

# ANNUAL REPORT 2018

GRAND CANAL LAND PUBLIC COMPANY LIMITED

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## Message from the Chairman

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Dear Shareholders,

In 2018, Grand Canal Land Public Company Limited (the "Company" or "GLAND") had changed the structure of the Company's major shareholders to CPN Pattaya Company Limited ("CPN Pattaya"), a subsidiary under Central Pattana Public Company Limited ("CPN"), which has become the Company's major shareholder with a shareholding proportion, after the tender offer, of 67.53% of the company's total number of shares. However, the change in the shareholder structure will support the business of the Company, have strength and have potential for growth due to CPN being a leading company in the real estate development business, including shopping centers, residences, hotels, office buildings, as well as mixed-use projects. With CPN's business structure being closely similar to the Company, the Company is confident that it will still be able to maintain business growth at the leading level.

For the year 2018, the Company's main source of income came from rentals from the office building project in which the revenue from real estate sales in the second half of the year slowed down as the company realized that there was an oversupply of real estate projects for sale. Therefore, the Company delayed project developments in order to sell during that slow down period. Nonetheless, the land intended for the 3 real estate project developments (Don Mueang, Local Road and Phahon Yothin) are located in good locations that have potential. The locations are adjacent to the Red Line Train route, currently under construction, which may affect access between the three projects. Once the Red Line Train project is completed, the sales project of the company in these areas will benefit more.

In terms of progress of the Company's projects, due to changes in the shareholding structure and for business operations, flexibility and the ability to respond to consumers changes, the Company therefore reviews the development plans of various projects as follows: Super Tower Project and Convention Center, retail space for rent (Arcade) and hotel projects. The projects feasibility study and business models are still under review. For other projects, the Company's strategic direction are still to be followed, focusing on creating a balance between performance, good corporate governance principles and having social responsibility in order to be a foundation for strengthening the company in the long run.



In addition to the implementation of business strategies, the Company also gives importance to social responsibility and the environment, as well as all stakeholders because the Company believes that business growth will be a sustainable growth. The Company and all stakeholders must grow together. In 2018, the Company had organized activities for the benefit of society and all stakeholders in various forms, such as the “GLAND Together, Save the Environment” project, which is a project that encourages executives and employees to join together in preserving natural resources and the environment, as well as creating benefits for the local community at Thung Prong Bay, Sattahip District, Chonburi Province, or the “Big Clean Day” project, in honor of King Rama X, by which the Company's executives and employees join together to clean Klong Yai Sun, Huay Kwang District, Bangkok, to create a good atmosphere for local residence, etc.

On behalf of the Board of Directors, I would like to thank all shareholders and stakeholders for their trust and support for the Company's operations. The Board of Directors, executives, and all employees will strive and dedicate their physical strength and thinking power in developing the organization to achieve sustainable success in order to create wealth and stability for all shareholders and stakeholders. In addition, the Company is still committed to protecting the environment, society and the community in order to balance the growth of the Company's business under the principles of good corporate governance and free from all types of corruption.



Mr. Sudhitham Chirathivat

Chairman of the Board of Directors



## Audit Committee Report

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To Shareholders of Grand Canal Land Public Company Limited

The Audit Committee consists of three independent directors who are freed and authorized by The Board of Directors according to the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2018, the Audit Committee held total of 5 meetings, 3 Audit Committee members<sup>1</sup> attended 5 meetings, together with the management, the internal auditor and the external auditor joined in related matters. The Audit Committee regularly reported to the Board of Directors which can be summarized as follows:

1. Reviewed the quarterly and annual financial statements and notes to the financial statements of the Company to accurately and completely in accordance with the accounting standards.
2. Reviewed and approved annual internal audit plan and, thus, monitored internal audit results and improvement of the Management in accordance with the internal auditor and the external auditor's recommendations in order to achieve the targeted plan.
3. Reviewed the Company to follow rules, regulations and laws related to listed company. The Audit Committee considered that there was no important issue regarding to this matter.
4. Considered and recommended Mr. Supachai Phanyawattano CPA License # 3930 or Mr. Nuttawut Santiphet CPA License # 5730 or Ms. Krongkaew Limkittikul CPA License # 5874 of EY Office Limited (Formerly known as Ernst & Young Office Limited) to be the Company's auditors in 2018 including the appropriated audit fee which had been approved in the Annual General Meeting of Shareholders.
5. Reviewed the connected transactions or conflict-of-interest transactions to operate reasonably in accordance with normal business practice and complied with related rules, regulations and laws, and also disclosed accurate, sufficient and transparent information.
6. Considered, selected and nominated Chutikarn Audit Co.,Ltd., by Mr. Pravut Vongkanit, Director as Team Leader, to be the Company's Internal Auditor in 2018 and proposed pros and cons between hiring outsource and in-house to be Internal Auditor to the Board of Directors for acknowledgement.

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<sup>1</sup> The Audit Committee's members, in 2018, consist of Mr. Nipon Wisityuthasart, Mr. Banpot Hongtong and Mrs. Jitmanee Suwannapool. On 14 September 2018, Mr. Nipon Wisityuthasart and Mr. Banpot Hongtong tendered their resignations from positions, and the Board of Directors meeting held on 4 December 2018 passed the resolution to appoint Mr. Charan Mongkolchan and Mr. Vithaya Chavanand as the audit members replacing Mr. Nipon Wisityuthasart and Mr. Banpot Hongtong respectively.

7. Reviewed and monitored the adequacy, appropriation and sufficiency of the internal control system of the Company.

The Audit Committee considered that the Company has an accurate and adequate financial statement. Also its operations were complied with rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Meanwhile, with the existing operation manual and internal control system led to adequate, reliable and transparent disclosed financial information.



(Mr. Charan Mongkolchan)

Chairman of Audit Committee

11 February 2019



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1. Mr. Sudhitham Chirathivat

Chairman

2. Assoc. Prof. Prapanpong Vejajiva

Director

3. Mr. Charan Mongkolchan

Independent Director

4. Mrs. Jitmanee Suwannapool

Independent Director

5. Mr. Vithaya Chavananand

Independent Director

6. Mr. Preecha Ekkunagul

Director

7. Mr. Pandit Mongkolkul

Director

8. Miss Nopporn Tirawattanagool

Director

9. Mr. Sansrit Yenbamrung

Director



## Management Team

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1. Miss Naparat Sriwanvit

Chief Executive Officer (Acting)

2. Mrs. Panida Sooksridakul

Deputy Managing Director

3. Flt.Lt. Kree Dejchai

Deputy Managing Director (Acting)

4. Mr. Surakit Thantananont

Senior Assistant Managing Director

5. Mr. Kelvin Laup Tack Choi

Senior Assistant Managing Director

## Board and Management Profile

### Board of Directors

1. Mr. Sudhitham Chirathivat	Age 71 Years
• Position	Chairman (Authorized Signature)
• Date of Being a Director of the Company	12 September 2018
• Education	B.S. in Electrical Engineering, University of Maryland (College Park), U.S.A. MBA (Operations Research), Iona University, U.S.A.
• Training Course	Director Certification Program (DCP) Class 37/2003 Thai Institute of Directors (IOD) The Joint State-Private Sectors Course Class 13 National Defence College
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

### Experience in the last 5 years

12 Sep 2018 - Present	Chairman	Grand Canal Land Plc.
2007 - 2015	Advisory of the Nomination and Remuneration Committee	Central Pattana Plc
2009 - 2013	Chairman of the Executive Committee	Central Group of Companies Co., Ltd.

