 2.9 % from the previous year. The decrease in shareholders' equity was due to the increase in deficit to THB 8,841.3 million, an increase of THB 314.8 million, or 3.6 % over the previous year and other components of shareholders' equity of THB 257.6 million. In accordance with Thai Law, the Company is unable to distribute dividends for the year as it is currently still operating with a deficit.

Liquidity

The Company's cash flows are as follows:

(Unit: Baht Million)	2016	2015	2014 (restated)
Cash received (used) in operating activities	(1,393.2)	630.7	(2,272.0)
Cash received (used) in investment activities	(3,902.4)	1,224.3	(4,187.7)
Cash received (used) in financing activities	3,525.2	(871.1)	6,174.8
Net increase in cash and cash equivalents	(1,771.7)	981.7	(282.0)

At the beginning of the year, the Company had cash and cash equivalent of THB 2,082.1 million. Cash used in operating activities amounted to THB 1,393.2 million, cash used in investment activities of THB 3,902.4 million while cash used received from financing activities of THB 3,525.2 million. After accounting for a translation adjustment to financial statements of THB 1.3 million, the Company's net cash decreased by THB 1,771.7 million during the year to THB 310.5 million at the end of the year.

For investment activities in 2016, the Company acquired leasehold rights of 33 Gracechurch office building with a total investment amount of THB 3,435.6 million. For financing activities in 2016, the Company took on short-term loans amounting to THB 3,525.2 million for the aforementioned office building acquisition amounting to THB 3,435.6 million. The difference of THB 89.5 million was as paid-up capital for a new subsidiary-related to the acquisition.

Financing Capability

With a net debt to equity ratio of 0.34 time, current ratio, quick ratio and cash ratio of 1.21, 0.17 and -0.67 times respectively, the Company still believes it has a more than adequate capability to service all its debts and liabilities and the Company remains sufficiently liquid and solvent. Moreover, the Company has the ability to obtain additional debt financing at reasonable rates, if necessary, for future developments and acquisitions.

Ratio Analysis

Consolidated				
		2016	2015	2014
LIQUIDITY RATIO				
Current Ratio	Time	1.21	27.52	22.55
Quick Ratio	Time	0.17	16.28	14.77
Cash Ratio	Time	-0.67	2.20	-8.11
Receivable Turnover Ratio	Time	20.63	23.07	12.68
Average Collection Period	Day	17.45	15.60	28.38
Inventory Turnover Ratio	Time	N.A.	N.A.	N.A.
Average Holding Period	Day	N.A.	N.A.	N.A.
Account Payable Turnover Ratio	Time	6.05	7.76	1.70
Payment Period	Day	59.46	46.37	212.08
Cash Cycle	Day	-42.01	-30.77	-183.70

PROFITABILITY RATIO				
Gross Profit Margin	%	66.37	60.25	67.57
Operating Profit Margin	%	-22.47	-13.21	-120.02
Non-Operating Profit Margin	%	6.44	23.29	21.48
Operating Cash Flow to Operating Profit	%	N.A.	N.A.	N.A.
Net Profit Margin	%	-27.02	-22.01	-179.45
Return on Equity	%	-1.64	-1.87	-8.25

EFFICIENCY RATIO				
Return on Assets	%	-1.33	-1.59	-6.58
Return on Fixed Assets	%	-0.75	-0.88	-16.46
Assets Turnover	Time	0.05	0.07	0.04

FINANCIAL POLICY				
Debt to Equity Ratio	Time	0.34	0.13	0.25
Interest Coverage Ratio	Time	-9.73	9.68	-11.09
Operating Cash Flow to Total Cash Outflow Ratio	Time	-0.28	0.31	-3.16
Dividend Payout Ratio	Time	-	-	-



4. CORPORATE GOVERNANCE

4.1 CORPORATE GOVERNANCE STRUCTURE

The management structure of the Company as of 31 December 2016 is in accordance with the Organization Structure in Section 2.3.

The Board of Directors

The structure of the Board of Directors is composed of directors in a number appropriate to the size and strategy of the Company. As of 31 December 2016, the Board of Directors consisted of 9 members as follows:

- | | | |
|----|--|--|
| 1) | Mr. Chaiwat Atsawintarangkun ^{1/} | Chairman of the Board of Directors, Independent Director ,
Chairman of Audit Committee and Chairman of Nomination and
Remuneration Committee |
| 2) | Mr. Thavisakdi Tanta-Nanta | Independent Director, Audit Committee
and Nomination and Remuneration Committee |
| 3) | Mr. Manu Maniwatana | Independent Director, Audit Committee
and Nomination and Remuneration Committee |
| 4) | Mr. Burin Pusiri | Director and Executive Director |
| 5) | Mr. Weerawat Wattanatchariya | Director and Executive Director |
| 6) | Mr. Voraphot Chanyakomol | Director and Executive Director
and Chief Financial Officer |
| 7) | Mr. Sumet Sangsiri | Director |
| 8) | Mr. Surayut Thavikulwat | Director |
| 9) | Mr. Daniel Ross | Director |

Mr. Sayam Siwarapornskul^{2/} as the Company Secretary

- Note ^{1/} The Board of Directors' Meeting No.3/2017 held on 22 March 2017 has resolved to approve the appointment Mr. Chaiwat Atsawintarangkun as the Chairman of the Board of Directors in replacement of Mr. Sakthip Krairiksh.
- ^{2/} The Board of Directors' Meeting No.5/2016 held on 21 September 2016 has resolved to approve the appointment Mr. Sayam Siwarapornskul as the Company Secretary in replacement of Ms. Supaporn Assawarungpaisarn

The authorized directors

The authorized directors to sign on behalf of the Company is any one of Mr. Burin Pusiri or Mr. Weerawat Wattanatchariya or Mr. Voraphot Chanyakomol to be signing jointly with Mr. Sumate Sangsiri or Mr. Surayut Thavikulwat or Mr. Daniel Ross, totalling two directors, with the Company's seal affixed.

Scope of Authorities of the Company's Directors

- 1) Directors must carry out their duties in compliance with the laws, objectives and Articles of Association of the Company and the resolutions of shareholders' meetings
- 2) Directors are prohibited to enter the business or become partners or directors of the juristic persons, which have the same conditions and is competition with the Company's business unless otherwise notified to the Shareholders Meeting before the appointment resolution is made.
- 3) Directors shall notify to the Company without delay in case of gaining interest from the agreement made with the Company or increase in shareholding of the Company.
- 4) The Board of Directors shall appoint the Chairman and Sub-Committee of the Company.
- 5) The Board of Directors shall have the power to designate the name persons authorized to sign on behalf of the Company with the Company's seal affixed.
- 6) The Board of Directors shall define the company's policy, vision, mission, oversight, and supervise the management to implement strategies in line with their vision and mission as well as oversee risk management and the internal control system of the Company by defining, separating roles and responsibilities between committees and management and between the Board of Directors and shareholders clearly.
- 7) The Board of Directors must ensure that there is no conflict of interest between the Company's stakeholders.
- 8) The Board of Directors shall consider and approve the acquisition or disposition of assets, investing in new business and any action required by law unless required by law to obtain a resolution from shareholders' meeting.
- 9) The Board of Directors shall consider and/or comment on the connected transaction of the Company and its subsidiaries to comply with applicable laws, regulations and regulations.
- 10) The Board of Directors shall execute the management to set up an accounting system, financial reporting and reliable audits as well as adequate internal controls.

The Audit Committee

The structure of the Audit Committee consists of all independent directors. As of 31 December 2016, the Audit Committee consisted of 3 members:

- | | | | |
|----|----------------|----------------|-----------------------------|
| 1) | Mr. Chaiwat | Atsawintarakun | Chairman of Audit Committee |
| 2) | Mr. Thavisakdi | Tanta-Nanta | Audit Committee |
| 3) | Mr. Manu | Maniwatana | Audit Committee |

Duties and Authorities of the Audit Committee

The Audit Committee shall report directly to the Board of Directors. The scope of duties and responsibilities of the Audit Committee shall be:

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- (3) To consider and approve the appointment, removal, transfer or dismissal of the Head of Internal Audit, or any other agency responsible for internal audit;
- (4) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- (5) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- (6) To review Connected Transactions, or transactions that may lead to conflict of interest to ensure that they are in compliance with the laws and the Exchange's regulations, are reasonable and for the highest benefit of the Company;

- (7) To prepare, and to disclose in the Company's annual report, the audit committee's report, which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) An opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) An opinion on the adequacy of the Company's internal control system,
 - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) An opinion on the suitability of an auditor,
 - (e) An opinion on the transactions that may lead to conflicts of interests,
 - (f) The number of audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
- (8) To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.
- (9) The Audit Committee may seek independent professional advice from others if it is necessary to consider on any implementation of company for the maximum benefit. The company responsible for the costs incurred.
- (10) If the auditor's report the facts about the suspicious circumstances of fraud or law violations related to the duties of directors and executives to the Audit Committee. The Audit Committee is responsible for the investigation and report the results of the preliminary investigation to the SEC.

The Nomination and Remuneration Committee

As of 31 December 2016, the structure of the Nomination and Remuneration Committee consists of 3 members of Independent Director as follows:

- | | | | |
|----|----------------|----------------|---|
| 1) | Mr. Chaiwat | Atsawintarakun | Chairman of Nomination and Remuneration Committee |
| 2) | Mr. Thavisakdi | Tanta-Nanta | Nomination and Remuneration Committee |
| 3) | Mr. Manu | Maniwatana | Nomination and Remuneration Committee |

Duties and Authorities of the Board of Nomination and Remuneration Committee

Select any qualified person who shall be nominated as a new company director in case of vacated or rotating post, Chairman, Chief Executive Officer and President under the fair and transparent rules and procedures and propose to the Board of Directors' meeting and/or Shareholders' meeting for appointment.

- 1) Select any qualified person who shall be nominated as a new company director in case of vacated or rotating post, Chairman, Chief Executive Officer and President under the fair and transparent rules and procedures and propose to the Board of Directors' meeting and/or Shareholders' meeting for appointment.
- 2) Consider and determine remuneration of Directors, Chairman, Chief Executive Officer, and President under the fair and reasonable regulations and procedures and propose to the Board of Directors' meeting and/or Shareholders' meeting for approval.
- 3) Consider the remuneration guidelines for Directors, Chairman and Chief Executive Officer by setting up fair and reasonable remuneration criteria and procedures for submission to the Board of Directors and/or Shareholders' meeting for approval.
- 4) Assess the annual performance of the Company's Board of Directors and sub-committee and present to the Board of Directors' meeting.
- 5) To perform any other acts as assigned by the Company's Board of Directors

The Executive Committee

.As of 31 December 2016, the structure of the Executive Committee consists of 3 members as follows:

- | | | |
|----|------------------------------|--|
| 1) | Mr. Burin Pusiri | Executive Director |
| 2) | Mr. Weerawat Wattanatchariya | Executive Director |
| 3) | Mr. Voraphot Chanyakomol | Executive Director and Chief Financial Officer |

Duties and Authorities of the Executive Committee

- 1) Determining policies, directions, strategies and key management structure, which conform to the economic condition and competition, and proposing these to the Board of Directors for approval;
- 2) Developing business plans, budget and authority of the management and proposing to the Board of Directors for approval;
- 3) Examining and monitoring the implementation of the defined policies and management guidelines in order for operations to run efficiently;
- 4) Monitoring the performance of the Company's operation to be in accordance with the approved business plan;
- 5) Considering and screening any project investments of the Company before proposing to the Board of Directors for approval;
- 6) Opening deposit accounts with the financial institutions;
- 7) Conducting financial transactions with the financial institutions such as loans, pledges, mortgages, guarantees and other businesses, including buying, selling and registering for the ownership of land. These transactions must be in accordance with the objective of the Company and be beneficial to the operation at an amount not exceeding Baht 100 million.
- 8) Considering and approving the Company and/or the subsidiary of the Company on an acquisition of any assets or securities, namely ordinary shares, debentures, bonds, investment units in mutual funds as well as any investments at an amount not exceeding THB 500 million.
- 9) Conducting any other affairs occasionally assigned by the Board of Directors.
- 10) Report the performance to the Board of Directors And / or the shareholders' meeting

The Board of Directors has delegated the authority to the Executive Committee to whatever operations fall within the duties and authorities of the Executive Committee. This said delegation is not in form of the delegation or sub-delegation, which involves cases when the Executive Committee or persons assigned by the Executive Committee can approve transactions with an interest in or a conflict of interest (as defined by a notification of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand) with the Company or its subsidiaries.

Investment Committee

As of 31 December 2016, the structure of Investment Committee comprising 3 members from management of the Company as follows:

- | | | |
|----|--------------------------|-------------------------|
| 1) | Mr. Voraphot Chanyakomol | Chief Financial Officer |
| 2) | Mr. Sayam Siwarapornskul | Chief Legal Officer |
| 3) | Ms. Pakamas Sirianuwat | Finance Director |

Duties and Authorities of the Investment Committee

- 1) To consider and make investment decisions, including to determine the period of investment under the investment policies and principles approved by the Board of Directors' Meeting of the Company by taking into account risk management, prevention of conflicts of interests, and the relevant notifications and regulations;
- 2) To convene a meeting at least once a month, whereby the constitution of the quorum of such meeting requires no less than one-half of the total number of members to attend the meeting, in order to determine the management of the investment fund, as well as to inspect and review the investment to be in line with the current situation;

- 3) To be authorized to carry out and execute documentation regarding securities trading, as well as to appoint other persons to order the purchase or sale of the securities under the investment policies and principles delegated by the Investment Committee; and
- 4) To report the summary of investment to the Board of Directors from time to time, as deemed appropriate.

Summary of Directors held the position in Board of Directors and Sub-Committee as of 31 December 2016

Name	Director	Audit Committee	Independent Director	Nomination and Remuneration Committee	The Executive Committee	Authorized Director
Mr. Chaiwat Atsawintarakun	✓	✓	✓	✓		
Mr. Thavisakdi Tanta-Nanta	✓	✓	✓	✓		
Mr. Manu Maniwatana	✓	✓	✓	✓		
Mr. Burin Pusiri	✓				✓	✓
Mr. Weerawat Wattanatchariya	✓				✓	✓
Mr. Voraphot Chanyakomol	✓				✓	✓
Mr. Sumate Sangsiri	✓					✓
Mr. Surayut Thavikulwat	✓					✓
Mr. Daniel Ross	✓					✓

Meeting of Company Director

During the year 2016, the Board of Directors held 6 meetings with details as follows:

Name	The Board of Directors Meeting	The Board of Audit Committee	The Board of Nomination and Remuneration Committee
1) Mr. Sakthip Krairiksh ^{1/}	2/6		
2) Mr. Chaiwat Atsawintarakun	6/6	5/5	3/3
3) Mr. Thavisakdi Tanta-Nanta	6/6	5/5	3/3
4) Mr. Manu Maniwatana	5/6	5/5	3/3
5) Mr. Nakorn Laksanakarn ^{1/}	2/6		
6) Mr. Burin Pusiri	6/6		
7) Mr. Weerawat Wattanatchariya	6/6		
8) Mr. Voraphot Chanyakomol ^{2/}	3/6		
8) Mr. Sumate Sangsiri	6/6		
9) Mr. Surayut Thavikulwat	5/6		
10) Mr. Daniel Ross	5/6		

Note ^{1/} Mr. Sakthip Krairiksh and Mr. Nakorn Laksanakarn has resigned as Director of the Company effectively on 4 May 2016

^{2/} The Board of Directors' Meeting No.3/2016 held on 10 May 2016 has resolved to approve the appointment

Mr. Voraphot Chanyakomol as the Company's Director and Executive Office in replacement of Mr. Nakorn Laksanakarn

The Executive Management

As of 31 December 2016, the structure of the Executive Management consisted of 6 members as follows:

- | | | |
|----|------------------------------|--|
| 1) | Mr. Burin Pusiri | Executive Director |
| 2) | Mr. Weerawat Wattanachariya | Executive Director |
| 3) | Mr. Voraphot Chanyakomol | Executive Director and Chief Financial Officer |
| 4) | Mr. Veerapong Rodjanawarodom | Chief Operation Officer |
| 5) | Mr. Sayam Siwarapornskul | Chief Legal Officer and Company Secretary |
| 6) | Ms. Nuttapun Giramethakul | Vice President, Accounting Department |

Note:

On 1 July 2017, Mr. Veerapong Rodjanawarodom was appointed to be Chief Operation Officer of the Company.

On 16 January 2016, Ms. Piyaporn Phanachet was appointed to be Chief Executive Officer of the Company.

Duties and Authorities of Chief Executive Officer

Chief Executive Officer shall supervise, manage, operate, and carry out day-to-day business for the interest of the Company in line with the Objectives and Articles of Association of the Company. He/She shall also comply with the regulations, resolutions, policies, plans, and budgets set forth by the Board of Directors within the scope of relevant laws and the authority defined by the Board of Directors.

Chief Executive Officer shall approve any business operation as long as it does not involve the case of the CEO or any individual having a conflict of interest as defined by a notification of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand, or having interest in or a conflict of interest otherwise with the Company or its subsidiaries.

Duties and Responsibilities of Management

1. To implement the policy, direction, strategy and management structure of the Company.
2. To conduct business plans, budgets and delegation of management of the Company and propose to the Executive Board and / or the Board of Directors approving.
3. To perform efficiently management of the Company according to the business plan or approval budget by the Executive Board and / or the Board of Directors and shareholders.
4. To report performance of the Company to the Executive Directors and / or the Board of Directors continuously.
5. To perform general administration in accordance with the Company's regulations.
6. To conduct any other affairs occasionally assigned by the Board of Directors.

Report of securities holding of directors and executives

The Company has set the policy for directors and executives of the Company to report on changes in shareholding of "U" and warrant "U-W1" to the board meeting quarterly by submitting a copy of the change of securities holding (Form 59-2) to Company's Secretary on the same day as the date on which the directors and executives have filed Form 59-2. And Company's Secretary shall summarize and submit report to the Board of Directors meeting quarterly.

Summary in Securities Holding of Directors and Executives as of 31 December 2016

Name	Director/ Executive	Number of Securities Holding (Share/Unit)		
		Ordinary share (U) (Share)	Shareholding (%)	Warrant (U-W1) (Unit)
1. Mr. Voraphot Chanyakomol	Chief Financial Officer / Director	125,721,200	0.022	200,000,000
2. Ms.Nuttapun Giramethakul	Vice President, Accounting Department	2,000	0.00	-

Company Secretary

Mr. Sayam Siwarapornskul was appointed to be the Company Secretary on 21 September 2016 to present. The duty of the Company secretary is to facilitate the Company's business management to effectively comply with the principal of Good Corporate Governance. The main duties and responsibilities are as follows:

1. To perform duties with responsibility, care and honesty in accordance to legal and other relevant regulations.
2. To provide advice on laws and regulations which the Board of Director must know and practice
3. To oversee activities of the Board of Directors, Sub-committee and Shareholders' meeting including coordinate to ensure the resolution of the Board of Director and Shareholders has been effectively complied with laws and regulations.
4. To produce and possess of the document such as Director Register, Notice of the Board of Directors Meeting, Minutes the Board of Director Meeting, Notice of Shareholders Meeting and Minutes the Shareholders Meeting.
5. To maintain interested transaction report, reported by directors or executives.
6. To maintain of changes in holding of securities of directors or executives.
7. To ensure to disclose the information in accordance to the regulation of SET, SEC and other relevant regulators as well as the principles of good corporate governance.
8. To conduct any other affairs occasionally assigned by the Board of Directors.

4.2 CORPORATE GOVERNANCE POLICY

The Board of Directors recognizes the importance of Good Corporate Governance as the Board of Directors foresee that it is significant and necessary to the Company's business operation to have effective management system and is an important factor in promoting the Company's business to be continuously expand and secure which may build confidence to shareholders, investors, and related parties. In addition, this shall highly benefit the Company in the long term. Therefore, the Company has established Good Corporate Governance policies in compliance with principles of Good Corporate Governance for listed companies of the Stock Exchange of Thailand's in order to implement in supervising on the Company's business and recommendations of the Thai Institute of Directors (IOD) for corporate governance. The Board of Directors has distributed Good Corporate Governance policies to directors and all levels of employees in order to be understood and followed. The contents of the policies shall cover the following major principles.

- To treat all shareholders and other related parties equally and fairly to all parties.
- The Company's Board of Directors is willing to establish long-term value added to the business, manage the business prudently and carefully, responsible for performing duties with sufficiency ability and efficiency in order to maximize benefit to shareholders, control conflict of interests and responsible for their own decision and action.
- To operate the business transparently, morally and verifiable, adequately disclose information to all related parties.
- To operate business cautiously, particularly in risks management by providing assessment, establish solving strategies and continuously monitor risk management appropriately and regularly.
- The Board of Directors has set ethics of the Company in order for executives and all employees to follow including to be consistent with the guidelines of the Stock Exchange of Thailand. The Board of Directors therefore set policies and directions of Good Corporate Governance, emphasizing on internal control and audit system, management department monitoring to ensure that they effectively implement the policies for the purpose of long term benefit of shareholders under the provision of laws and business ethics.
- Promote and encourage all directors and executives to attend training programs held by Thai Institute of Directors Association: IOD and other institutes in related programs continuously to increase various fields of knowledge about roles and responsibilities of directors and executives.

On 18 December 2015, the Company announced to be a counterpart of the Collective Action Coalition of the Thai private sector on anti-corruption to promote the good corporate governance. And the Company is applying for certification as a member of the Thai private sector's anti-corruption counterpart in the second quarter of the year 2016, which reflects the company's clear approach to combating corruption. The Board of Directors has reviewed Good Corporate Governance policies in order to be consistency with the guidelines of the Stock Exchange of Thailand by categorizing Corporate Governance policies of the Company into 5 sections as follows:

- Section 1. Rights of Shareholders
- Section 2. Equitable Treatment of Shareholders
- Section 3. Consider roles of related parties
- Section 4. Information disclosure and Transparency
- Section 5. Responsibilities of the Board of Directors

And published on the company's website www.ucity.co.th. The details are as follows

Section 1 Rights of Shareholders

The Company realizes and values the fundamental rights of shareholders, both as investors and as owners of the Company by treating the shareholders equitably. The Board of Directors has set policies for the Company's own practice pursuant to principles of Good Corporate Governance which covers the following principles:

1. Rights and Equivalence of the Shareholders and Stakeholders.
2. The Board of Directors focus on increasing value of the Company, manage the Company's business carefully and be aware of the risk at all time in order to maximize shareholders' profit.
3. Operate the business transparently and adequately disclose information.
4. Operate business with the concern of business ethics

The Company realizes and enormously concentrates on rights of shareholders of the Company and try to maintain rights of shareholders of which shareholders shall have equitable right in exercising the following actions.

1. Voting rights

Shareholders of the Company shall have equal voting right prescribed in the Article of Association of the Company provided that each shareholder shall have voting right equal to 1 share for 1 vote or in other words, each shareholder shall have voting right equal to total of shares held by each shareholder.

2. Rights to acknowledge report of result of the Company's business performance

Shareholders of the Company shall have the right to acknowledge the Company's business report particularly Annual Report. The Company has precisely and sufficiency produced appendix to the definition of Annual Report which covers substantial part in relation to business operation of the past year of the Company.

3. Rights to consider and approve financial statement of the company

Shareholders of the Company shall have the right to consider and approve the Company's financial statement which is accurate, adequate, and reliable and covering substance content stipulated under regular certified accounting standard provided that financial statement of the Company has been audited and provided opinion by the auditor who is independent and well-known by the public.

4. Rights to receive dividends from the Company's business operation

Shareholders of the Company shall the right to consider and approve dividends payment of the Company. The Company shall produce dividends calculation details which is accurate, transparent and covering useful substantial information for shareholders' consideration, for example, dividends payment policies, comparative information between actual dividends payment and payment policies which was declared by the Company, comparative information of dividends payment of the previous years and to ensure that dividends payment policies, announced by the Company has been followed, provided that such dividends which was proposed to shareholders for approval, has been cautiously examined and obtained approval form the Board of Directors before submit to shareholders meeting for approval.

In case the Company cannot distribute dividends from the Company's business operation performance, the Company shall explain reasons and necessities of such matter.

5. Rights to consider and appoint directors of the Company individually

Shareholders of the Company shall have the right to consider and appoint the Company's director individually. The Company shall provide accurate, clear and covering substantial information which is useful for shareholders' consideration, for example information/curriculum vitae of the Company's director who is nominated which is useful for shareholders' consideration, e.g. name, biography and number of incumbent years, class of directors of which to be nominated, criteria's and seeking method, shares holding in the Company, position taking in other company either related or not related to the Company's business operation and etc. and shall define the meaning of independent director in the case where the independent director is to be appointed, provided that the director who is nominated in shareholders meeting for approval, has been carefully examined and approved by the Board of Directors before submit to the shareholders meeting for approval.

6. Rights to consider and approve remuneration of the Company's directors

Shareholders of the Company shall have the right to consider and approve remuneration of the Company's directors. The remuneration proposed to shareholders for approval has been carefully examined from the Board of Directors and was approved by the Board of Directors of the Company before propose to shareholders for approval.