### Directorship in Other Listed Companies

Director and Member of Nomination and Remuneration Committee, Central Pattana Plc.

Independent Director, Jasmine International Plc.

Vice Chairman, Robinson Plc. and Director in subsidiaries

Director, Central Plaza Hotel Plc. and subsidiaries

Director, TV Thunder Plc.

### Directorship in Non-listed Companies

26 Companies

**2. Assoc. Prof. Prapanpong Vejjajiva      Age 83 Years**

• Position	Director (Authorized Signature), Vice Chairman, Member of Nomination and Remuneration Committee and Vice Chairman of the Executive Committee
• Date of Being a Director of the Company	23 December 2009
• Education	Bachelor of Political Science (Second Class Honor), Chulalongkorn University
	Master of Social Science (MsSc), Stockholm University, Sweden
	Certificate In Business Administration, Stanford University, USA
• Training Course	Director Accreditation Program (DAP) The Role of Chairman Program (RCP) Audit Committee Program (ACP) The Role of Compensation Committee (RCC) Thai Institute of Directors (IOD)
	The National Defence Course Class 28 National Defence College
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

**Experience in the last 5 years**

1 March 2017 - Present	Director	G Land Property Management Co., Ltd.
1 March 2017 - Present	Director	Belle Assets Co., Ltd.
1 March 2017 - Present	Director	Sterling Equity Co., Ltd.
12 May 2016 - Present	Vice Chairman of the Executive Committee	Grand Canal Land Plc.
14 Jan 2010 - Present	Vice Chairman	Grand Canal Land Plc.
23 Dec 2009 - Present	Director and Member of Nomination and Remuneration Committee	Grand Canal Land Plc.
2001 - Present	Director	Belle Development Co., Ltd.
1992 - Present	Director	Rama 9 Square Ltd.
2007 - 31 Jul 2014	Chairman	The Krungthep Thanakom Co., Ltd. (Bangkok Metropolitan's Enterprise)



2007 - Sep 2014	Member of the Board of Directors	SASIN International Business Graduate School of Chulalongkorn University
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#### Directorship in Other Listed Companies

None

#### Directorship in Non-listed Companies

8 Companies

### 3. Mr.Charan Mongkolchan Age 70 Years

• Position	Independent Director and Chairman of Audit Committee
• Date of Being a Director of the Company	4 December 2018
• Education	Bachelor of Arts, Burapha University Master of Arts (Economic Development), Kasetsart University
• Training Courses	Director Certification Program (DCP), Class 111/2008 Audit Committee Program (ACP), Class 32/2010 Monitoring the Internal Audit Function (MIA), Class 9/2010 Monitoring Fraud Risk Management (MFM), Class 4/2010 Monitoring the System of Internal Control and Risk Management (MIR), Class 9/2010 Monitoring the Quality of Financial Reporting (MFR), Class 11/2010 Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance , Year 2017 The National Defence Course, Class 4313 National Defence College
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

4 Dec 2018 - Present	Independent Director and Chairman of Audit Committee	Grand Canal Land Plc.
2006 - 2013	Director	Bridge View Co., Ltd.
2006 - 2009	Executive Vice President, Corporate Services Group	TMB Bank Plc.

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**Directorship in Other Listed Companies**

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Director, Independent Director, Member of Audit Committee and Chairman of Risk Management Committee, Robinson Plc.

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**Directorship in Non-listed Companies**

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None

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**4. Mrs. Jitmanee Suwannapool                      Age 66 Years**

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• Position	Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee
• Date of Being a Director of the Company	25 April 2014
• Education	Bachelor of Business Administration (Accounting), Ramkhamhaeng University  Bachelor of Laws, Ramkhamhaeng University  Master of Public Administration, The National Institute of Development Administration (NIDA)
• Training Courses	Director Certification Program (DCP), Year 2014 Thai Institute of Directors (IOD)  Certificate for High Level Executive Capital Market Academy, Class 12
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

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**Experience in the last 5 years**

4 Dec 2018 - Present	Member of Nomination and Remuneration Committee	Grand Canal Land Plc.
30 Apr 2014 - Present	Audit Committee Member	Grand Canal Land Plc.
25 Apr 2014 - Present	Independent Director	Grand Canal Land Plc.
15 Feb 2016 – 31 Jan 2017	Independent Director and Chairman of the Audit Committee	Thailand Privilege Card Co., Ltd.
2012-2013	Principal Advisor on Tax Base Management	The Revenue Department
2010-2013	Committee and Investigation Committee	Central Laboratory (Thailand) Co., Ltd.

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**Directorship in Other Listed Companies**

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Independent Director and Member of Audit Committee, Country Group Holdings Plc.

Independent Director and Member of Audit Committee, NCL International Logistics Plc.

#### Directorship in Non-listed Companies

2 Companies

#### 5. Mr.Vithaya Chavanand

Age 61 Years

• Position	Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee
• Date of Being a Director of the Company	4 December 2018
• Education	Bachelor Degree (Political Science Finance), Chulalongkorn University MBA, Webster University, U.S.A
• Training Courses	Director Accreditation Program (DAP), Class 52/2006 Director Certification Program (DCP) Class 84/2006 Audit Committee Program (ACP) Class 32/2010 Monitoring Fraud Risk Management (MFM), Class 4/2010 Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance, Year 2017
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

4 Dec 2018 - Present	Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee	Grand Canal Land Plc.
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#### Directorship in Other Listed Companies

Director, Independent Director, Member of Audit Committee, Member of the Risk Policy Committee, Member of Nomination and Remuneration Committee, Robinson Plc.

Vice Chairman and Company Secretary, Vichitbhan Palm Oil Plc.

#### Directorship in Non-listed Companies

7 Companies



6. Mr. Preecha Ekkunagul

Age 60 Years

• Position	Director (Authorized Signature) and Chairman of Executive Committee
• Date of Being a Director of the Company	12 September 2018
• Education	B.Sc. in Chemical Engineering, Chulalongkorn University M.Eng., Asian Institute of Technology
• Training Courses	Director Certification Program (DCP), Class 62/2005 Director Accreditation Program (DAP), Class 8/2004 Thai Institute of Directors (IOD) Capital Market Academy Leadership Program, Class 7
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

Experience in the last 5 years

2 Oct 2018 - Present	Chairman of Executive Committee	Grand Canal Land Plc.
28 Sep 2018 - Present	Director	Rama 9 Square Co.,Ltd.
21 Sep 2018 - Present	Director	G Land Property Management Co., Ltd.
21 Sep 2018 - Present	Director	Belle Development Co., Ltd.
21 Sep 2018 - Present	Director	Belle Assets Co., Ltd.
21 Sep 2018 - Present	Director	Rama 9 Square Hotel Co.,Ltd.
21 Sep 2018 - Present	Director	Sterling Equity Co., Ltd.
12 Sep 2018 - Present	Director	Grand Canal Land Plc.
2012 - 2014	Director	Officemate Plc
2003 - 2013	Director, Executive Director and President	Robinson Department Store Plc. and subsidiaries

Directorship in Other Listed Companies

Director, President & CEO and Member of the Risk Policy Committee, Central Pattana Plc.