7. Rights to appoint auditor and approve audit fee

Shareholders of the Company shall have the right to consider appointing of auditor and approving audit fee. The Company shall produce accurate, clear and covering substantial information for shareholders' consideration, for example, name of the auditor and name of his/her audit firm and independence of the auditor, number of year of being an auditor, remuneration of the audit which is precisely separated between audit fee and other service charges (if any) provided that the auditor and audit fee, submitted to shareholders for approval, has been carefully examined by the Board of Director by evaluating the past performance of the auditor including comparing audit fee with the previous years and approved by the Board of Director of the Company before submit to shareholders for approval.

8. Rights to consider and approve connected transaction

For the purpose of shareholders' benefit protection, shareholders of the Company shall have the right to consider and approve on entering into connected transaction which has significantly value, provided that such connected transaction of the Company was entered into in respect of the Company's and shareholders' highest benefit and was approved by the Board of Directors which comprises of all independent directors.

In 2016, the Company had no connected transaction but the transactions between the Company and subsidiaries.

9. Other fundamental rights of shareholders under regulations, rules and other relevant laws

The Company should produce details of capital increase which is accurate, transparent, and covering substantial information which is useful for shareholders' consideration, for example purposes and necessities for the increase in capital, approaches and conditions of the increase in capital effects from the increase in capital to the Company and shareholders provided that such transaction has been cautiously examined and granted approved by the Board of Director before submit to the shareholders' consideration.

The Company has scheduled the ordinary shareholder meeting to be held once a year within the period of not exceeding 4 months commencing on the last date of fiscal year of the Company. If there is emergency agenda to be submitted as a special acceptance which effect or related to benefit of shareholders or related to conditions or regulations, enforced laws and must be approved by shareholders, the Company shall convene shareholders meeting on a case-by-case basis. The Board of Director of the Company shall monitor the shareholders meeting compliance with article of association, provision of laws and policies of the Stock Exchange of Thailand regarding code of conduct in arranging shareholders meeting of listed companies. Including the shareholders' meeting manual of the Securities and Exchange Commission to encourage equal treatment of all shareholders.

In 2016, the Company invited shareholders to exercise their rights to submit beneficial matters to the Company in order to be included in the agendas of Shareholders Meeting of 2016 and nominate the name of person to be elected as director of the Company in advance pursuant to criteria and methods prescribed by the company which was published on website of the Company from 30 December 2016 to 29 January 2017. However, there was no shareholders submitted agenda or name of qualified person to be elected as director to the Company.

In 2016, the Company held 1 shareholders' meeting which is Annual Ordinary General Shareholders Meeting 2016 on 27 April 2016 for shareholders to consider and having voting rights. The Company has arranged to send meeting invitation letter, power of attorney and the meeting documents at least 7 days or 14 days (in some cases) prior to the meeting days which was sufficient for the shareholders to study all the information prior to the meeting. All the documents were sent to every shareholder under the collection of the name under Section 225 of Securities and Stock Exchange of Thailand Act B.E. 2535 by closing method of the shareholder's register book. Moreover, the Company also posted the information on the Company's website, www.ucity.co.th in advance in order that the shareholders will have sufficient time to study the information on the shareholders' meeting.

In the Annual Ordinary General Shareholders Meeting 2016 on 27 April 2016, the meeting of the shareholders has approved the Board of Directors' and Committees remuneration for the year 2016 of total amount not more than THB 6 million and assigned the Board of Directors to consider and allocate the amount to each director upon the Board of Directors' discretion. In addition, the Shareholders Meeting resolved that Mr. Narong Puntawong, Certified Public Account No. 3315 and/or Mr. Supachai Phanyawattano, Certified Public Account No. 3930 and/or Ms. Siraporn Ouuanunkun, Certified Public Account No. 3844 of E Y Office Company Limited has been appointed to be auditors of the Company's in 2016 and fixed auditor's remuneration within the amount of not exceeding THB 2,400,000.

Section 2 Equitable Treatment of Shareholders

2.1 Shareholder Meeting

- 2.1.1 The Board of Directors realizes the rights of shareholders and treats its shareholders in a fair and equitable manner. The Company has scheduled the ordinary shareholder meeting to be held once a year within the period of not exceeding 4 months commencing on the last date of fiscal year of the Company and the Company may hold additional extra ordinary meetings as necessary and appropriate.
- 2.1.2 The Company established policies to treat every shareholders equally and protect and maintain the fundamental rights of the shareholders. As a result every shareholders shall have equal right in trading and transferring the shares, gaining equal profit sharing of the Company, receiving sufficient reports and information of the Company's

business, attendance in the meeting of the shareholders to exercise voting right to appoint and dismiss directors auditor of the Company and other issues which shall effect the Company for example dividend distribution (if any), establish or amend Article of Associate and Memorandum of Association, decrease or increase capital and approve special transaction etc.

- 2.1.3 The shareholder of the company shall have equal voting rights prescribed in the Article of Association of the Company provided that each shareholder shall have voting right equal to 1 share for 1 vote.
- 2.1.4 The Company disclosed regularly information to the shareholders through the channels of the Stock Exchange of Thailand including the Company's website at www.ucity.co.th or through Investor Relations Department at telephone 02-273-8838 ext. 2301 or email: IR@ucity.co.th. Any shareholders of the Company, not particular group of shareholders, can access the company's public information.
- 2.1.5 The Company provides the opportunity for shareholders to submit the matter to be included in the meeting's agenda and nominated name of person to be elected as directors of the Company to be included in agendas of the ordinary shareholders meeting no less than 1 month in advance pursuant to the rules prescribed by the Company to promote equitable and fair treatment of shareholders by giving the shareholders the right to propose the agenda and / or the names of candidates to be elected as Directors at the Annual General Meeting of Shareholders in accordance with the rules published on the Company's website.
- 2.1.6 The Company shall deliver meeting notice together with supplementary documentation for the meeting by each agenda including opinion of the Board of Directors in every agenda to shareholders no less than 7 days in advance, except otherwise stipulated under regulations, announcements, orders or provisions of the Stock Exchange of Thailand and published notice of the meeting on Newspapers 3 consecutive days and not less than 7 days before the meeting date including published supplementary documentation for the meeting through the Company's website prior to the date of shareholders meeting at least 30 days in order for shareholders to have enough time to study the information thoroughly and be able to make appropriate consideration with the same the information as of which the Company will deliver to shareholders in the form of document.
- 2.1.7 The Company shall notify shareholders on meeting attendance rules and methods to shareholders in the notice of the meeting and notify voting procedure to shareholders on the date of shareholders meeting including set the procedure in sequences apparently in the shareholders meeting, containing proposals, enquiring, voting and summarize meeting resolution apparently. Moreover, the Company shall facilitate every shareholder equally by using barcode system to register and count votes to increase transparency and facilitate shareholders and allows shareholders to register of their attendance 2 hour earlier to meeting time and continuously until the end of meeting.
- 2.1.8 The Company shall not deteriorate rights of shareholders to study the Company's information which shall be disclosed in accordance with regulations and attending the shareholders meeting for example, do not distribute the document contained urgent significant information in the shareholders meeting, do not insert the Company's agenda or change important information without notifying to shareholders, or do not limit rights to attend the meeting of the shareholders who arrived late.
- 2.1.9 The Company will record the minutes accurately and completely so that the shareholders can recheck. The resolution of the meeting, list of Directors, Executives and Advisors Attending the Meeting, a quorum, result of the vote, which will reveal both the disapproved and abstained votes on every agenda item required to vote, summary of opinions, questions, and answers to the questions that are relevant and related to each agenda item will be clearly recorded. The Company will report the results of the voting on the Stock Exchange of Thailand website within the same day of meeting day or later by 9am on the next business day. The meeting minutes will be sent to the SET within 14 days from the date of the meeting including the minutes of the meeting on the Company's website.
- 2.1.10 The Company facilitated and encouraged shareholders to attend the meeting in order to exercise voting rights in the Shareholders Meeting, for example the meeting has been processed following the procedure indicated in the notice, in election of directors, shareholders can vote to elect directors individually, provides an opportunity to shareholders to question or comment provided that the related directors sufficiency answered the question.

2.1.11 In case the shareholders cannot attend the meeting in person, the company shall facilitate by delivering proxy form (Form B) which enables shareholders to express their opinion in their exercising of voting right. The shareholders may delegate the representatives of shareholders or independent directors of the company to attend the meeting and vote on their behalf at the shareholders' meeting. The Company shall offer at least 1 name of independent directors to be appointed by shareholders as a proxy. Shareholders of the Company can download proxy form, form A and form B from the Company's website. The company also provided stamp duty for those attending the meeting by proxy from the shareholders. To facilitate and protect the rights of shareholders who cannot attend the meeting by themselves.

2.2 Conflict of Interest

The Board of Director and Executives have intention to consider various areas of operation by having carefully considered about preventing conflict of interest problems with honesty, reasonably and independently under good ethics for the major purpose of overall benefit of the Company.

Therefore, to achieve transparency and prevent exploitation, requires directors, executives and related persons to disclose the conflict of interest to the Board of Directors by inform the Company's secretary and report on the Company's securities holding in accordance with the requirements of the Office of the Securities and Exchange Commission and in the meeting of executive committees and at the meeting of the management and the Board of Directors, any person who has any interest in entering into any transaction or conflict of interest with the Company may refrain from commenting and abstaining from voting on such transaction.

Moreover, the Company has established approval policies and process for the transaction of which may result conflict of interest or connected transaction which is required to be disclosed of information in relation to name list and relationship of the related person, policies concerning prices and value of transaction including the Board of Director's opinion on such report by complying with the announcement of the Securities Stock Exchange and the Stock Exchange of Thailand which strictly is enforced on the connect transaction for overall shareholders equally.

For the benefits and appropriateness of the Company's business operation, the Board of Directors' Meeting approved that Executive Directors may enter into transactions between the Company or its subsidiaries and Directors, Executives or related persons on condition that such transaction has the same commercial agreement as one that an ordinary person would make with any unrelated counterpart under the similar circumstances on the basis of fair commercial negotiation, in accordance with SECTION 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551 for the benefit and suitability of the Company.

The Board of Director realizes the importance of entering into connected transaction provided that such entering into connected transaction of the Company shall mainly considering to the highest benefit of the Company and shareholders and is compliance with regular conditions of prices and trading competition. Prices and trading conditions which is similar to entering into transaction with other parties (Arms-Length Basis), connected transaction of the Company must be approved by the audit committee which comprises of all independent directors, and the audit committee has proposed to the Board of Directors for the purpose of acknowledgement of connected transaction and conflict of interest transaction and was cautiously considered in accordance with the regulations stipulated in the report by the Stock Exchange of Thailand and was strictly disclosed of such information every quarter, including arrange the transaction information to be disclosed in Annual Report and Annual Information Disclosure Form (Form 56-1) as well.

2.3 Monitoring of Inside Information Utilization

The Company concerns of the importance of inside information utilizing for the benefit of one self, therefore, the Company has established policies regarding utilization of the Company's inside information to prohibit the Company's personnel including directors, executives, and employees from disclosing the Company's inside information to other persons or utilize for his/her own benefit including trading by notifying to directors, employees, and employees of the Company that:

2.3.1 Directors, executives, and employees of the Company shall keep the Company's confidential and/or inside information and shall not use the Company's confidential and/or inside information neither to disclose nor utilize for his/her own benefit or other person's benefit.

- 2.3.2 Directors, executives, and employees of the Company realize that the Company's directors, executives, and employees who perceived financial information and/or substantial inside information of the Company which affects the change of securities price should avoid the Company's securities trading before financial statement or such inside information are revealed to the public and shall not disclose such substantial information to other persons, provided that this shall include spouse and children under age of directors, executives, and employees of the Company as well. If directors, executives, and employee of the Company breached and/or disobeyed the Company's policies regarding securities trading by utilizing inside information, such director, executives or employee shall be determined under discipline process from verbal warning, notice in letter, suspension, termination with severance payment under the law or dismiss without severance payment under the law provided depending on the seriousness of such misconduct.

Moreover, the Company requested the Company's executives and employees' cooperation not to trade securities within the period of 1 month before financial statement or other information, which shall affect securities trading prices, has been distributed to the public.

Summary in Securities Holding of Directors and Executives as of 31 December 2016

Name	Director/ Executive	Number of Securities Holding (Share/Unit)		
		Ordinary share (U) (Share)	Shareholding (%)	Warrant (U-W1) (Unit)
1. Mr. Voraphot Chanyakomol	Chief Financial Officer and Director	125,721,200	0.022	200,000,000
2. Ms. Nuttapun Giramethakul	Vice President, Accounting	2,000	0.000	-

Section 3 Roles of Stakeholders

The Company concentrates on equal rights and treatments to related persons who are related to business operation of the Company. The Board of Directors aware of the rights of stakeholders and treat stakeholders in compliance with rights, conditions, laws, and regulations in order for the related persons to be satisfactory taken care and treated as detailed below:

Shareholders:

Shareholders:	The Company is willing to operate the business in order to gain valuable advantage and create highest satisfactory to shareholders by considering of the Company's long-term value growth with good and continuous benefit including transparent and reliable information.
Employees:	<p>The Company recognizes the importance of employees as they are in the position of supporters to the Company's plans, enable the Company to meet the target as set forth, therefore the Company treats the Company's employees decently and equally as follows:</p> <ol style="list-style-type: none"> 1. The Company shall strict to the principle of justified compensation management, suitable for satisfactory living, the Company therefore fixed compensation rates compliance with the laws taking into account of normal compensation rate which compliances with the law, cost of living and economic. 2. The Company focus on protection human honor, right and freedom of person by overseeing the Company's business in order not to be related with violation of human rights, protect personal information and privacy of employees including treat every employees equally, give an opportunity to employees to be able to complain in written to the controller. 3. Being justified in the terms of working hours, holidays, annual leaving by providing compensation for overtime work and no constraint on overtime work without paying compensation. 4. The Company shall not hire and receive benefit from business partner who inequitable treats labor matter in order to promote labor protection treatment with responsibility and integrity. 5. The Company arranges various welfare to employees as prescribed by laws, in example, social security, employees' medical care welfare.

Executives:	The Company realizes the importance of executives as they are persons who have significant role in establishing strategies and business plans including control the Company's business in compliance with business outline, direction and target indicated by the Board of Directors. Therefore, the Company has offered appropriate, justified remuneration for the Board of Director in order to meet the set forth target.
Business Partner:	The Company realizes the importance of the Company's partners in supporting and participates into the Company's business operation to be able to grow and meet business target as designated. Therefore the Company treats the Company's partner with respect to justified benefit for both sides and strictly follows the conditions on business agreement mutually.
Customers:	The Company focuses on providing service in compliance with the commitment by placing importance on customer as first priority by maintaining good relationship with customer continually and regularly.
Partners:	The Company realizes the importance of business partners in supporting and pushing forward the Company's business to be operated comfortably and smoothly, therefore the Company treats the Company's business partners decently.
Competitors:	The Company operates business under fair business competition convention, emphasizing on business competition efficiency development by developing services efficiency and quality and have no policies to damage competitor with culmination or perform any dishonestly actions which damage the Company's competitor.
Environment:	The Company also focuses concerns the importance of environment by cooperate in electric power saving, campaign for water saving and promote quitting smoking in the work place.
Community/society	The Company realizes of social activities supporting to create good quality of life to people in the society and community including promote and cultivate responsibilities social conscious within all level group of employees.
Government authorities and other related supervisory authorities:	The Company aware of roles, duties and responsibilities of government authorities and other related supervisory authorities toward the Company's business operation, therefore, the Company is willing and cooperates in complying with rules, regulations, provisions including laws concerning business operation of the Company and internal audit, reviews business operation compliance with operation manual and relevant standard and reports the result of business review to the committee for examination annually.

The Company, consequently, has policies to create equal rights and treatment as mentioned above due to supporting power of each group of related person's takes part in assisting in increase of competition ability and generate of profit to the Company which shall be regarded as building success to the Company in long term. The Company is aware of the right of each group of related parties by complying with provision of laws and other regulations including contracts and agreements made between each other including disclose adequately of information to enable related parties to effectively participate and shall not perform any actions which may diminish the right or negatively effect to related parties.

Filling a Complaint

In case related persons have complaints, recommendation or inquiries in relevant to actions of which against the laws or ethics, incorrect financial report or insufficient internal control systems can inform or request Audit Committee of the Company directly by contacting through secretary of Audit Committee through email: InternalAudit@ucity.co.th or mailing to Internal Audit Department at the address of the Company as show. The Company will perform investigation by process of compliant acceptance and shall treat as confidential matter and report result of investigation to the Board of Director.

In 2015, the Company disclosed information adequately, accurately, reliably and within time in order for related persons to acknowledge the information equally including the Company has performed decently to related parties by not taking advantage and discrimination and shall establish impartial and straightforward regulations.

The Company has been supporting activities which was helpful to society, community and environment. The Company realize the importance of taking care of the environment and use of natural resources worthily by implement to our new project development for example, the Company do environmental survey, noise and dust pollution, before and during the construction. Moreover, the Company have set up a strategic plan for organizing social activities continuously and sustainably in a long run.

Section 4 Disclosure of Information and Transparency

4.1 Disclosure of Information

The Company concentrates on with accurate, complete, punctual, and transparent disclosure of significant information which effect the decision of investors, and related parties of the Company of which concerning financial information and non-financial information in accordance with the regulations prescribed by the Stock Exchange of Thailand and the Stock Exchange of Thailand through the channel of the Stock Exchange of Thailand, other printing media, Annual information disclosure report (form 56-1) and annual report including website of the Company.

The Board of Directors is responsible for the preparation of financial statements and financial information which was prepared in accordance with certified accounting standard in Thailand and examined by Independent Directors by using the appropriate accounting policies and regularly complies and careful preparation. Moreover, disclosed information must be sufficient in the notes to the financial statements. The Board of Directors has appointed audit committees to be responsible for quality of annual report and internal control system by providing opinion regarding such matter in the report of audit committee which was appeared in the Company's annual report including arranging responsibilities report of Board of Directors on financial report together with auditor's report in annual report.

4.2 Relationship with Investors

The Board of Directors realizes the importance of information disclosure which effect to investors and related persons' decision in regarding with accuracy, completion, trustworthy, thoroughness and punctual including financial information, other information report and substantial information by distributing of various information to investors, analyst, and interested persons through information distribution channels of the Securities Exchange of Thailand and/or printing media including the Company's website at www.ucity.co.th.

In 2016, the Company accurately and adequately disclosed substantial information including financial report according to the provision stipulated by the Office of Securities and Exchange Committee (SEC) and the Stock Exchange of Thailand (SET) by distributing such information through SEC's and SET's channel. For the person who is interested in the Company's information, it can be accessed and downloaded from www.sec.or.th and www.set.or.th. Moreover, the Company has its own website at www.ucity.co.th to disclose various information including with Annual Report of the Company covering information of i.e. auditor's report and financial information which was prepared under regular certified accounting standard and audited by certified public auditor, and directors' and executive's' remuneration under shareholders meeting's resolution for instance. The Company also has arranged working unit to take care of the Company's business operation disclosure for those interested.

Section 5 Responsibilities of Board of Directors

5.1 Leadership and Vision

The Board of Director comprises of persons who have knowledge and abilities, being acknowledged and participated in important roles in advise and establish policies, vision, strategies, target and direction of the Company's business operation in cooperation with chief executive in operation planning either in short-term or long-term including setting financial policies and overall picture of organization by having significant roles in governing, examination and assessing the result of the Company's business performance and result of business operation of chief executives to ensure that these shall be independently complied with the plan meanwhile the Board of Directors shall supervise executives department to operate the business according to the policies set forth efficiently and effectively under the convention of laws objects article of association of the Company and Shareholders Meeting's resolution with responsibilities, honesty and care in accordance with good procedure principle in order to maximize benefit to the Company and establish confidence to the shareholders. Moreover, the Company also places importance on and arranges cautious internal control system, internal audit assessment and management continually and effectively including follows consistently through the Company's internal audit and proposes to the meeting of the Board of Directors for acknowledgement.

The Board of Directors shall consider setting and separating roles, duties and responsibilities between the Board of Directors and executives department by obviously delegating operation authorities including communication such roles and responsibilities toward directors and employees regularly.

5.2 Business Ethics

The Company has produced and strictly follow business ethic (Code of Conduct) of the Company for all directors' and all employees' acknowledgement, implement, understand the standard of own practice as the Company and shareholders accurately expected and use as guidelines on accurate conducts which cover the following contents:

1.1 Jurisprudence Consistency

The Company adheres to the rule of law in conducting business. It is also the duty of directors, executives and employees to know the company's regulations, relevant law including laws and regulations to be promulgated in the future which affect their administration and work.

1.2 Being Transparency

The Company's decisions and procedures must be transparent, free of corruption and disclose information to stakeholders and investigated under laws, regulations, regulations and procedures of the Company's practices that related to the prevention of trade secret leakage to any person or entity.

1.3 Insisting on Justice and Moral

The Company is committed to fairness and integrity with its stakeholders in order to build up good relationships in business operations. Also, never discriminate against anyone who is unfair by using judgment or personal relationships, judging and giving equal opportunity without discrimination of race, nationality, religion or gender.

1.4 Focusing on Customers

The Company is focused on customer satisfaction and confidence by focusing on developing real estate and providing efficient services to meet our customers' needs and maintain long-term relationships. The Company also develops our personnel for providing services to customers by training and providing knowledge and understanding to their employees before performing their duties, as well as continuously improving their skills to provide the best service to their customers.

1.5 Being Socially Responsible

The Company realizes and commits for sustainable growth, along with social development, with a focus on contributing to the preservation of natural resources and the environment, and the Company's ability to avoid the actions that will cause it. The Company believes that doing business in a socially and socially conscious manner will be an important driving force for sustainable development at the community level and at the community level and country.

1.6 Anti-Corruption Policy

The Company has Anti-Corruption Policy, focusing on all personnel in the organization adhering to the laws of Thailand in the fight against corruption and focus on anti-corruption and bribery for business interests. On December 18, 2015, the Company joined the private sector's Collective Action Coalition to counter corruption in Thailand's leading private sector. And in the second quarter of 2016, the Company filed for certification to be Members of the Thai private sector in anti-corruption. This reflects the Company's clear approach to combating corruption (Anti-Corruption) and shows the intention of the Company. In addition, the Company has added such intentions in the Code of Business Ethics and Code of Conduct for Directors, managements and staffs to perform their duties with transparency, honesty and integrity including good corporate governance practices.

The Company requires all personnel of the company to acknowledge, understand and comply with anti-corruption and good corporate governance policies. Directors, executives and employees of the Company are prohibited from acting on or accepting any kind of corruption, either directly or indirectly, in order to acquire a business of the Company or its own interests. Unethical ethics including: receiving gifts, raising money, soliciting donations, and other benefits from people who has business with the Company. It is intended to cover all employees, partners, customers and stakeholders at home and abroad, and to regularly review the implementation of the Anti-Corruption Policy at least 1 time annually.

In addition, the Company has defined the main channels for reporting inaccuracies as follows:

1. Company website at <http://www.ucity.co.th/eng/index.php/corporate-governance/>
2. Comment box
3. Email of Audit Committee: Auditcommittee@ucity.co.th

4. Email of Internal Audit Department: InternalAudit@ucity.co.th

These clues will be addressed directly to the person responsible for this matter, namely, the Chairman of the Audit Committee and the head of the Internal Audit Department for appropriate action. And so that the person who gives the clues in this matter is confident that the information and the stories will be cared for and protected by those directly responsible.

In addition, the Company provides a mechanism to protect person who notify which co-supervises the interests of the Company. He/she would not be reduced, penalty or has negative effects on employees who refuse to commit corruption, even if such actions would lead to the company losing business opportunities.

5.3 Structure of Board of Directors

- 1) The Nomination & Remuneration Committee will select and consider persons who has skill, experiences and special qualification in various areas and necessary to the business of the Company to submit their name to the Shareholders Meeting for consideration and appointment to be directors.
- 2) The Board of Directors consisting of directors in the number stipulated in the Shareholders Meeting which shall have no less than five (5) persons according to the Article of Association of the Company provided that there shall be at least 1 person out of 3 persons but not less than 3 person independent directors. Each director is qualify in his or her seniority, qualification, abilities, experience, skills and shall be qualify under Public Limited Company Act, B.E. 2535 section 69 and other related law.
- 3) The Company has given the following definitions of an "Independent Director" based on the notification of The Capital Market Supervisory Board.
 - 3.1 Board of the Nomination and Remuneration Committee will select and consider persons who have skills, experiences and particular qualification in various areas which will benefit the company business to be proposed to the Board of Directors for consideration as Company Director and then to the shareholders' meeting for approval.
 - 3.2 The person must not be serving, or have served, as a director who is involved with the management, or a staff member, an employee or a consultant with a monthly wage. The person also must not be or be an individual with the authority to control the company, the parent company, the associates, the affiliates, the associates of the same level, the major shareholders or of the entities with the authority to control the company, with the exception of the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The ineligibility however does not include the case where an independent director has previously served as a public servant or a consultant of a government agency which is a major shareholder of, or an entity with the authority to control the company.
 - 3.3 The person must not be related by blood or law as father, mother, spouse, sibling or child, spouse of son or daughter of executives, major shareholders, individuals with the authority to control the company or candidates for the position of an executive or an individual with the authority to control the company or an associate.
 - 3.4 The person must not have, or have had, a business relationship with the company, the parent company, the associates, the affiliates, the major shareholders or the entities with the authority to control the company, in such a manner that may interfere with one's independent discretion. The person also must have not been or has been a shareholder, individuals with the authority to control the company, of the person who has business relationship with the company, the parent company, the associates, the affiliates, the major shareholder or the entities with the authority to control the company. There is an exception in the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The business relationship as described in the above paragraph is inclusive of normal trading transactions for the conduct of business; lease or letting of immovable; transactions relating to assets or service; provision or acceptance of financial assistance through acceptance or provision of loans and guarantees, the use of assets as collateral and other such practices which result in the company

or the party to the agreement being under the obligation to repay the other party for an amount from 3% of net tangible assets of the company or from Twenty Million Baht whichever is lower. The calculation of such obligation to debt is to be in accordance with the related transaction value calculation method as per the Announcement of the Equity Market Committee on the Related Transaction Criteria with exceptions. The said obligation to debt includes that which has materialized during the period of one year prior to the day of business relationship with the same individual.