Directorship in Non-listed Companies

1 Company

7. Mr. Pandit Mongkolkul

Age 55 Years

• Position	Director (Authorized Signature), Member of Nomination and Remuneration Committee and Executive Director
• Date of Being a Director of the Company	12 September 2018
• Education	Bachelor Degree (Accounting), Chulalongkorn University MBA (Finance and International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University
• Training Courses	Director Certification Program (DCP), Year 2003 Corporate Governance for Capital Market Intermediaries (CGI), Class 14/2016 Thai Institute of Directors (IOD) Capital Market Academy Leader Program, Class 4/2007 Capital Market Academy Financial Planning for the executive Program, Year 2012 Thai Financial Planners Association
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

Experience in the last 5 years

4 Dec 2018 - Present	Member of Nomination and Remuneration Committee	Grand Canal Land Plc.
2 Oct 2018 - Present	Executive Director	Grand Canal Land Plc.
28 Sep 2018 - Present	Director	Rama 9 Square Co.,Ltd.
21 Sep 2018 - Present	Director	G Land Property Management Co., Ltd.
21 Sep 2018 - Present	Director	Belle Development Co., Ltd.
21 Sep 2018 - Present	Director	Belle Assets Co., Ltd.
21 Sep 2018 - Present	Director	Rama 9 Square Hotel Co.,Ltd.
21 Sep 2018 - Present	Director	Sterling Equity Co., Ltd.
12 Sep 2018 - Present	Director	Grand Canal Land Plc.
2015 - 2017	Director of Legal Tax Regulations and Arbitration Committee	The Thai Chamber of Commerce and Board of Trade of Thailand
2013 - 2017	Director and Treasurer	The Listed Company Association

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**Directorship in Other Listed Companies**

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Director, Member of Nomination and Remuneration Committee and Risk Management Committee

Consultant, COL Plc.

Director, Executive Director and Corporate Governance Committee Consultant, Robinson Plc.

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**Directorship in Non-listed Companies**

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17 Companies

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**8. Mr. Jarern Jirawisan****Age 78 Years**

- |  |  |
|--|--|
| ● Position   | Director<br>(Resignation of the Company is directorship which is effective on 1 February 2019)                                   |
| ● Date of Being a Director of the Company            | 23 December 2009   |
| ● Education  | Bachelor of Engineering, Chulalongkorn University<br>Master of Management, SASIN Graduate Institution of Business Administration |
| ● Training Courses                                   | Director Accreditation Program (DAP)<br>Thai Institute of Directors (IOD)  |
| ● Shareholding in the Company                        | None   |
| ● Family Relationship among Directors and Executives | None   |
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**Experience in the last 5 years**

23 Dec 2009 – 31 Jan 2019	Director	Grand Canal Land Plc.
2008 – 21 Feb 2017	Director	Belle Development Co., Ltd.
2008 – 21 Feb 2017	Director	Rama 9 Square Hotel Co., Ltd.
2006 – 21 Feb 2017	Director	Rama 9 Square Ltd.
2002 – 21 Feb 2017	Director	Belle Assets Co., Ltd.
2000 – 21 Feb 2017	Director	G Land Property Management Co., Ltd.
1996 – 21 Feb 2017	Director	Sterling Equity Co., Ltd.
1994 - 28 Nov 2016	Director	Siam Puri Engineering Co., Ltd.

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**Directorship in Other Listed Companies**

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None

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#### Directorship in Non-listed Companies

28 Companies

9. Miss Nopporn Tirawattanagool	Age 64 Years
• Position	Director
• Date of Being a Director of the Company	27 April 2015
• Education	Bachelor of Business Administration (in Accounting), Thammasat University
	Master of Accounting, Faculty of Commerce and Accountancy, Thammasat University
• Training Courses	Director Accreditation Program (DAP), Year 2003 Role of the Compensation Committee (RCC), Year 2009 Audit Committee Program (ACP), Year 2010 Director Certification Program (DCP), Year 2010 Financial Institutions Governance Program (FGP), Year 2011 Anti-Corruption for Executive Program (ACEP), Year 2013 Risk Management Program for Corporate Leaders (RCL), Year 2015 National Director Conference 2017 "Steering Governance in a Changing World", Year 2017 IOD National Director Conference 2018 "Rising Above Disruptions: A Call for Action", Year 2018 Thai Institute of Directors (IOD)
	Training on International Financial Reporting Standard 9 (IFRS 9), PwC Thailand, Year 2016
	CG Forum 2/2016 "Honest, Cautious, Protective for the director", Year 2016
	Seminar on "Cyber Security Awareness Training for Senior Executive", Year 2016
	Strategic IT Governance (for non-IT), Year 2017
	Future customer experience in financial and banking services, Year 2018
	IT security trend update, Year 2018
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

**Experience in the last 5 years**

27 Apr 2015 – Present	Director	Grand Canal Land Pcl.
9 Apr 2015 - 28 Nov 2016	Director	Siam Puri Engineering Co., Ltd.
15 Nov 2014 - 21 Feb 2017	Director	Belle Development Co., Ltd.

**Directorship in Other Listed Companies**

Director, Member of Nomination and Remuneration Committee and Member of Risk and Compliance Committee, Bank of Ayudhya Pcl.

Director, Srivichaivejvivat Pcl.

Director, Member of Nomination and Compensation Committee and Member of Governance, Risk and Compliance Committee, Siam City Cement Pcl.

Director and Member of Nomination and Remuneration Committee, Sri Ayudhya Capital Pcl.

**Directorship in Non-listed Companies**

22 Companies

**10. Mr. Sansrit Yenbamrung**

Age 60 Years

• Position	Director
• Date of Being a Director of the Company	14 February 2019
• Education	Bachelor of Engineering, Khon Kaen University Master of Business Administration in International Trade, Sul Ross State University, Alpine, Texas, USA
• Training Course	None
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

**Experience in the last 5 years**

14 Feb 2019 – Present	Director	Grand Canal Land Pcl.
2004 – 2018	Senior Assistant Managing Director	Bank Of Ayudhya Pcl.
2002 – 2018	Director and Chairman of the Executive Committee	Krungsir Ayudhya AMC Company Limited
2002 – 2004	Assistant Managing Director	Bank Of Ayudhya Pcl.

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**Directorship in Other Listed Companies**

Director and Chairman, Matching Maximize Solution Pcl.

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**Directorship in Non-listed Companies**

9 Companies

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## Management Team

1.	Miss Naparat Sriwanvit	Age 46 Years
	• Position	Chief Executive Officer (Acting) and Executive Director
	• Education	B.A., Faculty of Commerce and Accountancy, Chulalongkorn University
		M.A., Faculty of Commerce and Accountancy, Thammasat University
		Certified Public Accountant (CPA), Federation of Accounting Professions under the Royal Patronage of His Majesty the King
	• Training Courses	Company Secretary Program (CSP) Thai Institute of Directors (IOD)
		Finance for Executives Program, INSEAD Business School, France
	• Shareholding in the Company	None
	• Family Relationship among Directors and Executives	None
Experience in the last 5 years		
2 Oct 2018 - Present	Executive Director	Grand Canal Land Plc.
28 Sep 2018 - Present	Director	Rama 9 Square Co.,Ltd.
21 Sep 2018 - Present	Director	G Land Property Management Co., Ltd.
21 Sep 2018 - Present	Director	Belle Development Co., Ltd.
21 Sep 2018 - Present	Director	Belle Assets Co., Ltd.
21 Sep 2018 - Present	Director	Rama 9 Square Hotel Co.,Ltd.
21 Sep 2018 - Present	Director	Sterling Equity Co., Ltd.
13 Sep 2018 - Present	Chief Executive Officer (Acting)	Grand Canal Land Plc.
2015 - Present	Senior Executive Vice President, Finance, Accounting and Risk Management	Central Pattana Plc.
2013 - 2014	Executive Vice President, Finance, Accounting and Risk Management	Central Pattana Plc.
Directorship in Other Listed Companies		
None		