- 3.5 The person must not be, or has been, an auditor of the company, the parent company, the associates, the affiliates, the major shareholders or the entities with the authority to control the company. The person also must not be a significant shareholder, an individual with the authority to control or a partner of the audit office with which the auditor the company, the parent company, the associates, the affiliates, the major shareholders or the entities with the authority to control the company is associated. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
- 4) The person must not be, or has been, a provider of a professional service including the service as a legal consultant or a financial consultant for which greater than Two Million Baht of fee is paid per year by the company, the parent company, the associates, the affiliates, the major shareholders or the entities with the authority to control the company. The person also must not be a significant shareholder or an individual with the authority to control or a partner of such provider of professional service. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
 - 5) The person must not be a director appointed to represent a director of the company, a major shareholder or a shareholder who is related to a major shareholder.
 - 6) The person must not be in a business of the same nature as, and of significant competition to, that of the company or an associate. The person also must not be a significant partner in a partnership; a director who is involved with the management; a staff member; an employee; a consultant with a monthly wage; as well as, a shareholder who holds more than 1% of shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the company or an associate.
 - 7) The person must not have any other characteristic which is an obstacle to the giving of free opinion on the operation of the company.
 - 8) After having been appointed as an independent director following the qualifications specified under items (1) through (9) above, the independent director may be assigned by the Board of Directors to make decisions on the operation of the company, the parent company, the associates, the affiliates, the associates of the same level, the major shareholders or the entities with the authority to control the company in the manner of a collective decision.
 - 9) The term of directorship shall be in accordance with the Public Company Act and shall not limit the number of term of continuously holding the position.
 - 10) Directors have the duty to disclose information regarding director position holding in other companies to the Board of Directors except in the case where chief executives of the company holds director position in other company, the director shall have the duty to disclose to the Board of Directors.

Owing to the fact that directors of the Company still allocate sufficient time for the Company to perform the director duties either setting policies, providing advice in business operation problems solving in the scope of authorities of the director assigned by the Company which shall not cause affect if such director's holding the position of director of the company in other listed company, therefore the Company has no provisions regarding number of company, the director may hold the director position.

5.4 Authorities and Responsibilities of the Board of Directors

- 1) Acting in accordance with the law, objectives and articles of association of the Company, as well as resolutions of the shareholders' meeting.
- 2) Do not operate, be a partner or director in a corporation with the same nature and compete with the Company's business. Unless the notice to the shareholders' meeting prior to the appointment.
- 3) Must notify the Company without delay. If there is an interest in the contract with the Company or hold more or less shares in the Company.
- 4) The Board of Director shall appoint the Chairman and its subcommittees.
- 5) The Board of Directors has the power to appoint the authorized directors of the Company with the company's seal
- 6) Define the Company's vision, mission, oversight, and oversee management of the Company to work aligns with its vision and mission. Also monitor risk management as well as internal control system of the Company by defining and clearly separating roles and responsibilities between the Board of Directors and managements, and between the Board of Directors and shareholders.
- 7) To ensure that there is no conflict of interest between the Company's stakeholders.
- 8) To approve the acquisition or disposition of assets, investment in new business and any legal action. Unless required by law to obtain a resolution from shareholders' meeting.
- 9) To consider and/or comment on the connected transaction of the Company and subsidiaries to comply with relevant laws, regulations and regulations.
- 10) To execute the management to set up an accounting system, financial reporting and reliable audits as well as adequate internal controls.

5.5 Board of Directors Meeting

Board of Directors Meeting

The Board of Directors shall hold more than 4 meetings in a year and schedule the meeting in advance and notify to each director. The Company would deliver the notice to directors no less than seven days before meeting date in order for directors will have sufficient time to prepare and study the agenda before the meeting. The Board of Directors Meeting shall be held at least once in every quarter and may hold a special meeting in case of necessity, provided that upon each Board of Director Meeting calling, the Chairman or the assigned person shall deliver the notice to directors no less than seven days before meeting date except in case of emergency to maintain rights or benefit of the Company, meeting notice shall be done in other methods and the date shall be fixed earlier. However, directors in the number of two persons or more may request the chairman to convene the Board of Directors meeting. In case of at least two directors requested, the chairman shall fix the meeting within fourteen days commencing on the date of receiving request.

For the agenda arrangement, the chairman and managing director shall jointly consider to arrange the agenda in the meeting by providing opportunity to directors of at least two persons to be entitled to propose the agenda to the meeting. Directors, or the assigned persons shall convene the meeting or in case of necessity. According to the procedure for meeting arrangement the Board of Directors shall be defined as follows:

Preliminary Procedure before the Meeting: Each director is free to propose topics to the agenda of the Company's Board of Directors Meeting by indicating the reason and necessity of propose such matter. The Chairman of Board of Directors will consider the meeting agenda in each agenda before preparing meeting notice. Notice of the meeting together with supplementary document of each agenda shall be delivered to each director prior to the meeting date for the purpose of providing each director enough time to study the information sufficiently before attend the meeting which shall promote efficiency and effectiveness of the Board of Directors meeting. In case any director required additional information to support the consideration in each agenda, the Board of Directors can coordinate with the Company's secretary for further process.

Procedure during Meeting: During the Board of Directors' Meeting, Chairman of the Board of Directors shall be responsible for the meeting procedure by organizing the agenda in sequence accordance with notice of the meeting and provide opportunity for directors to enquire and express their opinion in relation to the doubtful topic independently and adequately.

Procedure after the Meeting: The Company focuses on minutes of the Board of Directors' meeting preparation by the secretary of Board of Directors of the Company who is responsible for recording and preparing the minutes of the Board of Directors' meeting accurately and covering substantial information in relevant to the meeting e.g. date, time, and place of the meeting, starting and adjourning time of the meeting, list of the name of directors either who attended or absented, substantial details including enquiries and discussion for each agenda and resolution of the Board of Directors for each agenda, etc, minutes of board of directors meeting and any document used during the meeting shall be kept by the secretary of the company for the purpose of investigation in the future.

According to the article of association of the company, in the meeting of the board of directors, the presence of not less than one half of the total number of directors is required to constitute a quorum. In the case where the chairman of the board is not present at the meeting or is unable to perform his or her duty and if there is a vice-chairman, the vice-chairman present at the meeting shall preside over the meeting. The decisions at the meeting shall be by majority of votes. Each director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the case of an equality of votes, the chairman of the meeting shall have an additional vote as a casting vote.

Audit Committee's Meeting

The Company shall arrange audit committee's meeting at least once in every quarter and may arrange additional meeting if necessary by delivering notice of the meeting at least 7 days in advance together with relevant document for each agenda prior to the date of the meeting. In addition, the Company shall record the minutes accurately, covering substantial information and accountable.

Nomination and Remuneration Committee's Meeting

The Company shall arrange Nomination and Remuneration Committee's meeting at least once in a year and may arrange additional meeting if necessary by delivering invitation letter of the meeting at least 7 days in advance together with relevant document for each agenda prior to the date of the meeting. In addition, the nomination and remuneration committee shall record the minutes accurately, covering substantial and accountable information.

5.6 Assessment of the Performance of the Board of Directors, Sub-Committees and the Executive Managements.

The Board of Directors conducts an assessment of its annual performance through both group evaluation and individual evaluation and all group of subcommittees, namely the Audit Committee, the Nomination and Remuneration Committee, the Investment Committee, and the Executive Committee to assess their performance and report the assessment result to the Board of Directors on an annual basis. The purpose is to review the performance outcome, problems, and obstacles in the business operation in the past year so as to improve the work efficiency.

- **Assessment of the Annual Performance of the Board of Directors (Group Evaluation):** The Board of Directors used the assessment criteria which cover 6 assessment subjects, i.e., 1) Structure and Characteristics of the Board of Directors, 2) Roles, Duties and Responsibilities of the Board of Directors, 3) the Board of Directors' Meetings, 4) Performance of Board of Directors' Duties, 5) Relationship with the Management, and 6) Personal Development of Directors and Executives. After each director completed the Self-Assessment Form of the Board of Directors (Group Evaluation), the Company Secretary Office would calculate the scores and provide a summary of the scores of the group assessment of the Board of Directors to the Board of Directors' meeting in order for them to jointly consider, find a solution to improve unsatisfactory scores and use it as a guideline for their performance in the next year, including considering and reviewing the comments and suggestions raised by each director in the past year whether or not such comments and suggestions had been complied with. In 2016, the average score result was 86.43% (90–100% means excellent, 76–89% means very good, 66–75% means good, 50–65% means fair, and below 50% means improvement needed).
- **Assessment of the Annual Performance of the Board of Directors (Individual Evaluation):** The Board of Directors used the assessment criteria which covered the fiduciary duty to manage the Company's business operations in the best interest of the shareholders, the time allocation and preparation for attending the Board of Directors' meetings and the shareholders' meetings, the contribution of useful opinions, suggestions, or other guidelines to the Management, the independence of opinions, the value and support of continuous compliance with the principles of good corporate governance of listed companies, and the attendance of trainings and personal development programs necessary

for performing functions as directors of listed companies. After each director completed the Self-Assessment Form of the Board of Directors (Individual Evaluation), the Company Secretary Office would calculate the scores and provide a summary of the scores of each director to the Board of Directors' meeting for acknowledgement. In 2016, the average score result was 4.8 (5 means very good, 4 means good, 3 means fair, 2 means lower than standard, and 1 means improvement needed).

- **Assessment of the Annual Performance of the Audit Committee:** The Audit Committee used the assessment criteria which cover 6 assessment subjects, i.e., 1) Composition of the Audit Committee, 2) Independence of the Audit Committee Members, 3) Trainings and Source of Information, 4) Meetings, 5) Activities of the Audit Committee, and 6) Relationship with the Chief of the Internal Audit Office, the Company's Auditors, and the Management. After each member of the Audit Committee completed the Self-Assessment Form of the Audit Committee, the Internal Audit Office would calculate the scores and provide a summary of the scores to the Audit Committee's meeting in order for them to jointly consider, find a solution to improve unsatisfactory scores and use it as a guideline for their performance in the next year, including considering and reviewing the comments and suggestions raised by each member of the Audit Committee in the past year whether or not such comments and suggestions had been complied with. Thereafter, the result of the assessment would be proposed for consideration at the Board of Directors' meeting where the Board of Directors may provide comments or request the Audit Committee to improve in certain areas as appropriate. In 2016, the average score result was 5 (5 means very good, 4 means good, 3 means fair, 2 means lower than standard, and 1 means improvement needed).
- **Assessment of the Annual Performance of the Nomination and Remuneration Committee, Investment Committee, and the Executive Committee:** The assessment criteria were used which covered 5 assessment subjects, i.e., 1) Structure and Qualification, 2) Performance of Duties, 3) Training / Source of Information, 4) Meetings, and 5) Duties and Responsibilities. After the Self-Assessment Forms (Group Evaluation) of each subcommittee were completed, the Company Secretary Office would calculate the scores and provide a summary of the scores to the relevant subcommittee's meeting in order for them to jointly consider, find a solution to improve unsatisfactory scores and use it as a guideline their performance in the next year, including considering and reviewing the comments and suggestions raised by each member of the subcommittee in the past year whether or not such comments and suggestions had been complied with. Thereafter, the result of the assessment would be proposed for consideration at the Board of Directors' meeting where the Board of Directors may provide comments or request the relevant subcommittees to improve in certain areas as appropriate. In 2016, the average score result of the Nomination and Remuneration Committee was 92.96%; the average score result of the Investment Committee was 86.27%; and the average score result of the Executive Committee was 96.67% (90–100% means excellent, 76–89% means very good, 66–75% means good, 50–65% means fair, and below 50% means improvement needed).

5.7 Balancing of Non-Executives Directors

The Board of Directors of the Company comprises of at least five directors who are elected by the meeting to perform the duty to manage the Company. At least half of the number of directors shall have residence in the Kingdom and shall be qualified according to the relevant laws. The Company has fixed the ratio of non-executive director to executive directors more than half of the number of directors in order to balance between controlling and management. In addition, the Company shall fix the number of independent directors of not less than one-third or not less than three persons. Three independent directors shall hold position of audit directors. Those directors shall meet the qualification as prescribed in the Notification of Stock Exchange of Thailand regarding the qualification, scope of work of audit director in order to perform the auditing and balance management of the Company to be accurate and fair.

As of 31 December 2016, the Board of Directors Company comprises with 9 directors as follows:

Non-executive Director	6 persons being independent director	3 persons
Executive Director	3 persons	

The definition of independent director shall be as stipulated in Clause 3 Structure of Board of Director of the Company, Chapter 5 Responsibility of the Board of Director under the Good Corporate Governance Policy.

5.8 Join or Separation of Position

The Chairman of the Company shall not be the same person as managing director for the purpose of separating the duty in establishing policy to control and manage day to day operation. The Company shall clearly fix scope of duty of the management in each level in written announcement of the authority of operation of the Company which shall be approved by the Board of Directors. For the purpose of cross examination, the Company has strictly separated the responsibility between approval authority and recording accounting transaction and monitoring of asset.

The Company has clearly separated role and responsibility between directors of the Company and management. The directors of the Company shall perform the duty of establishing policies and supervising the operation of the management while the management shall perform the duty to manage the Company to comply with the policy. The Chairman of the Company and managing director shall be different person provided that those two positions must be selected by the Board of Directors of the Company in order to get the most appropriated persons.

5.9 Directors' and Executives' Remuneration

The remuneration of the Company's directors is in accordance with the resolution approved by the shareholders' meeting. The determination of annual remuneration of company directors shall be approved by Nomination and Remuneration Committee and then shall be presented to the Board of Directors' meeting and shareholders' meeting for approval.

The amount of remuneration for directors and chief executive officers is disclosed in the company annual report and annual information every year.

5.10 Sub-Committee

The Company has appointed sub-committees in order to assist in overseeing the Company's business to increase operational efficiency and gain shareholders' confidence in careful business operation of the Company. The Board of Directors has clearly approved the scope of duties and responsibilities of the sub-committees. There are 3 sub-committees which include Company directors and 1 sub-committee which includes non-director members, as following details:

1. The Audit Committee comprises of at least 3 independent directors having responsibilities under the charter of Audit Committee.
2. Board of Executive Committee comprises 3 directors of the Company having scope of authorities and responsibilities in accordance with the Board of Director's appointing order.
3. Nomination and Remuneration Committee comprises of at least 3 directors, who are not the chairman of the Company and at least 2 of which are independent directors. The Chairman of Nomination and Remuneration Committee must be independent director who holds the responsibilities in compliance with the charter of Nomination and Remuneration Committee.
4. Investment Committee comprises at least 3 members of either director, executive or employee of the Company. At present this committee consists of management members of the Company, namely Chief Financial Officer, Chief Legal Officer, and Director of Finance. The Investment Committee's duty and responsibility is to consider and make decision on investment, as well as to determine the period of investment under the investment policy and principle approved by the Board of Directors' Meeting of the Company.

Details of the duties and responsibilities of the sub-committees are referred to item Structure of the Board of Directors.

5.11 Control and Internal Audit Systems

The Company oversees the substantial of effective internal control system both executive level and operating level. The operation authorities of performers and executives was particularly prescribed in written in Procedure Manual and power of approval chart in order to monitor internal control system and regularly examine significant transaction provided that audit committee shall review internal control system once more to ensure that it is in an efficient level. Business risks has also been specified and assessed as well as risks protection and management has been stipulated and laws and related provisions complying supervision, separating duties of performer, controller, and assessor for the purpose the of appropriate balancing and cross examination.

Internal Audits are independently to perform duties by directly report to the Audit Committee in order to be responsible for assisting to examine the Company's operation to become effective by assigning the Internal Auditor to report on inspection result directly to the Audit Committee.

In addition, the audit committee has reviewed the appropriation and sufficiency of internal control system at least once per year and propose the Board of Director for consideration to express opinion in sufficiency of internal control in Annual Report and Annual Information Disclosure Form (Form 56-1).

5.12 Report of the Board of Director

The Board of Director has assigned the Audit Committee to supervise on financial information arrangement procedure and disclosure, internal control system, internal audit in order to consider the efficiency and appropriation of internal control system and financial statement producing to ensure the correct, adequate, reliable, and effective provided that the Company's secretary shall maintain the minutes of the Board of Directors Meeting.

5.13 Knowledge and Skill Development of Board of Directors and Management

The Company has a policy to promote the knowledge and understanding of the principal of Good Corporate Governance to the Directors of the Company by promoting and supporting all directors to attend training course arranged by Thai Institute of Directors Association : IOD e.g. Attending in related course e.g. Director Accreditation Program (DAP) and to attend relevant training program arranged by other institutions to increase knowledge and understanding of directors of the Company regarding to the roles, duties and responsibilities of the directors of the Company including the principal of Good Corporate Governance and implement such knowledge to develop the Company's Good Corporate Governance.

In addition, the Company focuses on the encouraging and supporting the executive of the Company to attend the program in related to the business operation to increase skill and knowledge. Furthermore, the Company also encourage the executive of the Company to be a lecturer in explanation the nature of business of the Company to the new director including answer any inquiry which related to the Company's business operation in order to allow new director to gain knowledge and understanding the nature of business of the Company and be able to apply his knowledge to maximize the Company's and shareholders' benefit.

5.14 Directors Orientation

The Company has arranged orientation for the new directors in order for new directors to acknowledge the Company's policies including relevant information e.g. capital structure, shareholders, result of business performance including laws and regulations and deliver handbook for directors which contained useful information for being directors of the Company to the directors. This handbook shall contained at least of the following information.

Handbook for Directors:

1. Pubic Company Limited Act B.E. 2535
2. Securities and Exchange Act B.E. 2535
3. Affidavit of the Company
4. Objects of the Company
5. Articles of Association
6. Guidelines for Good Corporate Governance
7. Directors' Handbook for listed company of SEC

Information for Directors

1. Recommendation for ECID for executives of listed company
2. Connected transaction of Listed Company Book
3. Principles of Good Corporate Governance for listed company 2012
4. Company's Profile
5. The latest Annual Report

5.15 Company's Secretary

The Board of Directors recognize the importance of role and duty of the Company's secretary, the Company, therefore, assign the appropriated permanent employee to perform the duty of the Company's secretary to facilitate the Company's business management to effectively comply with the principal of Good Corporate Governance. The main duties and responsibilities are as follows:

- 1) To perform duties with responsibility, care and honesty in accordance to legal and other relevant regulations.
- 2) To provide advice on laws and regulations which the Board of Director must know and practice
- 3) To oversee activities of the Board of Directors, Sub-committee and Shareholders' meeting including coordinate to ensure the resolution of the Board of Director and Shareholders has been effectively complied with laws and regulations.
- 4) To produce and possess of the document such as Director Register, Notice of the Board of Directors Meeting, Minutes the Board of Director Meeting, Notice of Shareholders Meeting and Minutes the Shareholders Meeting.
- 5) To oversee activities of the Board of Directors
- 6) To maintain interested transaction report, reported by directors or executives.
- 7) To maintain of changes in holding of securities of directors or executives.
- 8) To ensure to disclose the information in accordance to the regulation of SET, SEC and other relevant regulators as well as the principles of good corporate governance.
- 9) To conduct any other affairs occasionally assigned by the Board of Directors.

Sub-Committees

The Board of Directors

- 1) The management structure of the Company comprise of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. Details as follows:

a) The Board of Directors

As of 31 December 2016, the Board of Directors consisted of 9 members as follows:

- 1) Mr. Chaiwat Atsawintarangkun Independent Director, Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee
- 2) Mr. Thavisakdi Tanta-Nanta Independent Director, Audit Committee and Nomination and Remuneration Committee
- 3) Mr. Manu Maniwatana Independent Director, Audit Committee and Nomination and Remuneration Committee
- 4) Mr. Burin Pusiri Director and Executive Director
- 5) Mr. Weerawat Wattanatchariya Director and Executive Director
- 6) Mr. Voraphot Chanyakomol Director and Executive Director and Chief Financial Officer
- 7) Mr. Sumet Sangsiri Director
- 8) Mr. Surayut Thavikulwat Director
- 9) Mr. Daniel Ross Director

Mr. Sayam Siwarapornskul as the Company Secretary

b) The Audit Committee

As of 31 December 2016, the Audit Committee consisted of 3 members:

- 1) Mr. Chaiwat Atsawintarangkun Chairman of Audit Committee
- 2) Mr. Thavisakdi Tanta-Nanta Audit Committee
- 3) Mr. Manu Maniwatana Audit Committee

c) **The Executive Committee**

As of 31 December 2016, the structure of the Executive Committee consists of 3 members as follows:

- | | | |
|----|-----------------------------|--|
| 1) | Mr. Burin Pusiri | Executive Director |
| 2) | Mr. Weerawat Wattanachariya | Executive Director |
| 3) | Mr. Voraphot Chanyakomol | Executive Director and Chief Financial Officer |

d) **The Nomination and Remuneration Committee**

As of 31 December 2016, the structure of the Nomination and Remuneration Committee consists of 3 members of Independent Director as follows:

- | | | |
|----|----------------------------|---|
| 1) | Mr. Chaiwat Atsawintarakun | Chairman of Nomination and Remuneration Committee |
| 2) | Mr. Thavisakdi Tanta-Nanta | Nomination and Remuneration Committee |
| 3) | Mr. Manu Maniwatana | Nomination and Remuneration Committee |

List of Audit Committee who has knowledge and experience in audit financial statement of the Company.

Mr. Chaiwat Atsawintarakun, holding chairman of audit committee position, having knowledge and experience in examination of Financial Statement.

Mr. Chaiwat Atsawintarakun holding Audit Director positions of other listed companies and is a director of Krungthai Car Rent and Leasing Public Company Limited, Eastern Printing Company Limited, Merchant Partners Securities Public Company Limited, AQ Estate Public Company Limited, and Eastern Polymer Group Public Company Limited.

Overseeing Business Operation of Subsidiaries and Joint Ventures

Overseeing Mechanism

The Company has the policy of delegating representatives of the Company to be a director of the invested subsidiaries or joint venture companies. The management will nominate appropriate persons to for the Board of Directors for approval. The person who is appointed shall have to duty to perform work for such subsidiaries and joint ventures, manage business efficiently and oversee the subsidiaries or joint venture company in complying with regulations concerning listed companies i.e. entering into connected transactions, acquisition and trading of assets and arranging information for the preparation of the Company's consolidated financial statement. In considering important matters, it must be in line with the Company's direction.

The appointed person shall report on the business' operation to the Board of Directors periodically in order for the Board of Directors to carry out its duties.

Agreement between the Company and other shareholders in management of subsidiaries and joint venture

The Company has joint investment with Hua-Hin Resources Company Limited, a subsidiary of Minor International Public Company Limited, for management and development of Anantara Services Suite Project. Presently, the joint venture company named "MHG NPARK DEVELOPMENT COMPANY LIMITED" has been established for developing this project.

Supervising Inside Information Utilization

The Company recognizes the significance of preventing the usage of inside information for the benefit of oneself, therefore, the Company has established policies regarding utilization of the Company's inside information to prohibit the Company's personnel, including directors, executives, and employees from disclosing the Company's inside information to other persons or to utilize the information for his/her own benefit:

1. Directors, executives, and employees of the Company shall keep the Company's secret and/or inside information and shall not use the Company's secret and/or inside information neither in disclosing nor utilizing for his/her own benefit or other person's benefit directly or indirectly until such information has been disclosed to the public.
2. Directors, executives, and employees of the Company have access to financial information and/or substantial inside information of the Company which may affect the price of the Company's securities should avoid trading the Company's securities before the financial information or such inside information are revealed to the public and shall not disclose such substantial information to other persons, which include spouses and children of directors, executives, and employees

of the Company as well. If directors, executives, and employee of the Company are found to have breached and/or disobeyed the Company's policies regarding securities trading by utilizing inside information, such director, executives or employee shall face disciplinary process, including verbal warnings, notification letters, suspension, termination with or without severance payment according to the law and depending on the seriousness of such misconduct.

Moreover, the Company has requested cooperation from the Company's directors, executives and employees not to trade securities within 1 month before the release of the financial statement or other information, which shall affect securities trading prices, until such information has been distributed to the public.



4.3 SELECTION, APPOINTING AND REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

Selection of Independent Director

Criteria for selection of independent directors

- 1) Being a person selected by the Nomination and Remuneration Committee and Board of Directors and appointed by the Board of Directors or the Shareholders' Meeting of the company as the case may be;
- 2) Independent Directors shall comprise at least 1 out of 3 of total number of directors but must not be less than 3 persons;
- 3) Being a person who has the knowledge and skills, which would benefit the Company's business;
- 4) Be a person under the definition "Independent Directors" who doesn't have any connection with - and who is independent of - the Company's executives, major shareholders and the relatives of the Company's executives and major shareholders and thereby can independently express his/her opinion.

Selection Procedure

- 1) The Nomination and Remuneration Committee shall consider the list of outside persons with proper qualification and generally accepted by business and academic sectors and propose to the Board of Directors and/or the Shareholders' Meeting for their appointment as a case may be.

The definition of independent director shall be as stipulated in Clause 3 Structure of Board of Director of the Company, Chapter 5 Responsibility of the Board of Director under the Good Corporate Governance Policy;

- 2) Shareholders shall select independent directors by majority vote of persons who have attended the meeting and have the right to exercise voting rights.

Therefore, every independent directors shall have no significant business relationship or providing professional services in business to the Company, head quarter, subsidiaries, joint venture or juristic person which may create conflict of interest. In addition, independent directors of the company are not independent directors of head quarter, subsidiaries, and subsidiaries in the same level.

Directors and Chief Executives Selection

The Nomination and Remuneration Committee will select qualified candidates for the new director. This includes any vacancy or term of office. Nomination of Chairman of the Board Chairman of the Executive Board And Chief Executive Officer To present to the meeting of the Board of Directors for consideration. To appoint or propose the shareholders meeting of the Company. Appointment as case The Board of Directors of the Company shall comprise of not less than 5 directors who were elected by the Shareholders' Meeting to perform the duty of management and at least half of the number of directors must have a residence in the Kingdom of Thailand and shall be qualified as indicated by law.

The Shareholders' Meeting shall elect the Board of Directors according to the rules and procedures as follows:-

- 1) Each shareholder shall have voting right equal to one share for one vote.
- 2) In the election of Board of Directors, the shareholder may vote for individuals or collectively to fulfill the number of total directors, which have to be elected at that time at the discretion of the meeting. Each shareholders' vote shall have the amount of votes in accordance with number of total shares held by that shareholder and the shareholders cannot separate voting rights to any person.
- 3) In the case of the number of votes being tied between directors, the chairman of the Board of Directors shall exercise his vote to break the tie.

At every ordinary annual meeting, one-third of the directors shall vacate. If the number of directors are not a multiple of three, the number of directors closest to one-third shall vacate.

The directors vacating from office in the first and second years after the registration of the company shall be selected by drawing lots. In subsequent years, the director who has held office longest shall vacate. A director who vacates office under this section may be re-elected.

Directors and Management Remuneration

Financial Remuneration

A. Compensation for the Board of Directors

In 2016, the Company paid compensations for all directors in the total amount of THB 3,645,000.00 as follows:

Name of Director			Annual compensation (THB)	Meeting allowance (THB)	Total Amount (THB)
1.	Mr. Sakthip Krairiksh	Chairman and Independent Director	205,000.00	40,000.00	245,000.00
2.	Mr. Chaiwat Atsawintarangkun	Independent Director, Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee	360,000.00	200,000.00	560,000.00
3.	Mr. Thavisakdi Tanta-Nanta	Independent Director, Audit Committee and Nomination and Remuneration Committee	360,000.00	200,000.00	560,000.00
4.	Mr. Manu Maniwatana	Independent Director, Audit Committee and Nomination and Remuneration Committee	360,000.00	180,000.00	540,000.00
5.	Mr. Nakorn Laksanakarn	President and Chief Executive Officer	-	40,000.00	40,000.00
6.	Mr. Burin Pusiri	Director and Executive Director	-	120,000.00	120,000.00
7.	Mr. Weerawat Wattanatchariya	Director and Executive Director	-	120,000.00	120,000.00
8.	Mr. Voraphot Chanyakomol	Director / Executive Director and Chief Financial Officer	-	60,000.00	60,000.00
9.	Mr. Sumate Sangsiri	Director	360,000.00	120,000.00	480,000.00
10.	Mr. Surayut Thavikulwat	Director	360,000.00	100,000.00	460,000.00
11.	Mr. Daniel Ross	Director	360,000.00	100,000.00	460,000.00
Total			2,365,000.00	1,280,000.00	3,645,000.00

Nevertheless, all independent directors are not holding any positions as independent directors in the parents company, subsidiaries, or other subsidiaries in the same level. Therefore, the independent directors do not have any remunerations from the parents company, subsidiaries, or other subsidiaries in the same level.

B. Total Compensations and Numbers of the Executive Committee and Managements

As of 31 December 2016, salaries of the Executive Committee and Management, which include the first four persons down from president and every person at the same level of the fourth person equal to 5 persons¹, amounted THB 22,831,979

Note: ^{1/} during the year 2016, Mr. Nakorn Laksanakarn resigned from the President and Chief Executive Officer of the Company.

Non-financial and Other Remuneration

The Company provides health insurance or group insurance as well as annual health check-ups for the Company's management and employees.

4.4 PROFILE OF DIRECTORS AND EXECUTIVES

BOARD OF DIRECTORS

As of 31 December 2016

Mr. Chaiwat Atsawintarakun Age 63	
<ul style="list-style-type: none"> Chairman of the of the Board of Directors Chairman of the Audit Committee Chairman of the Nomination and Remuneration Committee Independent Director 	
The appointment date	Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and Independent Director - 28 April 2003 Chairman of the Board of Directors – 22 March 2017
Educational Qualification	<ul style="list-style-type: none"> Master of Education (Curriculum and Teaching Methodology), Beijing Languages and Cultural University Master of Business Administration, Thammasat University Thai Barrister-at-Law Bachelor of Arts in Chinese Languages (Trade & Economics), Beijing Languages and Cultural University L.L.B. Literature of Law, Ramkhamhaeng University Bachelor of Science in Business Administration, Ramkhamhaeng University Participated in the Directors Accreditation Program (DAP), Director Certification Program (DCP), Audit Committee Program (ACP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2017	Chairman of the Board of Directors, U City Public Company Limited
2013-Present	Director, Merchant Partners Asset Management Company Limited
2013-Present	Chairman of the Audit Committee, Eastern Polymer Group Public Company Limited
2007-Present	Chairman of the Audit Committee, Merchant Partners Securities Limited
2005-Present	Chairman of the Audit Committee, U City Public Company Limited
2005-Present	Audit Committee, Eastern Printing Public Company Limited
2005-Present	Director, Boathouse Hua Hin Company Limited
2004-Present	Chairman of the Audit Committee, Krungthai Car Rent and Lease Public Company Limited
2004-Present	Director, Andaman Long Beach Resort Company Limited
2003-Present	Director, Chiangmai Hot Spring Company Limited
2003-Present	Chairman of the Audit Committee, Syntec Construction Public Company Limited
1997-Present	Director, Prospect Consulting Company Limited
2013 – 2016	Audit Committee, AQ Estate Public Company Limited
2012-2014	Chairman of the Audit Committee, General Engineering Public Company Limited
2003-2014	Director, Krabi Southern Beach Company Limited

Mr. Thavisakdi Tanta-Nanta Age 81	
<ul style="list-style-type: none"> Audit Committee Nomination and Remuneration Committee Independent Director 	
The appointment date	28 April 2003
Educational Qualification	<ul style="list-style-type: none"> LL.B., Thammasart University Participated in the Directors Accreditation Program (DAP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2003 - Present	Audit Committee, U City Public Company Limited
2005 - 2014	Director, PAE (Thailand) Public Company Limited

Mr. Manu Maniwatana Age 72	
<ul style="list-style-type: none"> Audit Committee Nomination and Remuneration Committee Independent Director 	
The appointment date	15 April 2011
Educational Qualification	<ul style="list-style-type: none"> Ph.D. Columbia University, New York, USA. Participated in the Directors Accreditation Program (DAP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2011-Present	Audit Committee, U City Public Company Limited

Mr.Burin Pusiri Age 63	
<ul style="list-style-type: none"> Director (Authorized Director) Executive Director 	
The appointment date	28 April 2011
Educational Qualification	<ul style="list-style-type: none"> Bachelor of Law, Ramkhamhaeng University Barrister, Institute of Legal Education of Bar Association Participated in the Directors Accreditation Program (DAP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2015-Present	Director, BTS Assets Company Limited
2015-Present	Director, Kamkoong Property Company Limited
2014-Present	Director, MHG NPARK development Company Limited
2014-Present	Director, Npark Global Holding Company Limited
2014-Present	Director, Boonbarammee Metta Property Company Limited
2014-Present	Director, Pacific Hotel Chiangmai Company Limited
2014-Present	Director, Pacific Chiangmai Company Limited
2013-Present	Director, Khon Kaen Buri Company Limited
2011-Present	Executive Director, U City Public Company Limited
2011-Present	Director, Natural Hotel Sukhumvit Company Limited
2011-Present	Director, Natural Hotel Panwa Company Limited
2011-Present	Director, Natural Hotel Chaopraya Company Limited
2011-Present	Director, Natural Park Ville Company Limited
2011-Present	Director, Natural Real Estate Company Limited
2011-Present	Director, Park Opera Company Limited
2011-Present	Director, Natural Project Chaopraya Company Limited
2011-Present	Director, Richee Property Management Company Limited
2011-Present	Director, Park Gourmet Company Limited
1988-Present	Legal Counsel, Akirah Co., Ltd.
1998-Present	Legal Counsel, Chaiwat Contruction Co., Ltd.
2013 -2015	Director, K Park Company Limited

Mr. Weerawat Wattanatchariya Age 46	
<ul style="list-style-type: none"> Director (Authorized Director) Executive Director 	
The appointment date	29 November 2007
Educational Qualification	<ul style="list-style-type: none"> J.L. Kellogg Graduate School of Management, Northwestern University, USA Bachelor of Science, Electrical Engineering, Chulalongkorn University Participated in the Directors Accreditation Program (DAP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2014-Present	Director, MHG NPARK Development Company Limited
2014-Present	Director, Npark Global Holding Company Limited
2014-Present	Director, Boonbarammee Metta Property Company Limited
2014-Present	Director, Pacific Hotel Chiangmai Company Limited
2014-Present	Director, Pacific Chiangmai Company Limited
2013-Present	Director, KhonKaenBuri Company Limited
2007-Present	Executive Director, U City Public Company Limited
2007-Present	Director, Natural Hotel Sukhumvit Company Limited
2007-Present	Director, Natural Hotel Chaopraya Company Limited
2007-Present	Director, Natural Project Chaopraya Company Limited
2010-Present	Director, Natural Hotel Panwa Company Limited
2006-Present	Director, Amphawa Restaurants Company Limited
2007-2015	Director, Natural Park Ville Company Limited
2007-2015	Director, Natural Real Estate Company Limited
2007-2015	Director, Park Opera Company Limited
2007-2015	Director, Richee Property Management Company Limited
2007-2015	Director, Park Gourmet Company Limited

Mr. Sumate Sangsiri Age 55	
• Director (Authorized Director)	
The appointment date	29 December 2014
Educational Qualification	<ul style="list-style-type: none"> LL.B. Ramkhamhaeng University, Class of 1983 Advanced Certificate Program in Law, Class of 2007, Law Institute, Lawyers Council of Thailand Participated in the Directors Accreditation Program (DAP) from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2016-Present	Audit Committee, Safari World Public Company Limited
2015-Present	Director, U City Public Company Limited
2002-Present	Managing Director, S.P.K Legal and Business Co., Ltd.
2010-Present	Judging Member, Case Conduction Training Center, Lawyers Council of Thailand Under the Royal Patronage
2003-Present	Member of the Lawyers Conduct Committee, Lawyers Council of Thailand Under the Royal Patronage

Mr. Surayut Thavikulwat, CFA Age 44	
• Director (Authorized Director)	
The appointment date	29 December 2014
Educational Qualification	<ul style="list-style-type: none"> MBA, Ross School of Business, University of Michigan-Ann Arbor, USA BA, Chulalongkorn University Poom Palung Pandin Program (PPP 1) Year 2012, Chulalongkorn University TLCA Executive Development Program (EDP 7) Year 2011, Thai Listed Companies Association How to Develop a Risk Management Plan(HRP) Year 2014, Thai Institute of Directors Participated in the Director Certification Program (DCP) 2016 from Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2011 - Present	Chief Financial Officer, BTS Group Holdings Public Company Limited
2015-Present	Director, U City Public Company Limited
2015-Present	Director, BTS Assets Company Limited
2015-Present	Director, Kamkoong Property Company Limited
2015-Present	Director, Natural Park Ville Company Limited
2015-Present	Director, Natural Real Estate Company Limited
2015-Present	Director, Park Opera Company Limited
2015-Present	Director, Richee Property Management Company Limited
2015-Present	Director, Park Gourmet Company Limited
2014-Present	President of Thai Investor Relations Club,
2014-Present	Board Member, Management Accounting Committee, Federation of Accounting Profession

Mr. Daniel Ross Age 40	
<ul style="list-style-type: none"> Director (Authorized Director) 	
The appointment date	29 December 2014
Educational Qualification	<ul style="list-style-type: none"> Bachelor of Science in Mathematics (First Class Honors) King's College, University of London, United Kingdom. Director Certification Program (DCP) Year 2009, Thai Institute of Directors TLCA Executive Development Program (EDP 14) Year 2014, Thai Listed Companies Association
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2017	Director, Vienna House Capital GmbH
2016-Present	Director, Thirty Three Gracechurch 2
2016-Present	Director, Thirty Three Gracechurch 1
2015-Present	Director, U City Public Company Limited
2015-Present	Director, BTS Assets Company Limited
2015-Present	Director, Kamkoong Property Company Limited
2015-Present	Director, Natural Park Ville Company Limited
2015-Present	Director, Natural Real Estate Company Limited
2015-Present	Director, Park Opera Company Limited
2015-Present	Director, Richee Property Management Company Limited
2015-Present	Director, Park Gourmet Company Limited
2015-Present	Director, Project Green Company Limited
2015-Present	Director, Prime Area 38 Company Limited
2015-Present	Chief Investment Officer, BTS Group Holdings Public Company Limited
2009-Present	Head of Investor Relations, BTS Group Holdings Public Company Limited
2009-2015	Financial Director, BTS Group Holdings Public Company Limited

Mr. Voraphot Chanyakomol Age 49	
<ul style="list-style-type: none"> Director (Authorized Director) Executive Director Chief Financial Officer 	
The appointment date	Chief Financial Officer - 1 May 2015 Director and Executive Committee – 10 May 2016
Educational Qualification	<ul style="list-style-type: none"> MBA, Major of Finance, University of Dallas, Texas, USA BE, Major in Metallurgical Engineering, Chulalongkorn University Director Certification Program (DCP) Year 2016, Thai Institute of Directors Chief Financial Officer Certificate Program (19)
Percentage of Securities holding	Ordinary Share: (U) - 125,721,200 shares (0.022%) Warrant: U-W1 - 200,000,000 units
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2016-Present	Director and Executive Director, U City Public Company Limited
2015–Present	Chief Financial Officer, U City Public Company Limited
2015–Present	Director, BTS Assets Company Limited
2015–Present	Director, Kamkoong Property Company Limited
2015–Present	Director, Natural Park Ville Company Limited
2015–Present	Director, Natural Real Estate Company Limited
2015–Present	Director, Park Opera Company Limited
2015–Present	Director, Richee Property Management Company Limited
2015–Present	Director, Park Gourmet Company Limited
2015–Present	Director, Project Green Company Limited
2015–Present	Director, Prime Area 38 Company Limited
2013 – 2015	Chief Financial Officer, We Retails Public Company Limited
2008 – 2013	Associate Director, Opt Asia Capital Company Limited

Note:

The Board of Directors' Meeting No.3/2016 held on 10 May 2016 has resolved to approve the appointment Mr. Voraphot Chanyakomol as the Company's Director and Executive Office in replacement of Mr. Nakorn Laksanakarn

EXECUTIVES

Ms. Piyaporn Phanachet Age 50	
Chief Executive Officer	
The appointment date	16 January 2017
Educational Qualification	<ul style="list-style-type: none"> Master of Science in Real Estate Development, Massachusetts Institute of Technology (MIT), USA Master of Business Administration (MBA), University of New Hampshire, USA Bachelor of Accounting, Chulalongkorn University Leadership Communication 2016 Certificate, Berkeley Executive Coaching Institute, UC Berkeley
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2010–2017	Managing Director of Asset, Soneva (Former Six Sense Resort and Spa)
2008–Present	Vice Chairman of CPMG, Thailand Management Association
2013-2016	Consultant, Property Management Office of Chulalongkorn University

Note: The Board of Directors' Meeting No.6/2016 held on 7 November 2016 has resolved to approve the appointment Ms.Piyaporn Phanachet as the Chief Executive Officer of the Company effectively on 16 January 2017.

Mr. Veerapong Rodjanawarodom Age 44	
Chief Operation Officer	
The appointment date	1 July 2016
Educational Qualification	<ul style="list-style-type: none"> Master of Business Administration (MBA), Thammasat University Bachelor of Engineer, King Mongkut's Institute of Technology Ladkrabang
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2016-Present	Chief Operation Officer, U City Public Company Limited
2006-2016	Director, TTC Land Company Limited

Note: On 1 July 2016, Mr. Veerapong Rodjanawarodom was appointed to be the Chief Operation Officer of the Company.

Mr. Sayam Siwarapornskul Age 39	
<ul style="list-style-type: none"> Chief Legal Officer Company Secretary 	
The appointment date	Chief Legal Officer -11 January 2016 Company Secretary – 21 September 2016
Educational Qualification	<ul style="list-style-type: none"> Master of Laws (LL.M),Duke University, USA Bachelor of Laws, Chulalongkorn University Director Certification Program (DCP) Year 2016, Thai Institute of Directors
Percentage of Securities holding	None
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2016-Present	Company Secretary, U City Public Company Limited
2016-Present	Chief Legal Officer, U City Public Company Limited
2015–Present	Director, Project Green Company Limited
2015–Present	Director, Prime Area 38 Company Limited
2011-2015	Legal Director, BTS Asset Company Limited

Note: The Board of Directors' Meeting No.5/2016 held on 21 September 2016 has resolved to approve the appointment Mr. Sayam Siwarapornskul as the Company Secretary effectively on 21 September 2016

Ms. Nuttapun Giramethakul Age 51	
<ul style="list-style-type: none"> Vice President, Accounting Department 	
The appointment date	1 January 2016
Educational Qualification	<ul style="list-style-type: none"> Master of Accounting, Thammasat University Bachelor of Accounting, Chulalongkorn University
Percentage of Securities holding	Ordinary Share: (U) 2,000 shares (0.000%)
Relationship with the management	None
Professional Experience for last 5 years	Position/Companies' name
2016-Present	Vice President, Accounting Department , U City Public Company Limited
2001-2015	Senior Vice President

Details on the directors, managements and authorized persons in subsidiary, associated and related companies

Name of Company		Company	Subsidiary Company																	Associated Company					
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		18	19	20	21	
Name of Directors / Managements		U City Pol.	Natural Hotel Sukhumvit Co., Ltd.	Natural Hotel Panwa Co., Ltd.	Natural Hotel Chaopraya Co., Ltd.	Natural Park Villa Co., Ltd.	Natural Real Estate Co., Ltd.	Park Opera Co., Ltd.	Natural Project Chaopraya Co., Ltd.	Richee Property Management Co., Ltd.	Park Gourmet Co., Ltd.	KhonKaen Buri Co., Ltd.	Npark Global Holding Co., Ltd.	Boon baramee Melita Property Co., Ltd.	Pacific Hotel Chiangmai Co., Ltd.	Pacific Chiangmai Co., Ltd.	BTS Assets Co., Ltd.	Kamkoong Property Co., Ltd.	Project Green Co., Ltd.	Prime Area 38 Co., Ltd.	Thirty Three Grace church 1	Thirty Three Grace church 2	Vienna House Capital GmbH	MHG NPARK Development Co., Ltd.	
		1 Mr. Sakthip Krairiksh 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		2 Mr. Chaiwat Atsawintarangkun ³	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		3 Mr. Thavisakdi Tanta-Nanta	///	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		4 Mr. Manu Maniwatana	///	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		5 Mr. Nakorn Laksanakarn ⁴	//	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		6 Mr. Burin Pusiri	//	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-	/
		7 Mr. Weerawat Wattanachariya	//	/	/	-	-	-	-	/	-	-	/	/	/	/	/	-	-	-	-	-	-	-	/
		8 Mr. Sumate Sangsiri	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		9 Mr. Surayut Thavikulwat	/	-	-	/	/	/	/	-	/	/	-	-	-	-	-	/	/	-	-	-	-	-	-
		10 Mr. Daniel Ross	/	-	-	/	/	/	/	-	/	/	-	-	-	-	-	/	/	/	/	/	/	/	-
		11 Mr. Voraphot Chanyakomol	/	-	-	/	/	/	/	-	/	/	/	-	-	-	-	/	/	/	/	-	-	-	-
		12 Ms. Piyaporn Phanachet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		13 Mr. Veerapong Rodjanawarodom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		14 Mr. Sayam Siwarapornskul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-	-	/	-
		15 Ms. Nuttapun Giranethakul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Remarks:

- xxx = Chairman and Independent Director / = Director /// = Executive Director
 xx = Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Independent Director
 /// = Audit Committee, Nomination and Remuneration Committee and Independent Director
- Mr. Sakthip Krairiksh has resigned as the Director of the Company effectively on 4 May 2016.
- The Board of Directors' Meeting No.3/2017 held on 22 March 2017 has resolved to approve the appointment Mr. Chaiwat Atsawintarangkul as the Chairman of the Board of Directors in replacement of Mr. Sakthip Krairiksh effectively on 22 March 2017.
- On 4 May 2016, Mr. Nakorn Laksanakorn has resigned as the Chief Executive Officer, Executive Committee, Director of the Company and Director of Subsidiary as follows: 1) Natural Hotel Sukhumvit Co., Ltd.
 2) Natural Hotel Panwa Co., Ltd. 3) Natural Hotel Chaopraya Co., Ltd. 4) Natural Park Ville Co., Ltd. 5) Natural Project Chaopraya Co., Ltd. 6) Richee Property Management Co., Ltd. 7) Park Gourmet Co., Ltd.
 8) Khonkaenburi Co., Ltd. 9) Npark Global Holding Com., Ltd. 10) Natural Real Estate Co., Ltd. 11) Park Opera Co., Ltd. 12) Boonbaramee Metta Property Co., Ltd. 13) Pacific Hotel Chiangmai Co., Ltd. 14) Pacific Chiangmai Co., Ltd.
 15) BTS Assets Co., Ltd. 16) Kamkoong Property Co., Ltd. effectively on 4 May 2016.

Details on Subsidiaries Executives

Name of Company	Subsidiary Company																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Natural Hotel Sukhumvit Co., Ltd.	Natural Hotel Panwa Co., Ltd.	Natural Hotel Chaopraya Co., Ltd.	Natural Park Ville Co., Ltd.	Natural Real Estate Co., Ltd.	Park Opera Co., Ltd.	Natural Project Chaopraya Management Co., Ltd.	Richee Property Management Co., Ltd.	Park Gourmet Co., Ltd.	KhonKaen Buri Co., Ltd.	Npark Global Holding Co., Ltd.	Boon baramee Metta Property Co., Ltd.	Pacific Hotel Chiangmai Co., Ltd.	Pacific Chiangmai Co., Ltd.	BTS Assets Co., Ltd.	Kamkoong Property Co., Ltd.	Project Green Co., Ltd.
1 Mr. Nakorn Laksanakarn ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Mr. Burin Pusiri	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
3 Mr. Weerawat Wattanatchariya	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
4 Mr. Surayut Thavikulwat	-	-	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/
5 Mr. Daniel Ross	-	-	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/
6 Mr. Voraphot Chanyakomol ³	-	-	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/
7 Mr. Sayam Siwarapornskul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Mrs. Angsana Mankongcharoen	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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1 / = Director

- 2 On 4 May 2016, Mr. Nakorn Laksanakarn has resigned as the Chief Executive Officer, Executive Committee, Director of the Company and Director of Subsidiary as follows: 1) Natural Hotel Sukhumvit Co., Ltd.
2) Natural Hotel Panwa Co., Ltd. 3) Natural Hotel Chaopraya Co., Ltd. 4) Natural Park Ville Co., Ltd. 5) Natural Project Chaopraya Co., Ltd. 6) Richee Property Management Co., Ltd. 7) Park Gourmet Co., Ltd.
8) Khonkaenburi Co., Ltd. 9) Npark Global Holding Com., Ltd. 10) Natural Real Estate Co., Ltd. 11) Park Opera Co., Ltd. 12) Boonbaramee Metta Property Co., Ltd. 13) Pacific Hotel Chiangmai Co., Ltd.
14) Pacific Chiangmai Co., Ltd. 15) BTS Assets Co., Ltd. 16) Kamkoong Property Co., Ltd. effectively on 4 May 2016.
3 On 18 July 2016, the Board of Directors' Meeting of Khon Kaen Buri Co., Ltd has resolved to approve the appointment Mr. Voraphot Chanyakol to be the director in replacement Mr. Nakorn Laksanakarn.