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**Directorship in Non-listed Companies**

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7 Companies

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**Continuing Professional Development in the Accounting Profession (CPD)**

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2018 - Capital Market Academy Leadership Program Class 26

- Insights for revenue recognition and financial reporting standards No. 15 along with case studies, Central People Development Center Co., Ltd., totaling 7 hours
- The course prepares new financial reporting standards. And the impact of TFRS No. 7, 9, Central People Development Center Co., Ltd., totaling 7 hours
- Overview of Thai accounting standards Class 4/2018, Federation of Accounting Professions Under The Royal Patronage of His Majesty the King, totaling 6 hours
- Summary of Changes and issues of TFRS (Revised Edition 2018) for members and guests Class 3/2018, Federation of Accounting Professions Under The Royal Patronage of His Majesty the King, totaling 6 hours

2017 - News Fraud and Wrong Accounting Standards of the Listed Company Class 4, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, totaling 6 hours

- IT Audit for Non IT Auditor Class 3, Federation of Accounting Professions Under The Royal Patronage of His Majesty the King, totaling 6 hours
- General Principle of Double Taxation Agreement and Methodology for Making Decision on International Tax Problems, Central People Development Center Co., Ltd., totaling 6 hours
- Big Changes Ahead for TFRS Class 3, Central People Development Center Co., Ltd., totaling 6 hours

**2. Mrs. Panida Sooksridakul**

**Age 64 Years**

- |  |   |
|--|---|
| ● Position   | Deputy Managing Director Commercial Department and Executive Director             |
| ● Education  | Bachelor of Political Science (Public Administration),<br>Ramkhamhaeng University |
|  | Master of Political Science (Public Administration),<br>Ramkhamhaeng University   |
| ● Training Courses                                   | None  |
| ● Shareholding in the Company                        | None  |
| ● Family Relationship among Directors and Executives | None  |



#### Experience in the last 5 years

1 Jan 2019 - Present	Deputy Managing Director Commercial Department	Grand Canal Land Plc.
2 Oct 2018 - Present	Executive Director	Grand Canal Land Plc.
13 Sep 2018 - 2018	Deputy Managing Director (Acting)	Grand Canal Land Plc.
2013 – Dec 2018	Assistant Managing Director Property Management	Central Pattana Plc.
2011 - 2012	Assistant Managing Director Property Management (Acting)	Central Pattana Plc.
1995 - 2005	Shop Manager	Central Pattana Plc.

#### Directorship in Other Listed Companies

None

#### Directorship in Non-listed Companies

None

### 3. Flt.Lt. Kree Dejchai

Age 55 Years

• Position	Deputy Managing Director (acting) and Executive Director
• Education	Master of MBA, Kasetsart University Bachelor of Engineering (Civil Engineering) , Chiang Mai University
• Training Courses	The Joint State-Private Sectors Course, National Defence College, Class 55
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

2 Oct 2018 - Present	Executive Director	Grand Canal Land Plc.
13 Sep 2018 - Present	Deputy Managing Director (acting)	Grand Canal Land Plc.
2014 – Present	Executive Vice President Residential Project Development	Central Pattana Plc.
2009 - 2013	Chief Operating Officer	SC Asset Corporation Plc.

Directorship in Other Listed Companies
None

Directorship in Non-listed Companies
1 Company

4.	Mr. Surakit Thantananont	Age 57 Years
•	Position	Senior Assistant Managing Director Finance and Accounting Department
•	Education	Bachelor Degree of Accounting (Accounting), Chulalongkorn University Master Degree of Accounting (Finance), Chulalongkorn University
•	Training Courses	Director Accreditation Program (DAP) Director Certification Program (DCP)
•	Shareholding in the Company	None
•	Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

1 Sep 2013- Present	Senior Assistant Managing Director	Grand Canal Land Plc. Finance and Accounting Department
16 Mar 2011 – 31 July 2013	Assistant Managing Director Finance and Accounting Department	Grand Canal Land Plc.

Directorship in Other Listed Companies
None

Directorship in Non-listed Companies
None

5.	Mr. Kelvin Laup Tack Choi	Age 65 Years
•	Position	Senior Assistant Managing Director Commercial Sales and Marketing Department
•	Education	Bachelor of Arts (Economics) University of Manitoba, Manitoba, Canada
•	Training Courses	None

• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

8 Jul 2015 - Present	Senior Assistant Managing Director Commercial Sales and Marketing Department	Grand Canal Land Plc.
2001 - 2014	Marketing Director	All Seasons Property Co Ltd.

#### Directorship in Other Listed Companies

None

#### Directorship in Non-listed Companies

None

#### 6. Mr. Somphoch Thitipalati Age 36 Years

• Position	Company Secretary
• Date of Being a Company Secretary	13 September 2018
• Education	Bachelor of Law, Thammasart University Master Degree of Management, College of Management Mahidol University Master Degree of International Banking and Finance Laws, University of Leeds, UK Certificate of Thai Barristerred, The Thai Bar
• Training Courses	Company Secretary Progr (FPCS) Advances for Corporate Secretaries, Class 1 Thai Listed Companies Association RE-CU Cash Flow, Class 6 (The Real Estate Executive Association of Chulalongkorn University)
• Shareholding in the Company	None
• Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

13 Sep 2018 – Present	Company Secretary	Grand Canal Land Plc.
2016 – Present	Manager Company Secretary Office	Central Pattana Plc.
2014 – 2015	Analysis and Planning Officer	PTT Plc.
2012 – 2014	Company Secretary Assistant	Intouch Holdings Plc.
2006 – 2012	Assistant Manager	The Siam Cement Plc.

#### Directorship in Other Listed Companies

None

#### Directorship in Non-listed Companies

None

#### 7. Ms. Nonglak Sriwongphanawes Age 44 Years

● Position	Internal Audit
● Education	B.B.A. in Finance and Banking, Assumption University  The Master of Commerce in International Business, The University of New South Wales, Australia
● Training Courses	Analytical Thinking for Professional Internal Auditors Anti-Corruption Synergy to Success Internal Audit's Challenge in Value Adding The IA Insights: The Professional of Sustainable Development Skills for New Auditor-In-Charge Standards and Techniques of Auditing Accountants with the Operating Internal Audit CAE Forum - Digitization: Empower IA New GEN The Institute of Internal Auditors of Thailand  IA Core Competencies, The Institute of Internal Auditors of Thailand and The Stock Exchange of Thailand  Fraud Examination, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King  Endorsed Internal Auditing Program, Chulalongkorn University  Risk management updates for board and senior management, PWC

● Shareholding in the Company	None
● Family Relationship among Directors and Executives	None

#### Experience in the last 5 years

4 Dec 2018 – Present	Internal Audit	Grand Canal Land Plc.
2015 – Present	Assistant Vice President, Internal Audit Office	Central Pattana Plc.
2011 – 2015	Assistant Vice President, Internal Audit Office	Big C Supercenter Plc.
2008 – 2011	Senior Manager, Internal Audit Office	Big C Supercenter Plc.

#### Directorship in Other Listed Companies

None

#### Directorship in Non-listed Companies

None

## The Company's Business

### 1. Policy and Overall of the Business Operation

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#### 1.1 Vision and Mission

The Company aims to become one of a leader in real estate development business in Thailand and create products with qualities to the satisfaction of our customers. The focus is the development of residential single detached house and condominium projects, as well as commercial projects such as quality office buildings and retail space projects. These projects will be leased to target customers, according to their level, requirements with the respective price ranges, in order to accommodate for the various requirements of the customers.