4.5 INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors has set up the Internal Audit Division, which reports to the Audit Committee and has the duty to audit the internal control system in relation to operating processes of various units in 5 areas. The areas are the organization and its environment, risk management, control of the Administrative Division's performance, information and communication system, and operation monitoring system. This allows the Board of Directors to effectively follow up on the Company's operations and ensure that the execution of the main tasks and key financial activities of the Company and its subsidiaries are effective and in compliance with the set guidelines and achieves the policies and objectives as prescribed by the Administrative Division. This also ensures that the Company abides by relevant laws and requirements.

In the Board of Directors' Meeting No. 2/2017 on 7 March 2017, three members of the Audit Committee were also present. The Audit Committee members have accounting and financial knowledge. The Board of Directors assessed the internal control and internal audit systems using the Securities and Exchange Commission's assessment form. The Board of Directors considered and assessed the Company's internal control system in all 5 areas as following Internal Control, Risk Assessment, Control Activities, Information & Data and Monitoring Activities. The Board of Directors are of the opinion that the Company has put in place appropriate and adequate internal control systems to monitor that operations effectively meet targets, objectives and relevant laws and requirements; and are able to prevent property from fraud and damage. In addition, accountings and reports have been prepared correctly and credibly. The results of the assessment of the adequacy of the Company's internal control system in each aspect are summarized below:

Internal Control

The Company has shown its commitment to integrity and ethics. The Board of Directors and the management have prescribed the policy to monitor the business and business ethics in writing, by which each and every person in the organization is to abide. The Board of Directors is independent from the management and has the duty to supervise and develop internal controls. Sound organizational structure and environment have been provided so as to promote effective internal control systems. Everyone is encouraged to recognize the necessity of the internal control systems. Organizational structure has been appropriately designed and duties are clearly determined.

Risk Assessment

Investment in real estate development in various formats has been the Company's core business. The Company therefore mapped out the risk management policy for every person in the organization to be aware of and comply with. The policy identifies the investment decision factors and relevant risk factors, both internal and external which might affect business operations, internal controls as well as financial reports. Investment expected rate of return and fraud opportunities are also identified. Measures and operation plans for handling those risks were drawn up. Progress of projects must be reported to the Board of Directors on a regular basis.

Control Activities

The Company has put in place control measures which bring down the risks of not achieving organizational objectives to an acceptable level. Scope, power, duties and approval limit of high-level executives are fixed in writing. Duties are clearly segregated to provide a cross-check. The Company prescribed the policy on execution of transactions with related persons in order to prevent conflict of interest as per the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. Information system has been employed to assist in achieving targets. Infrastructure of the information system was upgraded and standardized. Security controls were provided for information system as well as the process for proper acquisition, development and maintenance of the information system.

Information & Data

Internal and external data used in operations are quality and relevant data, thus giving the Board of Directors adequate data which is crucial and supportive to their decision making. Invitation and supporting documents are sent out 7 days on average ahead of a meeting, giving directors sufficient time to review them. At each meeting, minutes of the meeting are prepared and completely contain opinions and resolutions of a meeting. Key information is reported to the Board of Directors regularly and the Board of Directors can access information sources necessary for carrying out their duties.

The Company collects sufficient data and information for business operations. Documents are stored by category, particularly accounting documents which are crucial for the preparation of financial reports. Moreover, the Company opens a special communications channel on its website for internal and external persons to report data or clues about fraud or corruption to the Company. Investor relations have been held to communicate key and beneficial data to external interested persons.

Monitoring Activities

The Company has an Internal Audit Division and requires that internal control system be assessed on a regular basis. Internal auditors are to report their audit findings directly to the Audit Committee and to monitor progress of defect improvement and rectification. In particular, any material defect discovered must be reported for consideration and rectification instruction in due course. For quality internal audit works to international standards, the Company encourages internal auditors to attend internal audit professional trainings.

Information of Head of Internal Audit

Any appointment, removal or transfer of the Company's Head of Internal Audit must be approved by the Audit Committee.

Details about Head of Internal Audit of the Company

Name: Ms. Ratkamol Temkasem

Position: Associate Director – Internal Audit

The qualification of Head of Internal Audit

Educational

Degree	Name of Institute	Major Subject
Bachelor's degree	Thammasat University	Accounting
Master's degree	Chulalongkorn University	Financial Accounting

Diploma and Certificates

- Certified Public Accountant of Thailand (CPA)

Work Experience and Training Involved

Work Experience	Training Experience
Company	Courses and Seminars
Ernst & Young Office Limited	Fraud Audit
Fabrinet Company Limited	Information Technology Audit
Thoresen Thai Agencies Public Company Limited	The Internal Audit Risk Management
Raimon Land Public Company Limited	Corporate Risk Management - COSO-ERM
Berli Jucker Public Company Limited	Board of Directors and Internal Audit Management
Laguna Resorts and Hotels Public Company Limited	Internal Audit in Disruptive Technology

4.6 RELATED PARTY TRANSACTION

Related transaction with the person who may have a conflict over the past year and the rationale of such transaction.

In 2016, the Company and its subsidiary had related transaction with natural and/or juristic person who may have a conflict of interest with the Company. The auditor is listed in the Notes to the Consolidated Financial Statements for the year ended 31 December 2016 with the following details:

1) MHG NPARK Development Co., Ltd.

Description of the relation:

The joint-stock company in which the Company holds 50% of registered capital (Paid-up Capital Baht 100 MN), registered its incorporation on 8 August 2014

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
MHG NPARK Development Co., Ltd. took out a long-term loan from the two major shareholders in accordance with the percentage of shareholding to invest in project development.	Financial assistance transaction	-	50,000,000	-	50,000,000	The borrowing is for normal operations, including project development in accordance with the percentage of shareholding and at the interest rate which is lower than the market rate. MHG NPARK Development Co., Ltd. would benefit from financial cost and borrowing without using company's property as collateral.

2) Dnal Co., Ltd.

Description of the relation:

The company is a subsidiary of Unicorn Enterprise Limited, which has the same major shareholder of the Company.

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
U City Public Company Limited lease office space including equipment on the 3 rd floor, zone C, 11th floor, zone B and 20th floor zone B of the TST building from Dnal Co., Ltd., a subsidiary of Unicorn Enterprise Limited.	Office rental transaction, no more than 3 years.	2,218,956.60	88,256.17	4,794,185.67	2,642.90	Rent space including equipment in the space. It is leased to a normal tenant's business premises and is subject to common commercial terms.

3) Bangkok Mass Transit System Public Company Limited

Description of the relation:

The company is a subsidiary of BTS Group Holdings Public Company Limited, which has the same major shareholder of the Company.

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
U City Public Company Limited pays for BTS SkyTrain. The company purchased such services for employees of the Company from Bangkok Mass Transit System Public Company Limited, a subsidiary of BTS Group Holdings Public Company Limited,	Services purchase transaction	-	-	447,273	37,028	The purpose of purchasing BTS service for employees is to enhance the efficiency of the employees. The service fee is subject to the general commercial terms.

4) Bangkok Smartcard System Company Limited

Description of the relation:

The company is a subsidiary of Bangkok Mass Transit System Public Company Limited, which has the same major shareholder of the Company.

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
U City Public Company Limited purchased a BTS SkyTrain pass card from Bangkok Smartcard System Company Limited, a subsidiary of the Company. Bangkok Mass Transit System Public Company Limited	Asset purchase transaction	-	-	79,440	-	The purpose of purchasing Sky train pass card for employees is to enhance the efficiency of the employees. The service fee is subject to the general commercial terms.

5) Absolute Hotel Services Company Limited

Description of the relation:

The company is a subsidiary of Unicorn Enterprise Limited, which has the same major shareholder of the Company.

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
BTS Assets Co., Ltd., a subsidiary of U City Public Company Limited, pays hotel management fees to Absolute Hotel Services Co., Ltd., which is an associate of Unicorn Enterprise. Ltd	Services purchase transaction	18,910,220.77	1,970,183.68	19,714,277.68	1,888,372.41	The payment for hotel management is subject to general commercial terms.

6) Minor Hotel Group Company Limited

Description of the relation:

The company is affiliated with the joint venture company of MHG Park Development Co., Ltd.

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
Khon Kaen Buri Company Limited, a subsidiary of U City Public Company Limited, has paid hotel management fees to Minor Hotel Group Limited, a wholly-owned subsidiary of MHG Park Development Co., Ltd.	Services purchase transaction	-	-	3,381,131.07	420,469.85	The payment for hotel management is subject to general commercial terms.

7) Minor Hotel Group Company Limited

Description of the relation:

The company is affiliated with the joint venture company of MHG Park Development Co., Ltd

Description of transaction	Transaction type	Transaction value (Baht)				Rationale of the transaction
		Transaction value in 2015	Outstanding balance as of 31 Dec. 2015	Transaction value in 2016	Outstanding balance as of 31 Dec. 2016	
Pacific Hotel Chiang Mai Co., Ltd., a subsidiary of the Company. Boonbarammee Metta Property Co., Ltd. pays hotel management fees to Minor Hotel Group, a wholly-owned subsidiary of MHG Park Development. Ltd	Services purchase transaction	16,843,366.00	1,352,487.00	18,840,251.00	5,035,557.34	The payment for hotel management is subject to general commercial terms.

In addition, the Company has transactions with related parties as stated in the notes to the consolidated financial statements of the Company.

Measure or process in approving related transaction

Whereas the Securities and Exchange Act (No. 4) B.E. 2551, which came into force on 31 August 2008, adds provisions under Chapter 3/1, Re: Governance of Publicly Traded Company. Section 89/12(1) provides that a director, an executive or a related person may enter into any transaction with the company or the subsidiary only after obtaining approval from the shareholders' meeting, unless such transaction is with the same commercial terms as those an ordinary person would agree with any counterparty under the similar circumstances, on the basis of commercial negotiation and without any influence resulted from the status of the director, executive or related person, as the case may be, provided further that the said commercial terms have been approved by the board of directors or in compliance with the principle approved by the board of directors.

For the benefit and appropriateness of the Company's operation, the Board's Meeting No. 6/2551 on 14 August 2008 passed an approval for an executive director to execute a transaction between the Company and its subsidiary, and a director, an executive or a related person, if such transaction is with the same commercial terms as those an ordinary person would agree with any counterparty under the similar circumstances, on the basis of commercial negotiation and without any influence resulted from the status of the director, executive or related person. For related transaction in other manner, the Company shall abide by the Securities and Exchange Act (No. 4) B.E. 2551 and the notifications of the Capital Market Supervisory Board, provided that the Company shall present the same to the Board's meeting for joint consideration with the Audit Committee for approval or propose the same to the shareholders' meeting for consideration and approval, as the case may be.

The Company gives importance to consideration of related transactions, thereby prescribing the transaction approval measures in compliance with the criteria and notifications of the Stock Exchange of Thailand strictly. Such transaction must be considered and approved the Board and the Audit Committee. For the Board's meeting in the agenda in which a director has any interest, such director shall not attend the meeting so that the meeting can freely discuss.

In the execution of related transactions, the Company gives importance to rationale of the transactions and utmost benefits of the Company and related person.

Policy and trend of related transactions in the future

The Company has a policy to execute related transactions in the future in accordance with the Company's normal operations and with key attention to the Company's utmost benefits, provided that the prices and conditions are fair. However, in the case where the Company or subsidiary (the company in which the Company holds shares either directly or indirectly over 50 percent of its paid-up capital) has related transaction, the Company must comply with the Securities and Exchange Act (No. 4) B.E. 2551 together with its amendments and relevant notifications of the Capital Market Supervisory Board.

4.7 AUDIT FEE

Annual Audit fee

In the previous accounting period, the Company and its subsidiaries paid audit fee to the auditor of the Company and its subsidiaries in the amount of THB 7,020,000

Non-audit Fee

The Company paid a professional fee to review the fair value of assets and liabilities acquired from the purchase of THB 425,000.

4.8 CORPORATE SOCIAL RESPONSIBILITY POLICY

Our business operation complies with the organizational culture, which emphasizes sustainable business development, including the environment and society. The Company is aware of the importance of social responsibility. We believe that the success of a business is not only determined by performance, we should help to create value for everyone in the community and society as well. The Company is well aware of the importance of environmentally-friendly and cost-effective use of natural resources, and has been deployed to develop new projects by environmental survey on sound and dust pollution both before and during construction. In addition, the Company has a strategic plan for ongoing, sustainable social activities in the long run by raising awareness of the environment and taking into account the environment.

The Company also encourages its employees to be ethical and moral to the Company and all stakeholders. The Company has set a policy as a guideline for environmental and social responsibility to be part of business process management leading to sustainable development including has transparent business practices, and disclose sensitive information in accordance with applicable laws and regulations. We also concern about the benefits to shareholders, employees, community and society, media partners, public customers. Trade competitors, creditors, government agencies and all stakeholders in order to sustainable success together. The guideline as follows:

Practice guideline on social responsibility

(1) Fair business conduct

In order to carry out the Company's businesses smoothly, sustainably and to achieve the objective/strategy of the Company, the Company emphasizes fair business engagement with its clients under the business conditions mutually agreed and strictly in accordance with the customs of business practices. We also fairly act to all concerned stakeholders, such as our shareholders, employees, community and society, clients, media, customers, general people, business competitors, creditors, government agencies and interested parties and we avoid taking actions, which may cause conflict of interest and infringement of intellectual property. Through these commitments the Company will be able to establish fruitful and long-term relationships with stakeholders.

(2) Anti-corruption

The Company adopts the moral and legal principle to carry out the businesses ethically by being transparent and verifiable. The Company has established accounting procedures and standards, including operation systems with clearly separated authorities. In addition, the Company prohibits its directors, executive officers and employees from accepting all forms of dishonest acts or favours, either directly or indirectly, which includes receiving and giving gifts, entertainment, monetary contributions and other benefits from any person or counterparty having business or relations with the Company.

(3) Human right respect

The Company emphasizes its directors, executive officers and employees within the extent permitted by the law without impairing other people's rights. The Company is committed to protect and respect rights and freedoms as prescribed by the Constitution of the Kingdom of Thailand of all stakeholders.

(4) Fairness to employees

The Company is committed to treating its employees on a fair and equal basis. The Company adheres to remuneration principles which are fair and proper. The Company arranges for a safe and sanitary environment for the welfare of employees

in the workplace, and to provide care and protection to its employees within the extent of the law.

(5) Responsibility to consumers

Establishing good relationships with our customers are paramount. The Company shall accomplish this by providing property products and services as agreed and expected while not causing any harm to our customers. The Company also gives information on our products and services which are correct, sufficient and not over-stated. We shall keep confidential customer information and shall not illegally use it for our own benefit or other relevant parties.

(6) Environment protection

The Company is dedicated to the responsible and efficient use of resources and protection of the environment. The Company has created procedures for the analysis of risks and the impact to the environment. By doing so, we are aware of and can address potential environmental issues that may arise. The Company includes processes that reduce electricity consumption, promoting economical water usage, recycling or reusing what would normally be disposed such as paper and plastic bags and reducing paper usage.

(7) Taking part in community and social development

It is essential for businesses to contribute to the improvement of the quality of life, economic welfare and sense of community and society. The Company is determined to be actively involved projects and activities being beneficial to society and community development, whilst encouraging, supporting and organizing employees to participate in charitable and CSR activities.

(8) Development and publication of innovation for socially responsible actions

The Company believes in publishing and informing its aforementioned values, practices and policies to positively influence stakeholders. This includes sharing innovative practices and lessons that would allow others to adopt or follow.

Guidelines and Activities for CSR Activities

The Company focuses on CSR activities within the normal process of business operation in accordance with ethics and code of conduct, which means social responsibility activities, environment and the Company is a part of every employee's responsibility and responsibility to the employees assigned by the Company, so that "social responsibility" is cultivated into every employee.

In addition, the Company is confident that the development of sustainable business organizations will be able to generate appropriate returns and growth for the shareholders. The Company will also need to develop itself as a good example company by creating activities that are beneficial to the public including make employees work happily and promoting as well as preserving the environment along with business operations. The Company is committed to develop sustainable business along with society, culture and environment as follows.

(1) Responsibility for the operation

The Company is committed to corporate social responsibility, which is reflexed from what the Company concerning on effect to all stakeholders such as investors, employees, customers, suppliers, business partners, government officials and others related to the company by

- 1.1 Establish ethical values of fair business in accordance with the Code of conduct.
- 1.2 Taking into account of the safety and health of employees including loyalty, trust, and work in harmony.
- 1.3 Transparency disclosure by providing that is reliable and verifiable information which are committed to the best interests to all stakeholders.

Goals and accomplishments

1. Create a positive attitude, confidence and credibility to the reputation and good image of the Company to society.
2. Establish a good relationship with all stakeholders of the Company in the long run.
3. Operate for the benefit and efficiency of good work and creates a continuous benefit to all stakeholders of the Company.

(2) Environmental care practices

The Company encourages and creates good habits for its employees to use material and equipment with care and realization of the best benefit according to His Majesty's philosophy on "Sufficiency Economy", by taking into account on sustainable resources and creates less damage both direct and indirect to the environment as follows:

- 1.1 To use it economically and use it sparingly to keep resources up and running for the most benefit.
- 1.2 To recycle and reuse of some items once they can be reused such as plastic bags, paper, etc., which reduces the consuming of resources and environmental degradation.
- 1.3 To restore all items upon prolonged use may cause damage. Therefore, renovations can continue to extend usage life and cost of purchasing new equipment.
- 1.4 Surveillance and protection to avoiding wasteful use of natural resources and the environment, such as garbage dump monitoring, turn off electricity when not in use and use water economically.

Goals and accomplishments

1. To encourage employees to be conscious social and environment.
2. To create "Sufficiency Economy Values" to employees and to use resources economically.
3. Reduce the amount of paper purchased in the office by encourage to reuse the paper

(3) Practice for community and social development

The Company encourages employees to do volunteer and allow employees to contribute, donate, help the community and society, regardless of the day they are absent. To raise awareness of community and social development. In addition to working within the organization by organizing community development activities.

4.9 HUMAN RESOURCE AND POLICY

The Company values all employees. Human resources development is regarded as a key investment maintaining competitiveness and achieving overall goals. All our employees at all levels will be continuously encouraged to grow their capabilities and build on their successes and are through active engagement with supervisors and management and skills training. The Company is focused on rewarding merit, cooperation and teamwork.

Human Resources Management are committed to integrity, regulations and corporations within. We are committed to attracting, developing and retaining talented and dedicated people by:

- Equal opportunity for employees at all levels
- Recruiting and retaining people of all backgrounds
- Providing a stimulating career with training, education and growth opportunities
- Providing safety workplace
- Providing fair policy on remuneration
- Promoting ongoing communication

Employee

The Company had a total of 77 employees as of December 31, 2016. The Company provided compensation to employees in accordance with the Company's operating results. The compensation consists of salaries, bonuses, overtime, dutiable allowances, provincial allowances, social security and provident fund contributions in the year 2016 totaling THB 70.3 million.

Employee Benefits

In addition to salaries and bonuses, the Company also provides provident funds to employees as the additional benefits to employees.



5. FINANCIAL REPORT

5.1 REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENT

The Board of Directors is responsible for the financial statements of U City Public Company Limited and its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand. The appropriate accounting policies are pursued and applied consistently with adequate disclosure of important information in the Notes of Financial Statements. The Board of Directors has prepared the internal control system in order to prevent any dishonest or irregular activities. Also this is to ensure reasonably conducted in normal business practices and will make most benefits. The opinion of the Audit Committee is reported in the Report of the Audit Committee in this annual report.

Therefore, the Board of Directors considered the overall internal control system of the Company and its subsidiaries was at satisfactory level and believed the financial statements of the Company and its subsidiaries as of 31 December 2016 have been prepared in accordance with generally accepted accounting standards and related laws and regulations. The audit has given an unconditional opinion on this matter as shown in Note 31.2 c) to the financial statements, in connection with the problem with government agency's delivery to the subsidiary of the construction site on royal land under the Rong Pasee Roi Chak Sam Royal Land Development Project. The subsidiary has continually requested the government agency to deliver the construction site, and to approve extensions of the "project management period" and "rental period", and in December 2015, filed a lawsuit against the government agency with the Central Administrative Court. Currently, the case is in the process of being considered by the Central Administrative Court.

In addition, the auditors also give importance to the examination of significant issues such as: Business combination as discussed in Note 12 to the financial statements regarding the acquisition of investment in a subsidiary, revenue recognition from hotel operations which generate 88 percent of total revenue of the Group's revenue, impairment of goodwill as discussed in Note 12, impairment of investment properties and property, plant and equipment as discussed in Note 16 and Note 17 and Impairment of investments in subsidiaries as discussed in Note 12.

The Company's policy continues to focus on the strategy for "Development and Management for Sustainable Profitability" covers land developments, project management and the enhancement of corporate assets among changing trend and external factors in order to compete with other operators and cope with fluctuating economic situations. This is to ensure business operation with stability and to boost the potential of existing real estate projects in generating proper profitability over a long run.

(Mr. Burin Pusiri)

Executive Director

(Mr. Voraphot Chanyakomol)

Executive Director and Chief Financial Officer

5.2 REPORT OF THE AUDIT COMMITTEE

To the Shareholders of U City Public Company Limited

The Audit Committee of U City Public Company Limited comprises 3 independent directors: Mr. Chaiwat Atsawintarangkun as Chairman of the Audit Committee, Mr. Thavisakdi Tanta-Nanta and Mr. Manu Maniwatana as Audit Committee Members. Besides, at least one member of the Audit Committee has knowledge and experience in reviewing financial statements.

The Audit Committee has performed works under the scope of duties and responsibilities as entrusted by the Company's Board of Directors in compliance with the requirements stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. In 2016, the Audit Committee held 5 meetings. Audit Committee all attended the meeting fully every time and a meeting with management, external and internal auditors as suitable including a meeting with external auditors without management, which can be summarized as follows:

1. Review company's financial statements: The Audit Committee reviewed U City Public Company Limited's quarterly and annual financial statements as well as the consolidated financial statements for 2016, which inquire to management and external auditor about the accuracy and completeness of the financial statements and the adequacy of financial disclosure. The Committee concluded agree with external auditor that the financial statements were in accordance with all legally defined accounting principles and were adequately and promptly disclosed for the benefit of shareholders, investors and users of such statements for the purposes of making informed investment decisions.
2. Review an adequately of internal control system: The Audit Committee reviewed internal control system from the internal audit report and consulted with external auditor for evaluated internal control systems based on guidelines from the office of the Securities and Exchange Commission. The Committee concluded agree with external auditor that no any concerned or significant errors discovered.
3. Overseeing the Internal Audit Department: The Audit Committee has reviewed and approved annual audit plan, followed up audit plan, reviewed audit report and suggested to improve the concerned areas as a good corporate governance and efficiently internal control, also reviewed staff's training plan. The Committee concluded that internal control systems were adequate including to improve audit performance both internal auditor and audit methodology. Moreover, The Audit Committee advise the training to improve internal audit performance especially in the business knowledge.
4. Adherence to legal and regulations: The Audit Committee determined that the company's operations were in compliance with regulations of The Securities and Exchange Commission, The Stock Exchange of Thailand and other relevant laws which concerned as company's business also no significant issues regarding the non-compliance with the law, terms and obligations that the Company has with outsiders.
5. Conclude the related transaction or conflict of interest transactions: The Audit Committee concluded that the quarterly and annually transactions were fair and without conflict of interest. Audit Committee views that such transactions were reasonable and beneficial to the Company in overall and were adequately and promptly disclosed to the public.
6. Consideration to nominate the external auditor for 2017: The Audit Committee concluded that Mr.Narong Pantawong, external auditor license number 3315 and/or Mr. Supachai Phanyawattano, external auditor license number 3930 and/or Ms.Siraporn Auyanunkul, external auditor license number 3844, from EY Company Limited to be appointed as the official company's external auditor for 2017 then proposed to Board of Director to consideration and approval for nominate and approve annual audit fee at the general shareholders meeting 2017.

The Audit Committee has performed works under the scope of duties and responsibilities as entrusted by the Company's Board of Directors with knowledge and independent in reviewing financial statements with no limitation in information from managements, employees and concerning parties.

In summary, the Audit Committee has considered and given the opinion that the financial statement of the Company was prepared in conformity under generally accepted accounting principles with complete Information disclosure, the effective and adequate internal control system risk management and any action of the Company comply with the law, rule and regulation relating to the Company's business and compliance with good corporate governance principles.

On behalf of Audit Committee



(Mr. Chaiwat Atsawintarangkun)
Chairman of the Audit Committee
7 March 2017

5.3 INDEPENDENT AUDITOR'S REPORT

To the Shareholders of U City Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of U City Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, 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 U City 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 U City Public Company Limited and its subsidiaries and of U City Public Company Limited as at 31 December 2016, 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 under the Royal Patronage of His Majesty the King 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.

Emphasis of matter

I draw attention to Note 31.2 c) to the financial statements, in connection with the problem with government agency's delivery to the subsidiary of the construction site on royal land under the Rong Pasee Roi Chak Sam Royal Land Development Project. The subsidiary has continually requested the government agency to deliver the construction site, and to approve extensions of the "project management period" and "rental period", and in December 2015, filed a lawsuit against the government agency with the Central Administrative Court. Currently, the case is in the process of being considered by the Central Administrative Court. My opinion is not qualified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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.