#### 1.2 Important Changes and Developments

Grand Canal Land Public Company Limited ("the Company" or "G-Land"), formerly known as Media of Medias Public Company Limited ("Medias"), was incorporated on 22 April 1985 with an initial capital of Baht 200,000. The Company was listed in the Stock Exchange of Thailand since 8 February 1996. At that time, the Company was carrying on television program production business and commercial spot sales in television programs.

The Company has a significant change in the Company's business, from the television business to the real estate development business. The Stock Exchange approved the listing of the Company's ordinary shares and reclassified the business category from the media and publication business category, under service industry group, to the property development category under property and construction industry group on 21 January 2010 and the Company changed its company name to Grand Canal Land Public Company Limited on 6 May 2010 and used the stock symbol "GLAND". The Cheremkit Group became the major shareholder as well as the executives of the Company.

On 19 April 2017, the Company and its subsidiary entered into agreements to lease out the office space of The 9th Towers Grand Rama 9 Project and Unilever House Grand Rama 9 Project (together called the "Project") and to dispose moveable properties which are used in the operation of The 9th Towers Office Project and Unilever House Office Project to GLAND Office Leasehold Real Estate Investment Trust (GLANDRT), the total value throughout the lease term of this agreement in an amount of Baht 5,997.7 million according to the Resolution of the GLAND Board of Directors' Meeting No. 1/2017 held on 3 February 2017.

On 12 September 2018, CPN Pattaya Company Limited ("CPN Pattaya"), a subsidiary of Central Pattana Public Company Limited ("CPN"), purchased shares from the former major shareholder, Charenkrit Group, totaling 3,278,132,406 shares, representing 50.43% of the company's total number of shares. Following the Tender Offer for the remaining ordinary shares of the company, CPN Pattaya purchased an additional 1,111,286,139 shares,

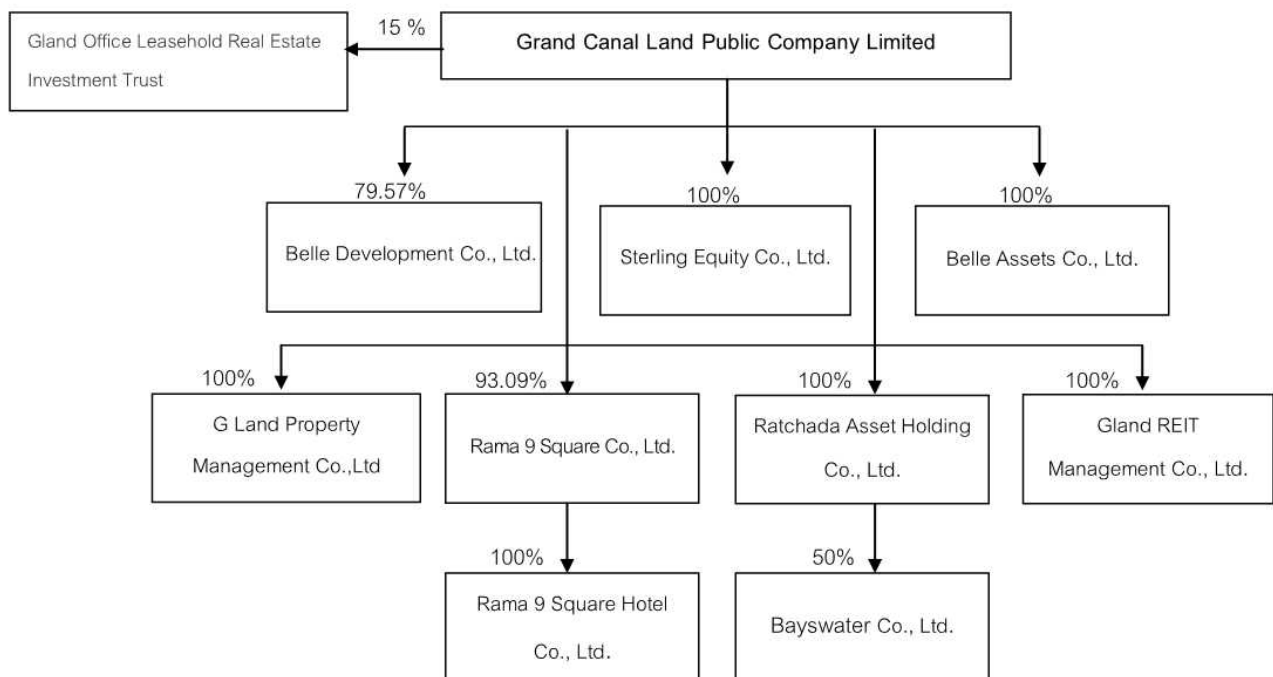


representing 17.10% of the company's total number of shares. CPN Pattaya currently holds a total of 4,389,418,545 shares, representing 67.53% of the company's total number of shares.

As of the end of 2018, the Company has registered capital of Baht 6,535 million and paid-up capital of Baht 6,499 million.

### 1.3 Shareholding structure

The Company, its subsidiaries and associated Company operate in The Real Estate as a main business as per details below:



Belle Grand Rama 9 Project



Picture of the Belle Grand Rama 9 Project



Picture of the Shoppes @ Belle Grand Rama 9 Project

The Ninth Towers Grand Rama 9 Project



Picture of the Ninth Towers Grand Rama 9 Project

Unilever House Grand Rama 9 Project



Picture of Unilever House Grand Rama 9 Project

G Tower Grand Rama 9 Office Building Project



Picture of the G Tower Grand Rama 9 Office Building Project

## 2. Nature of Business

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### **Grand Canal Land Public Company Limited ("GLAND")**

Currently, the Company has a registered capital of Baht 6,535,484,202 and paid-up capital of Baht 6,499,829,661 divided into 6,499,829,661 ordinary shares with a par value of Baht 1 per share. The Company's current projects, the Ninth Towers Grand Rama 9 and retail spaces for rent at the Shoppes @ the Ninth, are now open and in operation. In addition, the Company also provide services for office building management, sales management, marketing, construction work and residential project management.

On 19 April 2017, the Company entered into agreement to lease the office spaces of the Ninth Towers Grand Rama 9 Project and transfer the ownership in the movable properties for the operation of the office buildings of the Ninth Towers Grand Rama 9 Project to GLAND Office Leasehold Real Estate Investment Trust.

The Company is currently reviewing the development plans for the Super Tower project and the real estate project for sale, Belle Sky Condominium project.

### **Sterling Equity Co., Ltd. ("Sterling")**

Sterling was registered and incorporated in 1996. Currently, Sterling has a registered and paid-up capital of Baht 1,800 million, divided into 18 million ordinary shares with a par value of Baht 100 each. At present, it operates office building for rent in Unilever House Project and retail spaces for rent in The Shoppes @ Unilever House which are now open and provides office building management service.

On 19 April 2017, the Company entered into agreement to lease the office spaces of Unilever House Project and transfer the ownership in the movable properties for the operation of the office building of Unilever House Project to GLAND Office Leasehold Real Estate Investment Trust.

Sterling is currently reviewing the development plans of the hotel project in the Grand Rama 9 Project.

### **Rama 9 Square Co., Ltd. ("Rama 9")**

Rama 9 was registered and incorporated in 1995. Currently, Rama 9 has a registered and paid-up capital of Baht 1,900 million, divided into 19 million ordinary shares with a par value of Baht 100 each. At present, Rama 9 has operated an office building for rent in G Tower Grand Rama 9 Project and retail spaces for rent in The Shoppes @ G Tower.