Business combination

As discussed in Note 12 to the financial statements regarding the acquisition of investment in a subsidiary, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2017, and the amount recorded as at 31 December 2016 may change. I have focused on this business acquisition since it is material to the financial statements as a whole, and in fact no valuation of the business as a separate entity has yet been carried out. In addition, given the nature of the industry, the management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition. Therefore, there is a risk with respect to the recognition of the assets acquired and liabilities assumed, including initial difference on the acquisition.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. I checked the value of the acquisition against supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include the acquisition-related costs, I tested the calculation and considered the reason for the initial difference on acquisition recognised from the business combination and reviewed the disclosures related to the business combination in the notes to financial statements.

Revenue recognition from hotel operations

The Group's revenue from hotel operations accounted for 88 percent of total revenue and is derived from recurring daily transactions. It includes revenue from rooms, food and beverages and related services. In addition, the economic slowdown has directly resulted in more intense competition in the hotel industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the accuracy and timing of revenue recognition in the Group's financial statements by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual revenues transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenues transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

As discussed in Note 12 to the financial statements, impairment assessment on goodwill is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by the Group's management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. In addition, I assessed the adequacy and the appropriateness of the disclosure of information relating to impairment assessment on goodwill in the notes to the financial statements.

Impairment of investment properties and property, plant and equipment

As discussed in Note 16 and Note 17 to the financial statements, the balances of the investment properties and the property, plant and equipment used in the business operations are material to the financial statements of the Group, representing 29% and 27% of total assets, respectively. I therefore focused on auditing and considering the impairment of such assets to ensure that the book values of the assets do not exceed their recoverable amounts. The determination of the provision for impairment of assets requires management to exercise significant judgment with respect to the projections of future operating performance and the assessment of future plans, including the determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on the assets.

I assessed the management's identification of cash generating units and selection of a financial model, according to the type of asset, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following items.

- The assumptions applied in preparing 5-year plans and cash flow projections of the Group, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections, and comparison of the long-term growth rate of the Group with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by the independent valuer or the Group's management in calculating the fair value of assets.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecast. In addition, I reviewed the disclosure of information relating to the estimation of impairment of the assets in the notes to the financial statements.

Impairment of investments in subsidiaries

As discussed in Note 12 to the financial statements, the Company set aside provision for loss on diminution in value of investments in subsidiaries totaling Baht 1,105 million, which is significant to the statement of financial position. In considering the impairment loss, the management had to exercise significant judgment with respect to the subsidiaries' projections of future operating performance and the determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of provision for impairment of investments in subsidiaries.

I assessed the subsidiaries' projections of future operating performance and the financial model prepared by the management and evaluated whether they were consistent with the nature of business operations of the subsidiaries. In addition, I gained an understanding of and assessed the following matters.

- The assumptions applied in preparing 5-year plans and cash flow projections for the subsidiaries, based on the understanding I gained of the process by which the figures were arrived at; comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections, and comparison of the long-term growth rate of subsidiaries with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by the independent valuer or management in calculating the fair value of investments.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts. In addition, I reviewed the disclosure of information relating to the estimation of impairment of the investments in subsidiaries in the notes to the financial statements.

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 judgment 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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Siraporn Ouaanunkun

Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

EY Office Limited

Bangkok: 7 February 2017

5.4 FINANCIAL STATEMENTS

Statement of Financial Position

U City Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	310,467,372	2,082,152,454	143,589,165	1,842,476,116
Current investments	8	309,813,520	1,834,329,596	13,681,182	1,735,901,141
Trade and other receivables	9	152,909,482	54,478,805	1,524,414	2,521,964
Inventories		12,949,550	13,972,132	-	-
Real estate projects under development	10	3,938,109,345	2,387,524,871	921,396,501	905,817,879
Deposits for purchase of land and construction		-	275,880,000	-	275,880,000
Other current assets		60,497,053	62,355,790	17,912,578	26,740,704
Total current assets		4,784,746,322	6,710,693,648	1,098,103,840	4,789,337,804
Non-current assets					
Restricted deposits	11	55,492,080	55,065,328	327,775	408,192
Long-term loans to related parties and interest receivables	6	50,418,853	50,223,476	5,539,071,148	4,760,147,748
Investments in subsidiaries	12	-	-	15,589,985,459	10,146,800,728
Investment in associate	13	54,863,360	45,596,345	49,999,970	49,999,970
Other long-term investments	14	501,936,811	217,805	501,936,811	217,805
Land and project awaiting development	15	2,657,829,874	1,299,368,447	936,499,200	689,179,200
Investment properties	16	7,216,208,333	5,529,046,318	-	-
Property, plant and equipment	17	6,864,961,046	7,028,414,317	20,924,360	25,026,477
Leasehold rights	18	1,816,501,942	80,644,793	-	-
Intangible assets	19	14,327,212	13,677,183	8,170,520	8,208,295
Goodwill	12	1,158,192,399	1,158,192,399	-	-
Deposits		-	12,000,000	-	-
Other non-current assets		9,635,503	12,045,176	3,519,615	4,117,542
Total non-current assets		20,400,367,413	15,284,491,587	22,650,434,858	15,684,105,957
Total assets		25,185,113,735	21,995,185,235	23,748,538,698	20,473,443,761

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

Statement of Financial Position (Continued)

U City Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution and interest payable	20	3,537,736,105	-	3,537,736,105	-
Trade and other payables	21	214,374,142	144,375,826	75,691,857	33,191,592
Current portion of liabilities under debt restructuring agreements	22	18,928,738	10,161,782	-	-
Current portion of liabilities under finance lease agreements		225,328	2,358,036	225,328	1,734,516
Deposits and advances received		72,876,914	28,545,726	6,670,253	10,566,327
Estimated amount of interest in the net assets value over purchase cost	12	29,868,804	-	-	-
Other current liabilities		68,926,140	58,369,154	3,658,986	5,063,007
Total current liabilities		3,942,936,171	243,810,524	3,623,982,529	50,555,442
Non-current liabilities					
Liabilities under debt restructuring agreements - net of current portion	22	1,167,981,166	1,186,909,904	-	-
Provision for long-term employee benefits	23	30,947,288	24,247,164	16,555,647	9,967,616
Income tax payable		4,547,160	3,887,932	-	-
Deferred tax liabilities	27	851,605,231	849,816,744	-	542,079
Long-term provisions	24	320,504,960	245,000,000	-	-
Other non-current liabilities		4,152,567	4,152,567	-	-
Total non-current liabilities		2,379,738,372	2,314,014,311	16,555,647	10,509,695
Total liabilities		6,322,674,543	2,557,824,835	3,640,538,176	61,065,137

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

Statement of Financial Position (Continued)

U City Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Shareholders' equity				
Share capital				
Registered				
861,413,132,646 ordinary shares of Baht 1 each	861,413,132,646	861,413,132,646	861,413,132,646	861,413,132,646
Issued and fully paid-up				
561,362,298,976 ordinary shares of Baht 1 each	561,362,298,976	561,362,298,976	561,362,298,976	561,362,298,976
Share discount	(533,401,378,585)	(533,401,378,585)	(533,401,378,585)	(533,401,378,585)
Deficit	(8,841,271,064)	(8,526,511,378)	(7,763,613,113)	(7,550,710,082)
Other components of shareholders' equity	(257,593,465)	2,511,080	(89,306,756)	2,168,315
Equity attributable to owners of the Company	18,862,055,862	19,436,920,093	20,108,000,522	20,412,378,624
Non-controlling interests of the subsidiaries	383,330	440,307	-	-
Total shareholders' equity	18,862,439,192	19,437,360,400	20,108,000,522	20,412,378,624
Total liabilities and shareholders' equity	25,185,113,735	21,995,185,235	23,748,538,698	20,473,443,761
	-	-	-	-

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

Statement of Comprehensive Income

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Continued operation					
Profit or loss:					
Revenues					
Revenue from hotel operation		1,027,064,708	806,442,925	-	-
Revenue from sale of real estate		-	158,708,000	-	158,708,000
Rental income		62,786,068	-	-	-
Other income					
Dividend income		22,185,655	33,958,352	22,185,655	33,958,352
Interest income		6,304,498	57,981,030	147,263,126	177,592,352
Gain on sales of assets		447,645	151,658,450	448,470	151,658,450
Others		46,096,431	49,424,039	24,330,925	29,534,042
Total revenues		1,164,885,005	1,258,172,796	194,228,176	551,451,196
Expenses					
Cost of hotel operation		363,441,942	299,837,216	-	-
Cost of sale of real estate		-	83,849,701	-	83,849,701
Cost of rental		3,068,613	-	-	-
Selling and servicing expenses		113,057,522	85,182,835	-	1,391,761
Administrative expenses		647,721,043	429,758,018	239,049,671	145,905,539
Depreciation and amortisation		207,424,584	194,005,720	4,358,670	10,426,095
Loss on sales and changes in value of current investments		8	-	249,191,861	-
Loss on impairment of investments		12	-	-	111,015,269
Loss on impairment of assets			-	62,269,957	-
Total expenses		1,334,713,704	1,404,095,308	354,423,610	638,322,082
Loss before share of profit (loss) from investment in associate,					
finance cost and income tax expenses			(169,828,699)	(145,922,512)	(160,195,434)
Share of profit (loss) from investment in associate		13	9,267,015	(2,562,129)	-
Loss before finance cost and income tax expenses			(160,561,684)	(148,484,641)	(160,195,434)
Finance cost			(130,635,494)	(124,632,315)	(52,707,597)
Loss before income tax expenses			(291,197,178)	(273,116,956)	(212,903,031)
Income tax expenses		27	(23,619,485)	(10,275,532)	-
Loss from continued operation for the year			(314,816,663)	(283,392,488)	(212,903,031)
Discontinued operation					
Profit from discontinued operation for the year			-	6,249,002	-
Loss for the year			(314,816,663)	(277,143,486)	(212,903,031)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent years					
Exchange differences on translation of financial statements in foreign currency			(168,483,948)	(2,173,061)	-
Gain (loss) on changes in value of available-for-sale investments, net of income tax			(91,620,597)	2,880,463	(91,475,071)
Other comprehensive income to be reclassified to profit or loss in subsequent years			(260,104,545)	707,402	(91,475,071)
Other comprehensive income not to be reclassified to profit or loss in subsequent years					
Actuarial gain			-	18,016,839	-
Other comprehensive income not to be reclassified to profit or loss in subsequent years			-	18,016,839	-
Other comprehensive income for the year			(260,104,545)	18,724,241	(91,475,071)
Total comprehensive income for the year			(574,921,208)	(258,419,245)	(304,378,102)

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

Statement of Comprehensive Income (Continued)

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit attributable to					
Equity holders of the Company					
Loss from continued operation		(314,759,686)	(283,235,660)	(212,903,031)	(87,113,266)
Profit from discontinued operation		-	6,361,002	-	6,352,187
		<u>(314,759,686)</u>	<u>(276,874,658)</u>	<u>(212,903,031)</u>	<u>(80,761,079)</u>
Non-controlling interests of the subsidiaries					
Loss from continued operation		(56,977)	(156,828)		
Loss from discontinued operation		-	(112,000)		
		<u>(56,977)</u>	<u>(268,828)</u>		
		<u>(314,816,663)</u>	<u>(277,143,486)</u>		
Total comprehensive income attributable to					
Equity holders of the Company					
Total comprehensive income from continued operation		(574,864,231)	(264,511,419)	(304,378,102)	(80,890,763)
Total comprehensive income from discontinued operation		-	6,361,002	-	6,352,187
		<u>(574,864,231)</u>	<u>(258,150,417)</u>	<u>(304,378,102)</u>	<u>(74,538,576)</u>
Non-controlling interests of the subsidiaries					
Total comprehensive income from continued operation		(56,977)	(156,828)		
Total comprehensive income from discontinued operation		-	(112,000)		
		<u>(56,977)</u>	<u>(268,828)</u>		
		<u>(574,921,208)</u>	<u>(258,419,245)</u>		
Earnings per share	28				
Basic earnings per share					
Loss attributable to equity holders of the Company		(0.000561)	(0.000552)	(0.000379)	(0.000161)
Earnings per share from continued operation	28				
Basic earnings per share					
Loss attributable to equity holders of the Company		<u>(0.000561)</u>	<u>(0.000565)</u>	<u>(0.000379)</u>	<u>(0.000174)</u>

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

Cash Flow Statement

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Loss before tax	(291,197,178)	(273,116,956)	(212,903,031)	(87,113,266)
Plus profit before tax from discontinued operation	-	6,249,002	-	6,352,187
Loss before tax	(291,197,178)	(266,867,954)	(212,903,031)	(80,761,079)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Share of (gain) loss from investment in associate	(9,267,015)	2,562,129	-	-
Depreciation and amortisation	207,424,584	205,705,214	4,358,670	15,619,456
Loss on impairment of investments in subsidiaries	-	-	111,015,269	85,474,668
Allowance for long-term provision	14,929,938	4,237,216	-	-
Allowance for doubtful account (reversal)	-	(14,733,485)	(518,470)	(14,733,485)
Unrealised loss (gain) on exchange rate	(213,642)	929,631	-	-
Provision for long-term employee benefits	6,700,124	11,559,000	2,491,448	2,038,445
Loss on allowance for impairment of assets	-	62,269,957	-	62,082,457
Gain on sales of investments in subsidiaries	-	(12,712,126)	-	-
Gain on sales of assets	(447,644)	(151,658,450)	(448,469)	(151,658,450)
Loss on write-off of assets	3,547,125	28,425,802	-	-
Loss (gain) on sales of current investments	(20,316,331)	7,449,713	(17,434,041)	7,449,713
Unrealised loss on changes in value of current investments	-	241,742,148	-	241,742,148
Gain on sales of other long-term investments	(5,257,900)	-	(5,257,900)	-
Dividend income	(22,185,655)	(33,958,352)	(22,185,655)	(33,958,352)
Interest income	(6,304,498)	(57,981,030)	(147,263,126)	(177,592,352)
Interest expenses	128,675,172	124,632,315	50,722,940	242,380
Profit (loss) from operating activities before changes in operating assets and liabilities	6,087,080	151,601,728	(237,422,365)	(44,054,451)
Decrease (increase) in operating assets				
Trade and other receivables	(99,615,326)	60,851,939	(206,773)	83,347,429
Inventories	1,022,582	3,045,825	-	-
Real estate projects under development	(1,274,704,474)	(322,013,779)	(15,578,622)	(109,994,278)
Deposits for purchase of land and constructions	-	972,503,493	-	1,470,391,993
Other current assets	1,591,715	8,994,847	7,865,593	417,159
Other non-current assets	2,409,673	(2,709,106)	597,927	6,774,254
Increase (decrease) in operating liabilities				
Trade and other payables	63,264,541	(42,497,914)	42,500,265	16,935,886
Deposits and advances received	44,331,188	(79,731,122)	(3,896,074)	(91,883,731)
Other current liabilities	10,556,986	(1,751,182)	(1,404,023)	(646,256)
Provision for long-term employee benefits	-	(838,789)	4,096,583	-
Other non-current liabilities	(933,040)	(553,960)	-	-
Cash from (used in) operating activities	(1,245,989,075)	746,901,980	(203,447,489)	1,331,288,005
Cash paid for interest expenses	(127,748,676)	(77,184,729)	(50,286,834)	(242,380)
Cash paid for income tax	(22,402,682)	(39,025,039)	(2,149,192)	(7,403,034)
Cash received from withholding tax refund	2,954,938	-	2,954,938	-
Net cash from (used in) operating activities	(1,393,185,495)	630,692,212	(252,928,577)	1,323,642,591

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

Cash Flow Statement (Continued)

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in current investments	922,315,962	1,772,438,410	1,117,319,463	1,870,335,863
Decrease (increase) in restricted deposits	(426,752)	62,476,531	80,417	(6,192)
Decrease (increase) in long-term loans to related parties	-	-	(2,563,221,513)	(1,925,025,707)
Cash received from interest	7,293,770	40,116,124	217,264,033	40,898,341
Cash paid for purchases of investments in subsidiaries	(3,439,084,979)	-	(3,562,299,999)	(85,000,000)
Cash received from sales of investments in subsidiaries	-	48,320,790	-	2,506,360
Cash received from sales of other long-term investments	33,856,280	237,739,980	33,856,280	237,739,980
Cash paid for purchases of land and project awaiting development	(1,410,463,586)	(1,071,914,449)	(247,320,000)	(686,670,000)
Cash received from sales of land and project awaiting development	64,002,159	-	-	-
Cash paid for purchases of investment properties	(72,234,356)	(8,925,191)	-	(581,625)
Cash received from sales of investment properties	-	119,092,752	-	119,092,752
Cash paid for purchases of property, plant and equipment	(28,539,543)	(39,860,859)	(593,452)	(1,695,431)
Cash received from sales of property, plant and equipment	1,232,912	3,266,256	1,226,488	3,266,256
Cash received from sales of leasehold rights	-	28,165,046	-	28,165,046
Cash paid for purchases of intangible assets	(2,502,909)	(259,721)	(403,345)	(222,151)
Dividend received	22,185,655	33,618,352	22,185,654	33,618,352
Net cash from (used in) investing activities	(3,902,365,387)	1,224,274,021	(4,981,905,974)	(363,578,156)
Cash flows from financing activities				
Cash received from short-term loan from financial institution	-	-	-	-
Increase in short-term loans from related individual	-	45,917,000	-	-
Repayment of liabilities under debt restructuring agreements	(10,161,782)	(8,099,715)	-	-
Repayment of liabilities under finance lease agreements	(1,975,920)	(4,066,942)	(1,352,400)	(2,660,012)
Repayment of long-term loans	-	(904,837,862)	-	-
Net cash from (used in) financing activities	3,525,162,298	(871,087,519)	3,535,947,600	(2,660,012)
Decrease in translation adjustment	(1,296,498)	(2,173,061)	-	-
Net increase (decrease) cash and cash equivalents	(1,771,685,082)	981,705,653	(1,698,886,951)	957,404,423
Cash and cash equivalents - beginning of the year	2,082,152,454	999,309,428	1,842,476,116	885,071,693
Cash and cash equivalents of subsidiaries at acquisition date	-	101,137,373	-	-
Cash and cash equivalents - end of the year	310,467,372	2,082,152,454	143,589,165	1,842,476,116
Supplemental disclosures of cash flows information				
Non-cash item				
Transfer current investments to other long-term investments	619,633,526	-	619,633,526	-
Settle receivables from sales of investment properties with trade and other payables	-	13,522,899	-	13,522,899
Settle receivables from sales of investment properties with other current liabilities	-	4,152,349	-	4,152,349
Increase in share capital of the Company for acquisition of investment in subsidiaries	-	9,468,845,000	-	9,468,845,000
Conversion of long-term loans to ordinary shares	-	-	1,991,900,000	-
Transfer property, plant and equipment to real estate projects under development	-	41,303,902	-	-
Transfer property, plant and equipment to land and project awaiting development	-	6,026,916	-	2,509,200
Transfer property, plant and equipment to investment properties	-	3,399,486	-	-
Transfer deposits for purchase of land and construction to real estate projects under development	275,880,000	620,888,500	-	123,000,000
Transfer deposits for purchase of land and construction to long-term loan to related parties	-	-	275,880,000	-
Transfer deposits for purchase of land and construction to land and project awaiting development	12,000,000	-	-	-
Transfer real estate projects under development to property, plant and equipment	-	1,552,464	-	1,552,464
Transfer intangible assets to property, plant and equipment	185,228	771,544	-	541,286
Transfer land and project awaiting development to real estate projects under development	-	730,495,089	-	-
Increase in investment properties from change in assumptions adjustment of long-term provision	61,508,060	9,762,784	-	-

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

Statement of Changes in Shareholders' Equity

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company										
	Other components of equity										
	Other comprehensive income										
	Exchange differences on translation of financial statements in foreign currency										
Issued and fully paid-up share capital	Share discount	Deficit	financial statements in foreign currency	Surplus (deficit) on changes in value of investments	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity			
Balance as at 1 January 2015	361,275,421,764	(342,783,346,373)	(8,267,653,559)	2,890,061	(369,383)	2,520,678	10,226,942,510	2,173,659	10,229,116,169		
Loss for the year	-	-	(276,874,658)	-	-	-	(276,874,658)	(268,828)	(277,143,486)		
Other comprehensive income for the year	-	-	18,016,839	(2,173,061)	2,880,463	707,402	18,724,241	-	18,724,241		
Total comprehensive income for the year	-	-	(258,857,819)	(2,173,061)	2,880,463	707,402	(258,150,417)	(268,828)	(258,419,245)		
Issuance of ordinary shares	200,086,877,212	(190,618,032,212)	-	-	-	-	9,468,845,000	-	9,468,845,000		
Sales of investments in subsidiaries	-	-	-	(717,000)	-	(717,000)	(717,000)	(1,464,524)	(2,181,524)		
Balance as at 31 December 2015	561,362,298,976	(533,401,378,585)	(8,526,511,378)	-	2,511,080	2,511,080	19,436,920,093	440,307	19,437,360,400		
Balance as at 1 January 2016	561,362,298,976	(533,401,378,585)	(8,526,511,378)	-	2,511,080	2,511,080	19,436,920,093	440,307	19,437,360,400		
Loss for the year	-	-	(314,759,686)	-	-	-	(314,759,686)	(56,977)	(314,816,663)		
Other comprehensive income for the year	-	-	-	(168,483,948)	(91,620,597)	(260,104,545)	(260,104,545)	-	(260,104,545)		
Total comprehensive income for the year	-	-	(314,759,686)	(168,483,948)	(91,620,597)	(260,104,545)	(574,864,231)	(56,977)	(574,921,208)		
Balance as at 31 December 2016	561,362,298,976	(533,401,378,585)	(8,841,271,064)	(168,483,948)	(89,109,517)	(257,593,465)	18,862,055,862	383,330	18,862,439,192		

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

Statement of Changes in Shareholders' Equity (Continued)

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

	Separate financial statements						(Unit: Baht)
	Other components of equity						
	Issued and fully paid-up share capital	Share discount	Deficit	Other		Total shareholders' equity	
				comprehensive income	Total		
Balance as at 1 January 2015	361,275,421,764	(342,783,346,373)	(7,473,633,808)	(369,383)	(369,383)	11,018,072,200	
Loss for the year	-	-	(80,761,079)	-	-	(80,761,079)	
Other comprehensive income for the year	-	-	3,684,805	2,537,698	2,537,698	6,222,503	
Total comprehensive income for the year	-	-	(77,076,274)	2,537,698	2,537,698	(74,538,576)	
Issuance of ordinary shares	200,086,877,212	(190,618,032,212)	-	-	-	9,468,845,000	
Balance as at 31 December 2015	561,362,298,976	(533,401,378,585)	(7,550,710,082)	2,168,315	2,168,315	20,412,378,624	
Balance as at 1 January 2016	561,362,298,976	(533,401,378,585)	(7,550,710,082)	2,168,315	2,168,315	-	
Loss for the year	-	-	(212,903,031)	-	-	(212,903,031)	
Other comprehensive income for the year	-	-	-	(91,475,071)	(91,475,071)	(91,475,071)	
Total comprehensive income for the year	-	-	(212,903,031)	(91,475,071)	(91,475,071)	(304,378,102)	
Balance as at 31 December 2016	561,362,298,976	(533,401,378,585)	(7,763,613,113)	(89,306,756)	(89,306,756)	20,108,000,522	

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

5.5 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

1. General information

U City Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in real estate development business. The registered office of the Company is at 21, TST Tower, Soi Choei Phuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, 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 28 September 2011, 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 the Company and the following subsidiary companies:

Company's name	Nature of business	Country of incorporati on	Percentage of shareholding	
			<u>2016</u>	<u>2015</u>
			Percent	Percent
<u>Subsidiaries directly owned by the Company</u>				
Park Opera Company Limited	Dormancy	Thailand	100.0	100.0
Natural Real Estate Company Limited	Dormancy	Thailand	100.0	100.0
Natural Park Ville Company Limited	Dormancy	Thailand	100.0	100.0
Richee Property Management Company Limited	Dormancy	Thailand	99.9	99.9
Natural Project Chao Phraya Company Limited	Property development	Thailand	99.9	99.9
Natural Hotel Sukhumvit Company Limited	Dormancy	Thailand	64.9	64.9
Park Gourmet Company Limited	Dormancy	Thailand	100.0	100.0
Natural Hotel Panwa Company Limited	Dormancy	Thailand	100.0	100.0
Natural Hotel Chao Phraya Company Limited	Property development	Thailand	99.3	99.3
Khon Kaen Buri Company Limited	Hotel	Thailand	100.0	100.0
The Joint Venture of U City Public Company Limited, Amanresorts Services Limited and	Hotel	Thailand	-	-

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
Silverlink Holdings Limited				
N Park Global Holding Company Limited	Property development	Thailand	100.0	100.0
Boonbarammee Metta Property Company Limited	Investment in securities	Thailand	100.0	100.0
BTS Asset Company Limited	Hotel /Property development	Thailand	100.0	100.0
Kamkoong Property Company Limited	Property development	Thailand	100.0	100.0
Project Green Company Limited	Property development	Thailand	100.0	100.0
Prime Area 38 Company Limited	Property development	Thailand	100.0	100.0
Lombard Estate Holdings Limited	Investment in securities	Hong Kong	100.0	-
<u>Subsidiaries indirectly owned by the Company</u>				
Held by Boonbarammee Metta Property Company Limited				
Pacific Chiangmai Company Limited	Leasing land and structures	Thailand	100.0	100.0
Pacific Hotel Chiangmea Company Limited	Hotel	Thailand	100.0	100.0
Held by Lombard Estate Holdings Limited				
Thirty Three Gracechurch 1 Limited	Investment in securities	Jersey	100.0	-
Thirty Three Gracechurch 2 Limited	Investment in securities	Jersey	100.0	-
LH Unit Trust	Property development	Jersey	100.0	-

- 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 company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies ("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.

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

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

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

4. Significant accounting policies

4.1 Revenue recognition

Revenue from hotel operation

Revenues from hotel operations mainly comprise of room sales, food and beverage sales and revenues from auxiliary activities and represent the invoiced value (excluding value added tax) of goods delivered and services rendered after deducting service charges and discount.

Revenue from sale of real estate

Revenues from sales of commercial buildings are recognised in full when significant risks and rewards are transferred to the buyer.

Rental income

Rental income is recognised on a straight-line basis over the lease term. The rental charge depends on the area rented, the rental rate charged and the rental period stipulated in the contract.

Other income

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

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Inventories are valued at the lower of weighted average cost and net realisable value.

4.5 Real estate projects under development

Real estate projects under development are stated at the lower of cost and estimated net realisable value. The cost of real estate projects under development consist of the costs of land, land development, design and construction cost.

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

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

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

4.7 Land and project awaiting development

Land held for future development is stated at the lower of cost and estimated net realisable value. The cost of land and project awaiting development consists of the cost of land and other related acquisition costs incurred.

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

4.8 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 buildings and building improvement is calculated by reference to their costs on the straight-line basis over estimated useful lives of 50 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land.

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

4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Buildings are initially recorded at cost on the acquisition date.

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

Buildings, land and building improvement	5 - 50 years
Furniture, fixture and equipment	3 - 20 years
Hotel operating equipment	the remaining quantity from physical count
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.10 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over the leasehold period.

Amortisation is included in determining income.

Notes to Consolidated Financial Statements

U City Public Company Limited and its subsidiaries
For the year ended 31 December 2016

4.11 Intangible assets

Computer software is carried at cost less accumulated amortisation and allowance for impairment losses (if any).

Computer software is amortised on a systematic basis over the economic useful lives of 5 - 10 years and tested for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to the profit or loss.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Related party transactions

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

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

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4.14 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the 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 are depreciated over the shorter of the useful life of the asset and the lease period.

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

4.15 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. 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.

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In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.17 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 the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Group treats 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 recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

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4.18 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 assets 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.

4.19 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.

4.20 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.

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4.21 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.

5. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Group treats available-for-sale investments and other 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 judgment of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

Provisions

The subsidiaries determined the provisions using various assumptions relevant to each provision. Estimates are reviewed whenever circumstances change.

Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

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6. Related party transactions

During the year, 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		Separate		Pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	143	121	0.58 to 7.00 percent per annum
Service expenses	-	-	1	1	Market price
<u>Transactions with associate</u>					
Interest income	3	3	3	3	5.01 to 5.50 percent per annum
<u>Transactions with related parties</u>					
Revenue from hotel operation	5	3	-	-	Market price
Other income	8	3	-	-	Contract price
Cost of hotel operation	4	5	-	-	Market price
Rental and service expenses	5	2	5	2	Contract price
Management fee	42	36	-	-	Contract price
Selling expenses	2	1	-	-	Contract price
Other expenses	1	-	1	-	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Group and related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related parties (Note 9)</u>				
Related companies	8,426	2,046	219	128
Total trade and other receivables - related parties	8,426	2,046	219	128
<u>Trade and other payables - related parties (Note 21)</u>				
Subsidiaries	-	-	157	157
Related companies	11,321	3,323	40	172
Total trade and other payables - related parties	11,321	3,323	197	329

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Loans to related parties and interest receivables

As at 31 December 2016 and 2015, the balances of loans to and interest receivables between the Group and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Long-term loan to related party and interest receivable	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
MHG NPark Development Company Limited	Associate	50,223	2,553	(2,357)	50,419
Total		50,223	2,553	(2,357)	50,419

(Unit: Thousand Baht)

		Separate financial statements			
Long-term loans to related parties and interest receivables	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Park Opera Company Limited	Subsidiary	232,603	100	-	232,703
Natural Real Estate Company Limited	Subsidiary	3,165	67	-	3,232
Natural Park Ville Company Limited	Subsidiary	79,000	-	-	79,000
Richee Property Management Company Limited	Subsidiary	15,715	100	-	15,815
Natural Project Chao Phraya Company Limited	Subsidiary	1,229,182	25,427	(1,254,609)	-
Natural Hotel Chao Phraya Company Limited	Subsidiary	730,074	7,298	(736,970)	402
Park Gourmet Company Limited	Subsidiary	852	136	-	988
Khon Kaen Buri Company Limited	Subsidiary	1,471,311	35,227	-	1,506,538
The Joint Venture of U City Public Company Limited, Amanresorts Services Limited and Silverlink Holdings Limited	Subsidiary	557,139	26,049	-	583,188
Boonbaramet Metta Property Company Limited	Subsidiary	7,332	179	-	7,511
N Park Global Holding Company Limited	Subsidiary	703,271	16,927	-	720,198
Kamkoong Property Company Limited	Subsidiary	12,539	72,347	-	84,886
Project Green Company Limited	Subsidiary	-	1,205,328	(166,703)	1,038,625
Prime Area 38 Company Limited	Subsidiary	-	1,547,305	-	1,547,305
MHG NPark Development Company Limited	Associate	50,223	2,553	(2,357)	50,419
		5,092,406	2,939,043	(2,160,639)	5,870,810
Less: Allowance for doubtful debts		(332,258)	(781)	1,300	(331,739)
Total		4,760,148	2,938,262	(2,159,339)	5,539,071

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Directors' and managements' benefits

During the year ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and managements as below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	26,477	22,114
Post-employment benefits	1,875	5,508
Total	<u>28,352</u>	<u>27,622</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	1,933	2,201	211	201
Bank deposits	308,534	2,079,951	143,378	1,842,275
Total	<u>310,467</u>	<u>2,082,152</u>	<u>143,598</u>	<u>1,842,476</u>

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.13 and 1.25 percent per annum (2015: 0.13 to 1.35 percent per annum). (The Company only: 0.13 to 1.25 percent per annum, 2015: 0.13 to 1.35 percent per annum).

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8. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Fixed deposits				
Fixed deposits with maturity date due more than 3 months	13,681	13,567	13,681	13,567
	<u>13,681</u>	<u>13,567</u>	<u>13,681</u>	<u>13,567</u>
Investments in trading securities				
Cost	-	861,375	-	861,375
Allowance for changes in value of investments in trading securities	-	(241,742)	-	(241,742)
Fair value	<u>-</u>	<u>619,633</u>	<u>-</u>	<u>619,633</u>
Investments in available-for-sale securities				
Mutual fund - cost	295,886	1,198,000	-	1,100,000
Changes in net assets value	<u>247</u>	<u>3,130</u>	<u>-</u>	<u>2,701</u>
Fair value	<u>296,133</u>	<u>1,201,130</u>	<u>-</u>	<u>1,102,701</u>
Total current investments	<u>309,814</u>	<u>1,834,330</u>	<u>13,681</u>	<u>1,735,901</u>

As at 31 December 2016, bank deposits in current investments accounts carried interests between 0.90 and 1.45 percent per annum (2015: 1.35 to 1.55 percent per annum) (The Company only: 0.90 to 1.35 percent per annum) (2015: 1.35 to 1.55 percent per annum).

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

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Book value as at 1 January 2016 - net	619,633
Transferred to other long-term investments, fair value as the reclassification date	(619,633)
Book value as at 31 December 2016 - net	<u>-</u>

During the year, the Group have realised loss on trading securities and unrealised loss on changes in value of trading securities as follow:

	(Unit: Thousand Baht)	
	Consolidated financial statements / Separate financial statements	
	2016	2015
Realised loss on trading securities	-	7,450
Unrealised loss on changes in value of trading securities	-	241,742
Total	<u>-</u>	<u>249,192</u>

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9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties (Note 6)</u>				
Past due				
Up to 3 months	1,446	1,381	-	-
3 - 6 months	-	165	-	-
Over 12 months	73,008	73,008	73,008	73,008
Total	74,454	74,554	73,008	73,008
Less: Allowance for doubtful debts	(72,880)	(72,880)	(72,880)	(72,880)
Total trade receivables - related parties, net	1,574	1,674	128	128
<u>Trade receivables - unrelated parties</u>				
Past due				
Up to 3 months	49,452	44,018	-	-
3 - 6 months	-	3,377	-	-
Over 12 months	25,669	25,669	19,894	19,894
Total	75,121	73,064	19,894	19,894
Less: Allowance for doubtful debts	(22,893)	(22,893)	(19,518)	(19,518)
Total trade receivables - unrelated parties, net	52,228	50,171	376	376
Total trade receivables - net	53,802	51,845	504	504
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	6,852	372	91	-
Other receivables - unrelated parties	92,003	267	743	90
Advances	164	362	164	362
Interest receivables	88	1,293	22	1,226
Dividend receivables	-	340	-	340
Total other receivables	99,107	2,634	1,020	2,018
Total trade and other receivables - net	152,909	54,479	1,524	2,522

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10. Real estate projects under development

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Land	3,526,716	2,140,419	700,016	700,016
Less: Allowance for impairment of land	(5,987)	(5,987)	(5,987)	(5,987)
	3,520,729	2,134,432	694,029	694,029
Land development cost	1,199	1,199	1,199	1,199
Construction cost	405,683	241,875	215,670	200,571
Others	10,498	10,019	10,499	10,019
Real estate projects under development - net	3,938,109	2,387,525	921,397	905,818

11. Restricted deposits

As at 31 December 2016, bank deposits in restricted deposits accounts carried interests between 0.90 and 1.50 percent per annum (2015: 0.90 to 2.80 percent per annum).

The Group has pledged some of deposits at financial institutions as collateral against bank guarantees as discussed in Note 31.3 to the financial statements.

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
					Cost method	
	2016	2015	2016 (Percent)	2015 (Percent)	2016	2015
Park Opera Company Limited	22,555	22,555	100.0	100.0	22,555	22,555
Natural Real Estate Company Limited	33,000	33,000	100.0	100.0	33,000	33,000
Natural Park Ville Company Limited	43,000	43,000	100.0	100.0	243,340	243,340
Richee Property Management Company Limited	1,000	1,000	99.9	99.9	999	999
Natural Project Chao Phraya Company Limited	1,256,000	1,000	99.9	99.9	1,255,999	999
Natural Hotel Sukhumvit Company Limited	41,353	41,353	64.9	64.9	26,841	26,841
Park Gourmet Company Limited	25,000	25,000	100.0	100.0	25,000	25,000
Natural Hotel Panwa Company Limited	143,000	143,000	100.0	100.0	143,000	143,000
Natural Hotel Chao Phraya Company Limited	737,000	100	99.3	99.3	736,999	99
Khon Kaen Buri Company Limited	800,000	800,000	100.0	100.0	800,000	800,000
The Joint Venture of U City Public Company Limited, Amanresorts Services Limited and Silverlink Holdings Limited	-	-	-	-	-	-
N Park Global Holding Company Limited	1,000	1,000	100.0	100.0	1,000	1,000
Boonbarammee Metta Property Company Limited	700,000	700,000	100.0	100.0	290,000	290,000
BTS Asset Company Limited	2,955,000	2,955,000	100.0	100.0	6,762,997	6,762,997
Kamkoong Property Company Limited	1,100,000	1,100,000	100.0	100.0	2,705,848	2,705,848
Project Green Company Limited	100,000	75,000	100.0	100.0	100,000	75,000
Prime Area 38 Company Limited	10,000	10,000	100.0	100.0	10,000	10,000
Lombard Estate Holdings Limited (GBP 77 million paid-up capital)	3,537,300	- ⁽ⁱ⁾	100.0	-	3,537,300	-

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Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost method	
	2016	2015	2016 (Percent)	2015 (Percent)	2016	2015
Total					16,694,878	11,140,678
Less: Provision for loss on diminution in value					(1,104,893)	(993,877)
Net					<u>15,589,985</u>	<u>10,146,801</u>

^(*) Investment in subsidiary during the year

Lombard Estate Holdings Limited and its subsidiaries

On 1 August 2016, a meeting of the Board of Directors of the Company passed the key resolutions as follows:

- a) To approve the establishment of Lombard Estate Holdings Limited ("LEH") in Hong Kong to engage in the business of investing in assets, with a registered and 100% called-up share capital of GBP 1 (1 ordinary share with a par value of GBP 1 each). The Company holds a 100 percent interest in LEH.
- b) To approve the establishment of Thirty Three Gracechurch 1 Limited ("TTG1") in Jersey to engage in the business of investing in assets, with a registered and 100% called-up share capital of GBP 1 (1 ordinary share with a par value of GBP 1). LEH holds a 100 percent interest in TTG1.
- c) To approve the establishment of Thirty Three Gracechurch 2 Limited ("TTG2") in Jersey to engage in the business of investing in assets, with a registered and 100% called-up share capital of GBP 1 (1 ordinary share with a par value of GBP 1 each). LEH holds a 100 percent interest in TTG2.
- d) To approve TTG1 and TTG2's investment in 49,294 units (with a par value of GBP 1,000 each) of LH Unit Trust ("LHUT"), a Jersey Property Unit Trust established in Jersey, representing a 100 percent interest in LHUT for a total cost of not more than Baht 3,600 million.

On 10 August 2016, a meeting of the Board of the Executive Committee of the Company passed the key resolutions as follows:

- a) To approve an increase of GBP 76,500,000 in LEH's registered capital through the issuance of 76,500,000 new ordinary shares with a par value of GBP 1 each. The Company acquired additional ordinary shares of LEH in proportion to its current shareholding, and as a result, its shareholding in LEH is unchanged at 100 percent. The Company has already made payment for the additional shares.
- b) To approve an increase of GBP 15,149,999 in TTG1's registered capital through the issuance of 15,149,999 new ordinary shares with a par value of GBP 1 each. LEH acquired additional ordinary shares of TTG1 in proportion to its existing shareholding, and as a result, its shareholding in the subsidiary is unchanged at 100 percent. LEH has already made payment for the additional shares.

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- c) To approve an increase of GBP 163,999 in TTG2's registered capital through the issuance of 163,999 new ordinary shares with a par value of GBP 1 each. LEH acquired additional ordinary shares of TTG2 in proportion to its existing shareholding, and as a result, its shareholding in the subsidiary is unchanged at 100 percent. LEH has already made payment for the additional shares.

Subsequently, on 8 September 2016, TTG1 and TTG2 invested a total of GBP 74,298,593 in units of LHUT and the Company has included the financial statements of LHUT in the consolidated financial statements since 8 September 2016.

Based on assessment of the above transaction, the management of the Group believe that the investment in LHUT is a business combination because the assets acquired and liabilities assumed constitute a business, and the Group has control over LHUT, in accordance with the definition specified in TFRS 3 (revised 2015) Business Combinations.

Details of the acquisition are as follows:

	(Unit: Thousand GBP)
Acquisition cost	74,299
Estimated carrying amount of net assets acquired	(74,977)
Estimated amount of interest in the net assets value over purchase cost	(678)

The estimated carrying amounts of net assets acquired of LHUT as at 8 September 2016 are as follows:

	(Unit: Thousand GBP)
	Estimated carrying amounts of net assets acquired
Assets	
Other current assets	23
Investment properties	35,500
Leasehold rights	39,600
Total assets	75,123
Liabilities	
Trade and other payables	146
Total liabilities	146
Net asset value	74,977

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As at 31 December 2016, the Group was still in the process of determining the fair value of the business, and therefore assigned an independent appraiser to assess the fair value. In this regard, the fair values of assets acquired and liabilities assumed as at the date of acquisition were the estimated values, which might be adjusted in accordance with TFRS 3 (revised 2015) Business Combinations. According to the standard, the Group's management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the Group is to retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. In addition, the fair values of the businesses acquired during the period are dependent on the result of the purchase price allocation exercise and this process is currently not completed. Such discrepancy of GBP 0.7 million is therefore recorded as current liabilities under "Estimated amount of interest in the net asset value over purchase cost" in the consolidated statement of financial position.

Project Green Company Limited

On 11 February 2016, Project Green Company Limited called up the remaining value of the ordinary shares (25%), amounting to Baht 25 million (250,000 ordinary shares at a par value of Baht 100 each). The Company has already made payment of the ordinary shares.

Natural Project Chao Phraya Company Limited

On 20 April 2016, the Annual General Meeting of shareholders of Natural Project Chao Phraya Company Limited passed a resolution to approve a Baht 1,255 million increase in its registered capital, from the existing registered capital of Baht 1 million to Baht 1,256 million, by issuing 12,550,000 new ordinary shares with a value of Baht 100 each. The Company acquired additional ordinary shares of the subsidiary in proportion to its existing holding, and as a result, its shareholding in the subsidiary is unchanged at 100%. The Company has already made a payment for the subscription of ordinary shares by settling with a repayment of long-term loans to the subsidiary.

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Natural Hotel Chao Phraya Company Limited

On 20 April 2016, the Annual General Meeting of shareholders of Natural Hotel Chao Phraya Company Limited passed a resolution to approve a Baht 736.9 million increase in its registered capital, from the existing registered capital of Baht 0.1 million to Baht 737 million, by issuing 7,369,000 new ordinary shares with a value of Baht 100 each. The Company acquired additional ordinary shares of the subsidiary in proportion to its existing holding, and as a result, its shareholding in the subsidiary is unchanged at 100%. The Company has already made a payment for the subscription of ordinary shares by settling with a repayment of long-term loans to the subsidiary.

Boonbaramet Metta Property Company Limited

The excess of the investment cost over the fair value of the acquired assets and liabilities of Boonbaramet Metta Property Company Limited ("Boonbaramet") as at the purchase date in 2014 was Baht 174 million. The amount was presented as goodwill in the consolidated statements of financial position.

The Company estimates the recoverable amount of the cash generating unit by preparing the 5-year cash flows expected to be realised from the assets, approved by the management, using assumptions relating to revenue growth and discount rate.

Some of ordinary shares of Boonbaramet and its subsidiaries have been pledged with a financial institution to secure liabilities under debt restructuring agreements as discussed in Note 22 to the financial statements.

BTS Asset Company Limited

The excess of the investment cost over the fair value of the acquired assets and liabilities of BTS Asset Company Limited ("BTSA") as at the purchase date in 2015 was Baht 984 million. The amount was presented as goodwill in the consolidated statements of financial position.

The Company estimates the recoverable amount of the cash generating unit by preparing the 5-year cash flows expected to be realised from the assets, approved by the management, using assumptions relating to revenue growth and discount rate.

13. Investment in associate

13.1 Detail of associate:

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
					Equity method		Cost method	
			2016 (Percent)	2015 (Percent)	2016	2015	2016	2015
MHG NPark Development Company Limited	Property development	Thailand	50	50	54,863	45,596	50,000	50,000
Total					54,863	45,596	50,000	50,000

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13.2 Share of comprehensive income

During the years, the Group recognised their share of profit (loss) from investment in associate in the consolidated financial statements as follows:

	(Unit: Thousand Baht)	
<u>Company's name</u>	<u>2016</u>	<u>2015</u>
MHG NPark Development Company Limited	9,267	(2,562)
Total	9,267	(2,562)

13.3 Summarised financial information about material associate

Summarised information about financial position

	(Unit: Thousand Baht)	
	MHG NPark Development Company Limited	
	<u>2016</u>	<u>2015</u>
Current assets	378,071	32,610
Non-current assets	519	455,198
Current liabilities	(157,760)	(92,616)
Non-current liabilities	(111,103)	(304,000)
Net assets	109,727	91,192
Shareholding percentage (Percent)	50	50
Share of net assets	54,863	45,596

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	MHG NPark Development Company Limited	
	<u>2016</u>	<u>2015</u>
Revenue	337,823	95
Profit (loss) for the year	18,534	(5,124)

14. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2016</u>	<u>2015</u>
<u>Investments in available-for-sale securities</u>		
Marketable equity securities - cost	64	209
Marketable equity securities - fair value as at the reclassification date	591,180	-
Surplus (deficit) on changes in value of investments	(89,307)	9
Fair value	501,937	218

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Movements of the other long-term investments during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Book value as at 1 January 2016 - net	218
Transferred from investments in trade securities - fair value as the reclassification date	619,633
Disposal during the year - net	(28,607)
Changes in value of other long-term investments	(89,307)
Book value as at 31 December 2016 - net	501,937

15. Land and project awaiting development

Movements of the land and project awaiting development account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	1,299,368	689,179
Additions during the year	1,410,464	247,320
Disposals during the year	(64,002)	-
Transfer in	12,000	-
Net book value as at 31 December 2016	2,657,830	936,499

16. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 are presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land	Buildings and building improvement	Total
As at 31 December 2016:			
Cost	5,662,789	1,643,201	7,305,990
Less Accumulated depreciation	-	(9,927)	(9,927)
Translation adjustment	-	(79,855)	(79,855)
Net book value	5,662,789	1,553,419	7,216,208
As at 31 December 2015:			
Cost	5,529,036	96	5,529,132
Less Accumulated depreciation	-	(86)	(86)

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Net book value	5,529,036	10	5,529,046
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Movements of the investment properties account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2016	5,529,046
Increase from acquisition of subsidiaries (Note 12)	1,643,202
Addition during the year	72,234
Increase from changing the assumption of long-term provision (Note 24)	61,508
Depreciation	(9,927)
Translation adjustment	(79,855)
Balance as at 31 December 2016	7,216,208

The fair value of the investment properties as at 31 December 2016 and 2015 stated below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Land	6,225,615	5,529,046
Buildings and building improvement (Including leasehold rights)	3,307,074	-

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the buildings and building improvements has been determined using the income approach. The main assumptions used in the valuation are rental periods, rental profit, and capitalisation rate.

A subsidiary has mortgaged land and constructions thereon amounting to Baht 2,667 million (31 December 2015: Nil) as collateral against short-term loan from financial institution as discussed in Note 20 to the financial statements.

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17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings and land and building improvement	Furniture fixture and equipment	Hotel operating equipment	Vehicles	Construction in progress	
Cost amount:							
1 January 2015	1,185,438	2,943,948	235,269	132,843	20,044	133,323	4,650,865
Acquisitions of subsidiaries during the year	1,518,732	2,459,032	83,726	71,522	-	-	4,133,012
Additions	-	20,279	16,027	2,790	-	763	39,859
Disposals	(2,310)	(8,333)	(1,755)	-	(2,272)	-	(14,670)
Write-off	-	-	-	(26,290)	-	-	(26,290)
Transfer in (out)	(2,509)	1,552	(4,765)	2,187	-	(44,822)	(48,357)
31 December 2015	2,699,351	5,416,478	328,502	183,052	17,772	89,264	8,734,419
Additions	-	-	6,614	14,539	509	6,877	28,539
Disposals	-	-	(3,985)	(22)	(3,862)	-	(7,869)
Write-off	-	-	-	(3,547)	-	-	(3,547)
Transfer in (out)	-	-	-	4,506	-	(4,691)	(185)
31 December 2016	2,699,351	5,416,478	331,131	198,528	14,419	91,450	8,751,357
Accumulated depreciation:							
1 January 2015	-	759,876	138,613	35,909	10,717	-	945,115
Acquisitions of subsidiaries during the year	-	215,616	29,676	12,720	-	-	258,012
Depreciation for the year	-	150,254	16,634	20,043	3,221	-	190,152
Depreciation on disposals	-	(7,621)	(1,474)	(7)	(1,351)	-	(10,453)
Transfer in	-	-	50	-	-	-	50
31 December 2015	-	1,118,125	183,499	68,665	12,587	-	1,382,876
Depreciation for the year	-	101,272	51,257	31,529	3,417	-	187,475
Depreciation on Disposals	-	-	(3,782)	(20)	(3,282)	-	(7,084)
31 December 2016	-	1,219,397	230,974	100,174	12,722	-	1,563,267
Allowance for impairment loss:							
1 January 2015	-	271,846	-	-	-	-	271,846
Increase during the year	187	51,096	-	-	-	-	51,283
31 December 2015	187	322,942	-	-	-	-	323,129
31 December 2016	187	322,942	-	-	-	-	323,129
Net book value:							
31 December 2015	2,699,164	3,975,411	145,003	114,387	5,185	89,264	7,028,414
31 December 2016	2,699,164	3,874,139	100,157	98,354	1,697	91,450	6,864,961
Depreciation for the year							
2015							190,152
2016							187,475

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(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings and land and building improvement	Furniture, fixtures and equipment	Vehicles	Total
Cost amount:					
1 January 2015	2,509	81,513	39,353	12,260	135,635
Additions	-	17	1,678	-	1,695
Disposals	-	(8,333)	(1,690)	(2,272)	(12,295)
Transfer in (out)	(2,509)	1,552	591	-	(366)
31 December 2015	-	74,749	39,932	9,988	124,669
Additions	-	-	593	-	593
Disposals	-	-	(3,956)	(3,861)	(7,817)
31 December 2016	-	74,749	36,569	6,127	117,445
Accumulated depreciation:					
1 January 2015	-	10,994	36,202	5,492	52,688
Depreciation for the year	-	2,802	1,011	2,208	6,021
Depreciation on disposals	-	(7,532)	(1,329)	(1,351)	(10,212)
Transfer in	-	-	50	-	50
31 December 2015	-	6,264	35,934	6,349	48,547
Depreciation for the year	-	966	1,019	1,932	3,917
Depreciation on disposals	-	-	(3,759)	(3,280)	(7,039)
31 December 2016	-	7,230	33,194	5,001	45,425
Allowance for impairment loss:					
1 January 2015	-	-	-	-	-
Increase during the year	-	51,096	-	-	51,096
31 December 2015	-	51,096	-	-	51,096
31 December 2016	-	51,096	-	-	51,096
Net book value:					
31 December 2015	-	17,389	3,998	3,639	25,026
31 December 2016	-	16,423	3,375	1,126	20,924
Depreciation for the year					
2015					6,021
2016					3,917

As at 31 December 2016, the Group had certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 165 million (2015: Baht 167 million) (The Company only: Baht 32 million, 2015: Baht 34 million).