### **Belle Development Co., Ltd. ("Belle").**

Belle was incorporated in 1994. Currently, Belle has a registered and paid-up capital of Baht 2,064,261,300, divided into 20,642,613 ordinary shares with a par value of Baht 100 each. At present, Belle operates development projects of real estate for sale, namely Belle Grand Rama 9 Project, as well as retail spaces for rent in the Shoppes @ Belle Project.



**GLAND Property Management Co., Ltd. ("GPROP")**

GPROP was registered and incorporated in 1995 under the name of BBTV Marketing Co., Ltd. and was renamed in 2014 as GLAND Property Management Co., Ltd. Currently, GPROP has a registered and paid-up capital of Baht 500 million, divided into 5 million ordinary shares with a par value of Baht 100 each. GPROP owns the Land in the Grand Rama 9 Project.

GPROP is currently reviewing the development plans for the retail spaces for rent project ("Arcade").

**Belle Assets Co., Ltd. ("Belle Assets")**

Belle Assets was registered and incorporated in 2002 under the name "Tonson Pleonchit Co., Ltd." and was renamed in 2014 to Belle Assets Co., Ltd. Currently, Belle Assets has a registered and paid-up capital of Baht 11 million, divided into 1,100,000 ordinary shares with a par value of Baht 10 each. At present, Belle Assets has a vacant plot of land in Grand Canal Don Muang Project which is awaiting further development into residential condominium and single-detached housing project.

**Rama 9 Square Hotel Co. Ltd. ("Rama 9 Hotel")**

Rama 9 Hotel was registered and incorporated in 1995. Currently, Rama 9 Hotel has a registered and paid-up capital of Baht 16 million, divided into 1 million ordinary shares, with a par value of Baht 16 each. At present, Rama 9 Hotel has not conducted any business operations.

**Bayswater Co., Ltd. ("Bayswater")**

Bayswater was registered and incorporated in 2014 as a joint venture between Ratchada Asset Holding Co., Ltd. ("Ratchada Asset Holding"), the subsidiary of the Company and BTS Group Holdings Public Company Limited (BTSG), on the basis of 50 : 50 equity. Currently, Bayswater has a registered and paid-up capital of Baht 10 million, divided into 100,000 ordinary shares with a par value of Baht 100 each. It is the intention of both Ratchada Asset Holding and BTSG to use this joint venture company as a vehicle in developing specific real estate project(s). At present, Bayswater has a vacant plot of land around the Phahonyothin area which is under development.

**Ratchada Asset Holding Co., Ltd. ("Ratchada Asset")**

Ratchada Asset was registered and incorporated in 2016. Currently, Ratchada Asset has a registered and paid-up capital of Baht 6 million, divided into 600,000 ordinary shares with a par value of Baht 10 each. At present, Ratchada Asset is Bayswater's shareholder.

**Gland Reit Management Co., Ltd. ("Gland REIT")**

Gland REIT was registered and incorporated in 2016. Currently, Gland REIT has a registered and paid-up capital of Baht 10 million, divided into 1 million ordinary shares with a par value of Baht 10 each. Gland REIT was



established to be the REIT manager of the Real Estate Investment Trust. At present, Gland REIT is a REIT Manager of Gland Office Leasehold Real Estate Investment Trust.

Table on the Group's Revenue Structure for 2016 - 2018 pursuant to its Consolidated Financial Statement

Business Category	Operated by	% of the Company's Equity as at (Dec 31, '18)	2018		2017		2016	
			Bt. Million	%	Bt. Million	%	Bt. Million	%
Real Estate - for rent and related services	Rama 9 Square Co., Ltd.	93.09%	733.07	35.60%	518.68	18.17%	114.13	3.17%
	Grand Canal Land Plc.	-	206.90	10.05%	291.52	10.21%	469.95	13.04%
	Sterling Equity Co., Ltd.	100.00%	99.28	4.82%	138.86	4.86%	230.71	6.40%
	Belle Development Co., Ltd.	79.57%	112.12	5.44%	117.36	4.11%	102.20	2.84%
Real Estate - for sale	Belle Development Co., Ltd.	79.57%	273.73	13.29%	356.51	12.49%	1,689.00	46.87%
Real Estate - Project management and services	Grand Canal Land Plc.	-	19.35	0.94%	27.58	0.96%	48.24	1.34%
Real Estate – Real estate management	Grand Canal Land Plc.	-	21.80	1.06%	14.27	0.50%	-	-
	Sterling Equity Co., Ltd.	100.00%	10.13	0.49%	6.76	0.24%	-	-
Real Estate – REIT Manager	Gland Reit Management Co., Ltd.	100.00%	16.50	0.80%	11.88	0.41%	-	-
Gains from changes in Fair Value and others	Grand Canal Land Plc. and Subsidiaries	-	566.52	27.51%	1,371.94	48.05%	949.36	26.34%
Total			2,059.40	100.00%	2,855.36	100.00%	3,603.59	100.00%

## 2.1 Category of Products or Services

The Company operates various real estate development projects which can be divided into 2 categories, namely real estate for rent and real estate for sale. Moreover, some parts of the Company's revenues are derived from its undertakings on project management as well. In this regard, the Company's projects can be classified as follows:

### 2.1.1 The Grand Rama 9 Project



At present, the Company is in the process of developing the Grand Rama 9 Project, a large-scale real estate project on approximately 73 rai of land located at the Intersection of Rama 9 Road and Ratchadapisek Road (connected to the Rama 9 MRT station exit 3) with access to several major routes which is considered potential location that can serve all journeys. The Company's goal is to develop this project into the Central Business District at the heart of Bangkok. The Grand Rama 9 Project consists of office buildings, retail spaces, convention hall, hotel and condominium buildings, as follows:

Project Name	Project category	Project Status as of 31 December 2017
1. Belle Grand Rama 9	Residential Condominium	Operated in September 2012
2. The Ninth Towers Grand Rama 9	Office building	Operated in February 2014
3. Unilever House Grand Rama 9	Office building	Operated in December 2014
4. G Tower Grand Rama 9	Office building	Operated in September 2016
5. Super Tower & Convention Hall	Office building and Convention Hall	New project plan under review.
6. Arcade Project	Retail spaces	New project plan under review.
7. Hotel Project	Hotel	New project plan under review.
8. The Shoppes Grand Rama 9	Retail spaces, shops, restaurants located in the basement, 1 <sup>st</sup> floor and 2 <sup>nd</sup> floor of every projects in the Grand Rama 9 Project	Operated the Shoppes at Belle Grand Rama 9, The Ninth Towers, Unilever House and G Tower

The Central Plaza Grand Rama 9 Shopping Complex is located in front of the Project on Ratchadapisek Road which was completely constructed and transferred to Central Pattana Nine Square Co., Ltd. at the end of 2011.

#### Details of the various projects in the Grand Rama 9 Project

##### **Belle Grand Rama 9 Project**

This Condominium Project was developed by Belle Development Co., Ltd. in which the Company holds 79.57 percent of its shares. The Belle Grand Rama 9 Project is a residential condominium for sale with retail spaces for rent (The Shoppes Grand Rama 9 @ Belle). There are 8 residential buildings which are the high-rise buildings with basements of two 27-story buildings, two 34-story buildings, two 36-story buildings and two 43-story buildings covering a total of 1,991 residential units and aggregate construction areas of 356,546 square meters. All buildings are constructed on 6-story podium with two floors developed into retail spaces for rent and the remaining four floors as car-parking spaces. This Project is located at the Ratchada - Rama 9 Intersection near the MCOT Intersection and is about 400 meters away from Rama 9 MRT Station.

The highlights of this Condominium Project are its resort-style condominium with a large recreational area characteristically arranged like a hanging garden, and its location in the Centre of Bangkok around the Ratchada - Rama 9 Intersection close to the Expressway, the MRT and the Airport Link which makes it most convenient for transportation. It is sited next to the new Centre of Business District which is comprised of residential condominiums, office buildings, shopping complex and the Central Plaza Grand Rama 9 Shopping Complex. This Project is classified as one of the residential condominiums with high potential in Bangkok which targets the middle to higher income earners.

The average selling price of the condominium units in the project is approximately 85,000 baht per square meter. The room size ranges from 43 to 320 square meters. Sales and total transfers, as of February 2019, equal to 1,954 and 1,952 units, respectively, representing 98.1 percent and 98.0 percent of the total number of units.

For retail spaces in the Project, the Company plans to develop a shopping area under the concept of Urban Oasis or Nature in the Centre of the Town with aggregate 10,000 square meters for rent (excluding a 2,000 square meter Food Court under the Company's own management).

#### **The Ninth Towers Grand Rama 9 Project**

The Ninth Towers Project is a 2-office buildings project with retail spaces for rent ranging from Grades B+ to A- in the Grand Rama 9 Project. It consists of the 36-story Tower A and the 34-story Tower B with retail spaces and common areas at the basement floor, 1<sup>st</sup> floor and 2<sup>nd</sup> floor which are inter-connected areas between Tower A and Tower B. Car-parking spaces of 1,100 slots are provided on the 3<sup>rd</sup> - 10<sup>th</sup> floors.

The Ninth Towers Grand Rama 9 Project covers a usable area of approximately 121,207 square meters with approximately 59,882 square meters allotted for office spaces for rent, approximately 3,068 square meters allotted for convention hall (The Company has entered into the 30-year lease agreement to lease the office spaces and convention hall to GLAND Office Leasehold Real Estate Investment Trust in April 2017 which the Company received the deferred rent of Baht 4,592.5 million), approximately 5,771 square meters allotted for retail spaces, approximately 31,195 square meters allotted for car-parking spaces, approximately 102 square meters allotted for storage spaces and approximately 21,189 square meters allotted for public areas.

The Project's highlights are its location around the Ratchada - Rama 9 Intersection close to the Expressway, the MRT and the Airport Link, as well as its mid-range rental rates which are in line with the demand of its target customers.

#### **Unilever House Grand Rama 9 Project**

Unilever House Grand Rama 9 Project is developed by Sterling Equity Co., Ltd. (in which the Company holds 100 percent of its shares). This Project is a Grade A office building with retail spaces for rent. It is located in the Grand Rama 9 Project. This Project is a 12-story building with a basement floor and car-parking spaces of approximately 410 slots provided on the 3<sup>rd</sup> - 6<sup>th</sup> floors.

Unilever House Project covers a usable area of approximately 46,825 square meters with approximately 18,527 square meters allotted for office spaces for rent, approximately 3,741 square meters allotted for retail spaces, approximately 13,380 square meters allotted for car-parking spaces and approximately 11,177 square meters allotted for other spaces. The Company has entered into the 17-year 7-month lease agreement to lease the office spaces to GLAND Office Leasehold Real Estate Investment Trust in April 2017 which the Company received the deferred rent of Baht 1,398.2 million.

#### **G Tower Grand Rama 9 Office Building Project**

This Project is a Grade A office building project with retail spaces for rent developed by Rama 9 Square Co., Ltd. (in Which the Company holds 93.09 percent of its shares), located on the land under a 43-year long-term lease agreement. Total office and retail spaces for rent are approximately 73,000 square meters. The building was designed in the form of the alphabet G consisting of two high-rise buildings of 40-story and 30-story (8 degrees slope), based on the 14-story podium. This Project is located on the area of Ratchada-Rama 9 Intersection,

connected to the Rama 9 MRT Station exit 3 and sited next to the Central Plaza Grand Rama 9 Shopping Complex. This Project began its operation in the third quarter of 2016.

#### Central Plaza Grand Rama 9 Shopping Complex Project

Construction of the Central Plaza Grand Rama 9 Shopping Complex was completed and duly transferred to Central Pattana Nine Square Co., Ltd. at the end of 2011. This Project is considered a magnet to help enhancing the attractions of the areas under the Grand Rama 9 Project, in particular, the office buildings and other areas which will be developed as the more attractive trading and business hub.

#### **2.1.2 Vacant land that is under review of the development model**

##### **(1) Vacant land in the Grand Rama 9 Project**

- Land located between Unilever House office building and the G Tower office building (former Super Tower Project) with an area of 14-1-36.2 rai.
- Land adjacent to the G Tower office building (Former Super Tower Project) with an area of 5-3-45.5 rai.
- Land located between Unilever House office building and The Nine Towers office building (Former New World Hotel) with an area of 2-2-41.9 rai.
- Land with an area of 0-2-80 rai.
- Land with an area of 0-1-89 rai.

##### **(2) Vacant land in Grand Canal Don Muang Project**

The Company has vacant land in Grand Canal Don Muang Project, which is adjacent to the Red Line BTS with a total area of 85-1-38.7 rai.

##### **(3) Vacant land on Kampaeng Phet Road**

The Company has vacant land on Kamphaeng Phet Road (Former Belle Sky Condominium Project), which is adjacent to the Red Line BTS line. The land totals an area of 35-0-12.9 rai, divided into:

- Vacant land with an area of 25-1-28.2 rai
- Vacant land with an area of 9-2-84.7 rai (long-term rental by Miracle Group of 30 years)

##### **(4) Vacant land**

The Company has vacant land on Phahon Yothin Road (joint venture project with BTS Group with the proportion of 50:50), which is adjacent to Phahon Yothin Road and Vibhavadi Rangsit Road with a area of 48-2-96.8 rai.

#### **2.1.3 Real Estate Management Services**

##### Grand Canal Don Muang Project 1 and Project 2

Grand Canal Don Muang Project 1 and Project 2 are single-detached housing projects located in the Don Muang area near the Expressway - Phase 2 and the Tollway with 194 allotted plots of land in Project 1

and 199 allotted plots of land in Project 2. The size of land for houses in the Projects ranges from 73 to 250 square meters with 197 to 408 square meters of utilization space. Their selling prices range from Baht 6.5 million to 25 million.

The Projects' highlights are its high quality of single-detached houses which are set amidst prime surroundings and come with excellent common facilities. The Projects' conceptual design depicts the atmosphere of romance in Venice, Italy while their selling prices are competitive with those of other housing projects with similar quality. Target groups of these two Projects are middle to high income earners.

At present, the Company holds the rights of management, marketing and sale management for both Projects since 1 January 2018 – 31 October 2018 and earns an income in the form of management fees.

#### The Ninth Towers and Unilever House Office Buildings

After the Company entered into the lease agreement to lease The Ninth Towers and Unilever House for the period of 30 years, and 17 years and 7 months, respectively to GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) in April 2017, GLANDRT also uses the Company's office building management service which the Company earns an income in the form of management fees

## **2.2 Marketing and Competition**

### **(1) Types of Customers and Target Groups**

Target customers for residential projects are general individual customers with an emphasis on groups of middle to high income earners.

Target customers for office building projects are the customers primarily requiring Grade A office spaces in G Tower Grand Rama 9, Unilever House and Super Tower Projects. For The Ninth Towers Grand Rama 9 Project, emphasis will be made on Grades B+ to A- customers.