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As at 31 December 2016, the Group had vehicles under financial lease agreements with net book values amounting to Baht 1 million (2015: Baht 5 million) (The Company only: Baht 1 million, 2015: Baht 4 million).

Subsidiaries have mortgaged land and constructions thereon amounting to Baht 5,072 million (31 December 2015: Baht 1,362 million) as collateral against short-term loan from financial institution and liabilities under debt restructuring as discussed in Note 20 and 22 to the financial statements.

18. Leasehold rights

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Costs		
1 January 2015	147,504	22,504
Disposals	(22,504)	(22,504)
31 December 2015	125,000	-
Increase from acquisition of subsidiaries (Note 12)	1,832,979	-
31 December 2016	1,957,979	-
Accumulated amortisation		
1 January 2015	41,837	1,646
Amortisation for the year	8,263	4,099
Amortisation on disposals	(5,745)	(5,745)
31 December 2015	44,355	-
Amortisation for the year	7,985	-
31 December 2016	52,340	-
Translation adjustment	(89,137)	-
Net book value		
31 December 2015	80,645	-
31 December 2016	1,816,502	-
Amortisation for the year		
2015	8,263	4,099
2016	7,985	-

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19. Intangible assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Costs		
1 January 2015	18,306	8,935
Increase from acquisition of subsidiaries	1,796	-
Additions	260	222
Disposals	(15)	(15)
Transfer out	(821)	(591)
31 December 2015	19,526	8,551
Additions	2,503	403
Transfer in	185	-
31 December 2016	22,214	8,954
Accumulated amortisation		
1 January 2015	3,829	28
Amortisation for the year	2,071	366
Amortisation on disposals	(1)	(1)
Transfer out	(50)	(50)
31 December 2015	5,849	343
Amortisation for the year	2,038	441
31 December 2016	7,887	784
Net book value		
31 December 2015	13,677	8,208
31 December 2016	14,327	8,170
Amortisation for the year		
2015	2,071	366
2016	2,038	441

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U City Public Company Limited and its subsidiaries
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20. Short-term loan from financial institution and interest payable

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	<u>2016</u>	<u>2015</u>
Short-term loan from financial institution and interest payable	3,537,736	-
Total	<u>3,537,736</u>	<u>-</u>

A short-term loan from a financial institution is a short-term loan in the form of promissory note. The loan carries interest at the fixed rate which specified on the promissory note. The loan secured by the mortgage of subsidiaries' land and structures thereon as discussed in Note 16 and 17 to the financial statements.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties (Note 6)	645	437	197	329
Trade payables - unrelated parties	68,124	51,857	12,048	16,144
Other payables - related parties (Note 6)	10,676	2,886	-	-
Other payables - unrelated parties	12,906	21,624	5,016	5,916
Accrued expenses	122,023	67,572	58,431	10,803
Total trade and other payables	<u>214,374</u>	<u>144,376</u>	<u>75,692</u>	<u>33,192</u>

22. Liabilities under debt restructuring agreements

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Liabilities under debt restructuring agreements	1,186,910	1,197,072
Less: Current portion	<u>(18,929)</u>	<u>(10,162)</u>
Liabilities under debt restructuring agreements - net of current portion	<u>1,167,981</u>	<u>1,186,910</u>

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Movements in liabilities under debt restructuring agreements account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Balance as at 1 January 2016	1,197,072
Less: Repayment	(10,162)
Balance as at 31 December 2016	1,186,910

In 2014, a subsidiary entered into debt restructuring agreements with a financial institution. Under the conditions of such agreements, creditor has extended the repayment schedule for the subsidiary as follows:

1. The principal amounting to Baht 1,200 million is repayable in monthly instalments commencing on 31 August 2014 and to be completed within a period of 12 years (due on 31 July 2026).
2. The interest rate applicable from the first to the second year is 4 percent per annum, and in the third year is 5 percent per annum. Subsequently, the interest is calculated at the rate of SPRL (Standard profit rate for prime corporate customer with long term financing) per annum.
3. Outstanding interest of Baht 90 million out of Baht 142 million is to be payable within September 2014. As for the remainder amounting to Baht 52 million, the financial institution agreed to forgive when the subsidiary complies with the conditions of the agreements.

Liabilities under debt restructuring agreements are guaranteed by the pledge of three subsidiaries' ordinary shares in proportion of each company not less than 76 percent of the total shares, the mortgage of land and constructions thereon of subsidiaries, as described in Note 12 and 17 to the financial statements, and two subsidiaries, as the co-debtors to the financial institution.

The debt restructuring agreements contain covenants pertaining, among other things, prohibit of share capital reduction, merger with other entity and dividend payment.

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23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee benefits at beginning of year	24,247	19,913	9,968	11,614
Increase from acquisition of subsidiaries	-	11,630	-	-
Transfer from related company	-	-	4,097	-
Included in profit or loss:				
Current service cost	5,908	10,450	2,175	1,568
Interest cost	792	1,109	316	470
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(1,283)	-	580
Financial assumptions changes	-	(880)	-	997
Experience adjustments	-	(15,854)	-	(5,261)
Benefits paid during the year	-	(838)	-	-
Provision for long-term employee benefits at end of year	<u>30,947</u>	<u>24,247</u>	<u>16,556</u>	<u>9,968</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of hotel operation	-	5,507	-	-
Administrative expenses	6,700	6,052	2,491	2,038
Total expenses recognised in profit or loss	<u>6,700</u>	<u>11,559</u>	<u>2,491</u>	<u>2,038</u>

The Group does not expect to pay of long-term employee benefits within the next year (2015: Baht 3 million) (The company only: Nil, 2015: Baht 1 million).

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As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit of the Group is 9 - 17 years (The Company only: 15 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Discount rate	2.5 - 3.1	2.5 - 3.1	3.0	3.0
Salary increase rate (depend on age)	3.5 - 9.0	3.5 - 9.0	5.0 - 7.0	5.0 - 7.0
Turnover rate (depend on age)	0.0 - 30.0	0.0 - 30.0	0.0 - 25.0	0.0 - 25.0

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,718)	3,151	(801)	906
Salary increase rate	3,043	(2,685)	875	(791)

24. Long-term provisions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Construction cost of car park building and skywalk	
Balance as at 1 January 2016	245,000	
Increase from assumption adjustment	61,508	
Increase from revision of provision	14,930	
Decrease from actual payment	(933)	
Balance as at 31 December 2016	320,505	

A subsidiary, BTSA, recorded provision for its contractual obligations with a bank to construct car park building and skywalk. The subsidiary's management believes that the assumptions are appropriate under the current circumstance.

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25. Warrants

On 6 November 2014, a meeting of the Board of Directors of the Company approved date of issuance of the warrants to purchase the ordinary shares of the Company No.1 (“the Warrants U-W1”) issued to the Company’s existing shareholders in a ratio of 1 warrant for every 1 existing ordinary shares, without specifying the offer price. Details are as follows:

Issue date	7 November 2014
Number of warrants	180,637,710,882 units
Contractual life	5 years from the issue date
Exercise price	1 unit of the warrant can purchase 1 ordinary share at the exercise price of Baht 0.06

On 30 March 2015, a meeting of the Board of Directors of the Company approved date of issuance of the warrants to purchase the ordinary shares of the Company No.2 (“the Warrants U-W2”) issued to BTS Group Holdings Public Company Limited (“BTSG”), without specifying the offer price, in order to conform with the transactions of acquiring ordinary shares of two subsidiaries from BTSG. Details are as follows:

Issue date	20 April 2015
Number of warrants	100,043,438,606 units
Contractual life	The maturity date of the warrant will be the same date with the Warrants U-W1 which is 6 November 2019
Exercise price	1 unit of the warrant can purchase 1 ordinary share at the exercise price of Baht 0.047

26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salary and wages and other employee benefits	324,800	244,932	81,467	62,317
Depreciation and amortisation	207,425	194,006	4,359	10,426
Consultation and professional fee	202,239	43,173	118,517	24,112
Impairment loss on investments in subsidiaries	-	-	111,015	85,475
Commission	66,668	44,263	-	-
Management fee	47,695	38,275	-	-
Utility expenses	54,765	50,909	1,345	1,238
Rental expenses	40,121	13,321	6,489	3,710
Cost of food and beverage	116,247	92,968	-	-

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Change in real estate projects under development	(1,550,584)	(935,606)	(15,579)	(550,800)
Increase in real estate projects under development	1,550,584	1,019,456	15,579	634,650

27. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	(21,252)	(7,003)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,367)	(3,273)	-	-
Income tax expense reported in the statement of comprehensive income	<u>(23,619)</u>	<u>(10,276)</u>	<u>-</u>	<u>-</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax on gain from the change in value of available-for-sale investments	579	(628)	542	(542)
	<u>579</u>	<u>(628)</u>	<u>542</u>	<u>(542)</u>

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The reconciliation between accounting loss and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Loss from continued operation before income tax expense	(291,197)	(273,117)	(212,903)	(87,113)
Profit from discontinued operation before income tax expense	-	6,249	-	6,352
	(291,197)	(266,868)	(212,903)	(80,761)
Applicable tax rate	20 Percent	20 Percent	20 Percent	20 Percent
Accounting profit before tax multiplied by income tax rate	(50,239)	(53,374)	(42,581)	(16,152)
Effects of:				
Unrecognised deferred tax on temporary differences	4,434	12,734	7,538	-
Utilisation of previously unrecognised deferred tax on temporary differences	-	(12,050)	-	(12,050)
Non-deductible expenses	29,783	22,706	24,945	34,336
Loss for the year which were not recognised as deferred tax assets	5,466	47,614	14,677	-
Non-taxable income	(4,345)	(9,282)	(4,345)	(6,724)
Deductible expenses	(234)	(55)	(234)	(55)
Others	(484)	1,983	-	645
Total	34,620	63,650	42,581	16,152
Income tax expense reported in the statement of comprehensive income	(23,619)	10,276	-	-

The components of deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax liabilities				
Unrealised gain from revaluation of available-for-sale investments	49	628	-	542
Fair value adjustment of assets as at business combination date	851,556	849,189	-	-
Total	851,605	849,817	-	542

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As at 31 December 2016, the Group has deductible temporary differences and unused tax losses totalling Baht 3,467 million (2015: Baht 3,641 million) (the Company only: Baht 3,064 million, 2015: Baht 2,832 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 2,183 million (2015: Baht 2,155 million) (the Company only: Baht 828 million, 2015: Baht 819 million) will expire by 2021.

28. Earnings per share

Basic earnings 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 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 of the potential ordinary shares were issued.

Details of calculation of earnings per share for the years ended 31 December 2016 and 2015 are as below.

Consolidated financial statements					
Loss		Weighted average number of ordinary shares		Loss per share	
2016	2015	2016	2015	2016	2015
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Earnings per share					
Basic earnings per share					
Loss attributable to equity holders of the					
Company	(314,760)	(276,875)	561,362,299	501,610,327	(0.000561) (0.000552)
Earnings per share from continued operation					
Basic earnings per share					
Loss attributable to equity holders of the					
Company	(314,760)	(283,236)	561,362,299	501,610,327	(0.000561) (0.000565)

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	Separate financial statements					
	Loss		Weighted average number of ordinary shares		Loss per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Earnings per share						
Basic earnings per share						
Loss attributable to equity holders of the						
Company	<u>(212,903)</u>	<u>(80,761)</u>	<u>561,362,299</u>	<u>501,610,327</u>	<u>(0.000379)</u>	<u>(0.000161)</u>
Earnings per share from continued						
operation						
Basic earnings per share						
Loss attributable to equity holders of the						
Company	<u>(212,903)</u>	<u>(87,113)</u>	<u>561,362,299</u>	<u>501,610,327</u>	<u>(0.000379)</u>	<u>(0.000174)</u>

An exercise price of the Warrants U-W1 and the Warrants U-W2 were higher than the average market price of the Company's shares for the year ended 31 December 2016 and 2015. Therefore, the Company has not assumed conversion of these warrants in the calculation of diluted earnings per share.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports of the Company 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.

For management purposes, the Group are organised into business units based on its products and services and have three reportable segments as follows:

- Hotel business segment
- Real estate business segment
- Rental business segment

No operating segments have been aggregated to form the above reportable operating segments.

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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

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

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The following table present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)									
	Hotel business		Real estate business		Rental business		Elimination		Consolidated financial statements
	2016	2015	2016	2015	2016	2015	2016	2015	2016 2015
Revenues from external customers	1,027	806	-	159	63	-	-	-	1,090 965
Inter-segment revenues	1	1	-	-	-	-	(1)	(1)	- -
Total revenues	1,028	807	-	159	63	-	(1)	(1)	1,090 965
Segment profit	663	508	-	75	60	-	-	-	723 582
Unallocated revenues and expenses:									
Dividend income									22 34
Interest income									6 58
Gain on sales of assets									1 152
Other income									46 49
Selling and servicing expenses									(113) (85)
Administrative expenses									(648) (430)
Depreciation and amortisation									(207) (194)
Loss on sales and changes in value of current investments									- (249)
Loss on allowance for impairment of assets									- (62)
Share of gain (loss) from investment in associate									9 (3)
Finance cost									(131) (125)
Income tax expenses									(23) (10)
Profit from discontinued operation									- 6
Loss for the year / loss attributable to equity holders of the Company									(315) (277)

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U City Public Company Limited and its subsidiaries
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Geographic information

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

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Revenue from external customers		
Thailand	1,027	965
Overseas	63	-
Total	<u>1,090</u>	<u>965</u>

Major customers

For the year 2016 and 2015, the Group have no major customer with revenue of 10 percent or more of an entity's revenues

30. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Sin Sata Porn registered provident fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 13 million (2015: Baht 6 million) were recognised as expenses (The Company only: Baht 3 million and 2015: Baht 1 million).

31. Commitments and contingent liabilities

31.1 Capital commitments

The Group had outstanding commitments amounting to Baht 199 million, Singapore dollar 1 million and Euro 1 million (2015: Baht 115 million and Euro 1 million) (The Company only: Baht 21 million and 2015: Baht 25 million) in respect of agreements of design and consultation projects.

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31.2 Lease and service commitments

- a) The Group has entered into lease agreements in respect of the lease of property, plant and equipment and several service agreements in respect of operating business. The terms of the agreements are between 1 to 5 years.

Future minimum rentals and service fees payable as at 31 December 2016 and 2015 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable within:				
Less than 1 year	52	12	26	8
1 to 5 years	17	3	2	3

- b) During the year ended 31 December 2016, the Group has loyalty and hotel business management fee under the hotel management agreements amounted to approximately Baht 48 million (2015: Baht 45 million).

	Type of agreement	Counter parties	Fee rate
1)	Hotel management agreement	A subsidiary and a related company	The rates stipulated in the agreements
2)	Hotel management agreement	A subsidiary and a related company	The rates stipulated in the agreements
3)	Hotel management agreement	A subsidiary and a related company	The rates stipulated in the agreements

On 25 July 2008, Khon Kaen Buri Company Limited (“KKB”) entered into a management agreement with a domestic company that undertook to operate and manage KKB’s hotel. In addition, that company provided marketing services to KKB and also granted a license to use its trademark.

Subsequently, in April 2016, KKB release agreement to terminate the management agreement, effective from 30 June 2016. KKB has already made the full payment of the agreement termination charge of Baht 7 million.

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On 19 April 2016, KKB entered into a management agreement with a related company that undertakes to operate and manage KKB's hotel. In addition, that company will provide marketing services to KKB and also grant a license to use its trademark. KKB is committed to pay fees at the rates and in the amounts specified in the agreement.

- c) A subsidiary (The Joint Venture of U City Public Company Limited, Aman Resorts Services Limited and Silverlink Holdings Limited) has outstanding commitments as follows:

On 10 May 2005, the subsidiary entered into an agreement related to the Ratchaphatsadu land (state land) at Rong Pasee Roi Chak Sam Development Project with the Treasury Department, Ministry of Finance, under which the subsidiary will invest, develop and construct a hotel and other structures on the Ratchaphatsadu land, and subsequently transfer ownership of the hotel and structures to the Treasury Department. In return, the subsidiary has the right to manage the constructed hotel for 30 years commencing from the date of the execution of the agreement, with the subsidiary to pay the Treasury Department an arrangement fee of Baht 125 million on the date of the execution of the agreement and annual rental fees as follows:

Years	Rental rate per annum (Million Baht)
Years 1 - 11	3
Years 12 - 16	30
Years 17 - 20	40
Years 21 - 30	100

The subsidiary has consistently complied with the agreement in relation to the Ratchaphatsadu land at Rong Pasee Roi Chak Sam Development Project with the Treasury Department, Ministry of Finance. However, the Treasury Department has not delivered the project site to the subsidiary in accordance with the agreement because the relocation of the Bangruk Fire Department from the project site is not complete (by no fault of the subsidiary). As a result of this problem, the subsidiary has been unable to develop and construct the project as scheduled and various contractual disputes/issues have arisen. In order to obtain a remedy for damages suffered and to provide justice to the subsidiary, the subsidiary notified the Treasury Department of various claims, including a request to consider not counting the "project management period" and "rental period" with effect from 10 May 2005.

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On 18 December 2015, the subsidiary filed a lawsuit against the Treasury Department, as first defendant, and the Supervising Committee for the Ratchaphatsadu land at Rong Pasee Roi Chak Sam Development Project, as the second defendant, with the Central Administrative Court; asking the Central Administrative Court to issue a judgment or order which (i) compels both defendants to comply with the Cabinet Resolution dated 26 August 2003, which set out a project construction period of 36 months and a project utilisation period of 30 years after construction was completed and (ii) compels the Treasury Department to exercise its authority under Section 10 of the Act on the Private Participation in the Affairs of the State of 1992, Article 34, paragraph 1 (7) and paragraph 4 of the Ministerial Regulation relating to rules and methods for administration, maintenance, utilisation and benefit arrangement on State Land B.E. 2545, and the Cabinet Resolution dated 8 July 2013, by ordering the Bangkok Metropolitan to return the Ratchaphatsadu land and expel the Bangruk Fire Station and fire officers from the site of the Ratchaphatsadu land at Rong Pasee Roi Chak Sam Development Project and to demarcate an area for the subsidiary to proceed with project construction as scheduled, within 30 days following the date the Court issued final judgment or within the period specified by the Court.

As at 31 December 2016, assets and liabilities related to such lawsuit recorded in the subsidiary's financial statements consist of leasehold rights amounting to Baht 76 million, construction in progress amounting to Baht 89 million and rental payable amounting to Baht 40 million. The management of the subsidiary believes that such assets and liabilities are fairly presented and have determined that the fair value of the assets is higher than the book value.

31.3 Guarantees

The Group had outstanding bank guarantees issued amounting to Baht 50 million (2015: Baht 46 million). The Group has pledged some of financial institution deposits as collateral against bank guarantees as discussed in Note 11 to the financial statements.

31.4 Litigation

On 8 April 2016, the Company filed a petition with the Minburi Province Court for an interpleader action in a legal dispute regarding the cancellation of the registration of land as public interest. The Company has an interest in this land. Currently, the litigation is in the process of being considered by the court. However, the Company received permission to open a building for use in September 2016.

As at 30 September 2016, assets and liabilities related to this action recorded in the Company's financial statements consist of real estate projects under development amounting to Baht 302 million and condominium deposits amounting to Baht 3 million. The management of the Company believes that this litigation will not have any impact on the value of the assets and liabilities as presented in the Company's financial statements.

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32. Fair value hierarchy

As at 31 December 2016, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities	501,937	296,133	-	798,070
Assets for which fair value are disclosed				
Investment properties				
Land	-	-	6,225,165	6,225,165
Office buildings (including leasehold rights)	-	-	3,307,074	3,307,074

(Unit: Thousand Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities	501,937	-	-	501,937

33. Financial instruments

33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, restricted deposit, loans to, investments, trade and other payables, loans from, liabilities under finance lease agreements, liabilities under debt restructuring agreements, and deposits and advances received. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, and loans to. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans to as stated in the statement of financial position.

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Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, restricted deposit, loans to, investments, loans from, liabilities under finance lease agreements and liabilities under debt restructuring agreements. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, 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 statements	Fixed interest rates										Interest rate			
	Within 1 year		1-5 years		Over 5 years		Floating interest rate		Non-interest bearing				Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
													(% per annum)	
Financial assets														
Cash and cash equivalents	-	9	-	-	-	308	1	2	2	310	2,082	Note 7	Note 7	
Current investments	14	14	-	-	-	-	-	296	1,820	310	1,834	Note 8	Note 8	
Trade and other receivables	-	-	-	-	-	-	-	153	54	153	54	-	-	
Restricted bank deposits	53	55	2	-	-	-	-	-	-	55	55	Note 11	Note 11	
Loans to related parties and interest receivables	-	-	50	50	-	-	-	-	-	50	50	Note 6	Note 6	
Other long-term investments	-	-	-	-	-	-	-	502	-	502	-	-	-	
	67	78	52	50	-	308	1	953	1,876	1,380	4,075			
Financial liabilities														
Short-term loan from financial institution and interest payable	3,538	-	-	-	-	-	-	-	-	3,538	-	Note 20	-	
Trade and other payables	-	-	-	-	-	-	-	214	144	214	144	-	-	
Liabilities under debt restructuring agreements	-	-	-	-	-	1,187	1,197	-	-	1,187	1,197	Note 22	Note 22	
Liabilities under finance lease agreements	-	-	-	2	-	-	-	-	-	-	2	-	4.29 - 8.50	
Deposits and advances received	-	-	-	-	-	-	-	73	29	73	29	-	-	
	3,538	-	-	2	-	1,187	1,197	287	173	5,012	1,372			

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Separated financial statements	Fixed interest rates						(Unit: Million Baht)							
	Within 1 year		1-5 years		Over 5 years		Floating interest rate		Non-interest bearing		Total		Interest rate	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	9	-	-	-	-	144	3	-	-	144	1,842	Note 7	Note 7
Current investments	14	14	-	-	-	-	-	-	-	1,722	14	1,736	Note 8	Note 8
Trade and other receivables	-	-	-	-	-	-	-	-	2	3	2	3	-	-
Loans to related parties and interest receivables	-	-	50	50	5,489	0	-	-	-	-	9	0	Note 6	Note 6
Other long-term investments	-	-	-	-	-	-	-	-	502	-	502	-	-	-
	14	23	50	50	5,489	0	144	3	504	1,725	6,201	8,341		
Financial liabilities														
Short-term loan from financial institution and interest payable	3,538	-	-	-	-	-	-	-	-	-	3,538	-	Note 20	-
Trade and other payables	-	-	-	-	-	-	-	-	76	33	76	33	-	-
Liabilities under finance lease agreements	-	-	-	2	-	-	-	-	-	-	-	2	-	4.29 - 8.50
Deposits and advances received	-	-	-	-	-	-	-	-	7	11	7	11	-	-
	3,538	-	-	2	-	-	-	-	83	44	3,621	46		

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Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

As at 31 December 2016 and 2015 the balances of financial liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements				
Foreign currency	Financial liabilities		Exchange rate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	88	88	36.0025	36.2538
Euro	42	42	38.1362	39.7995
SG dollar	158	97	25.0755	25.7905

33.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest rates closed to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

34. Capital management

The primary objective of the Group'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 2016, the Group's debt-to-equity ratio was 0.335:1 (2015: 0.132:1) and the Company's was 0.181:1 (2015: 0.003:1).

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35. Reclassification

The Group has reclassified line item in statement of comprehensive income for the year ended 31 December 2015 to conform to the current year's classification. The reclassification had no effect to previously reported profit or shareholders' equity.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separated	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of comprehensive income				
Cost of hotel operation	299,837	483,261	-	-
Cost of sale of real estate	83,850	86,603	83,850	86,603
Selling and servicing expenses	85,182	43,103	1,392	1,392
Administrative expenses	429,758	479,666	145,905	153,578
Depreciation and amortisation	194,006	-	10,426	-
Total	1,092,633	1,092,633	241,573	241,573

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 7 February 2017.



U City Public Company Limited

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