Target customers for retail spaces cover every target groups: long-term, short-term or miscellaneous tenants, depending on the characteristic of particular retail spaces.

### **(2) Pricing Policy**

Prescription of the selling price of the real estate and space rental will take into account the market price, industry competitors in the same and nearby neighborhood and will also consider cost of the project investment. The increase in price will mainly depend on market prices and project management cost.

### **(3) Economic and Industry Overview**

#### **● Thai Economy Overview in 2018**

In 2018, the Thai economy increased by 4.1 percent, up from 4.0 percent in 2017, which was recorded as the highest growth in 6 years. Export value increased by 7.7 percent while private consumption and total investment increased by 4.6 percent and 3.8 percent, respectively. The headline

inflation averaged 1.1 percent and the current account recorded a surplus of 7.4 percent of GDP. The main driving force in each sector can be considered as follows:

Private consumption increased by 4.6 percent, the highest in 6 years, and government consumption expenditure increased by 1.8 percent, while the total investment increased by 3.8 percent. Public investment increased by 3.3 percent and private investment increased by 3.9 percent, the highest in 6 years.

Export of goods. In 2018, export value amounted to 253,431 million US dollars, increased by 7.7 percent, compared to 9.8 percent growth in 2017. Export volume increased by 4.2 percent, export price increased by 3.4 percent and when considered in the form of baht, exports increased by 2.7 percent.

Agricultural sector. Agricultural production increased by 5.0 percent, improved from 3.7 percent growth in 2017. Agricultural production index increased by 5.5 percent, while agricultural product price index decreased by 5.7 percent, resulting in an overall farm income index decrease of 0.4 percent.

Industrial sector. Industrial production increased by 3.0 percent, improved from 2.9 percent growth in 2017. The industrial production index increased by 2.8 percent, and the average capacity utilization rate stood at 68.5 percent.

The hotels and restaurants sector increased by 7.9 percent and slowdown from compared to the 10.6 percent growth in 2017. Foreign tourists totaled 38.28 million people, an increase of 7.5 percent. The total tourism revenue was recorded at 3,075 billion baht, an increase of 9.0 percent, revenue from foreign tourists was recorded at 2,007.5 billion baht, an increase of 9.6 percent, revenue from Thai tourists was recorded at 1,068 billion baht, an increase of 7.9 percent and an average occupancy rate of 71.40

The transport and communication sector increased by 6.3 percent, compared to the 7.3 percent growth in 2017. Transport services increased by 3.2 percent and telecommunication services increased by 10.2 percent.

- **Thai Economic Outlook for 2019**

The Thai economic outlook in 2019 is likely to expand by 3.5 - 4.5 percent, with the support from 1) Household spending is likely to expand well and support the economic growth following the improvements of people's income base and employment; 2) Continuous improvement of private investments following the increase in the capacity utilization rate, an increase in the value of applying for investment promotion, and the progress of important investment projects; 3) Acceleration of public investments following the increase of investment budget framework under the annual expenditure budget and annual overlap, including the acceleration of disbursement from government infrastructure investment projects; 4) The increase in the driving force from the tourism sector following the adjustment to the standard number of and revenue from Chinese and European tourists; and 5 ) Changes in the direction of trade, production and international investment which will help reduce the impact of the global economic slowdown. The export value is expected to grow by 4.1 percent, private consumption and total investment by 4.2 and 5.1 percent, respectively. The average headline inflation is expected to range 0.5 - 1.5 percent and the current account surplus at 6.2 percent of GDP.

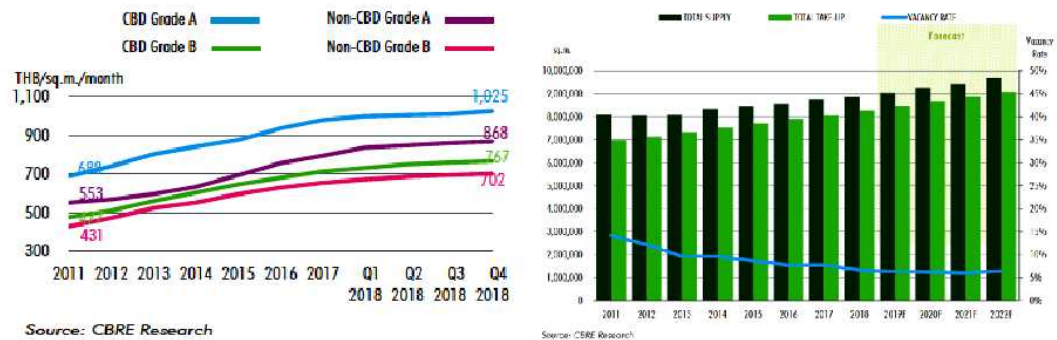
Source: Office of the National Economic and Social Development Council



- Office Rental Industry Status in 2018

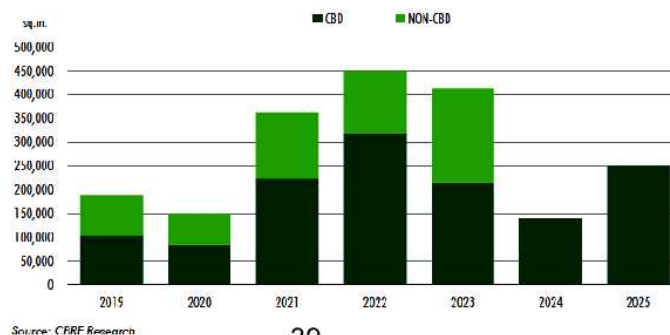
The overall market supply of the office rental industry in 2018, compared to 2017, had slightly increased due to having approximately 8.7 - 8.9 million square meters of office space for rent at the end of 2018. The growth rate from the year 2017 was approximately 1.2 - 1.5 percent, while the demand for office space at the end of 2018 was approximately 8.25 million square meters. The growth rate increased from the year 2017 at approximately 3.0 - 3.3 percent.

If the average rental rate of the entire industry in 2018 was analyzed, the average rental rate would be approximately 92 - 94 percent. This is considered as high rental rate, causing the office rental industry to still have a good direction and opportunity to increase rental and service fees. Especially in the CBD area and being a top-level building (CBD, Grade A) with an average rental rate of approximately 1,010 - 1,030 baht / square meter / month or representing a growth rate compared to the same period of the previous year (YoY) of approximately 3.6 - 4.0 percent. While the CBD, Grade B area has an average rental rate of approximately 860 - 870 baht / square meter / month. On the other hand, the Non-CBD group will have a lower growth rate, that is, Non-CBD, Grade B will have an average rental rate of approximately 700 - 710 baht / square meter / month which is calculated as a growth rate of only 2.0 - 2.5 percent.



- Office Rental Industry Trends in 2019

The trend of the office building market in 2019 should remain close to the year 2018, in terms of supply of office buildings for rent. It is expected that the area will enter the market, adding a total of approximately 0.1 - 0.2 million square meters, while the demand for rental space may increase in a lower ratio. This can be seen from the number of listed companies of the Department of Business Development from the year 2018, which is likely to slow down compared with 2017, and is the same direction as the rate of Take-up data compared to the CBRE data that has decreased compared with that of 2017.



From the data and the diagram above, the office rental industry trend in 2019 will have a large excess supply in the market. It is expected to affect the increased rates for rental and services by having a lower growth rate of rental and service rates than in the past.

- **Retail Industry Overview in 2018**

The Thai retail market continues to face fierce competition from new retail space and e-commerce in 2018. The research report by Colliers International Thailand Company Limited revealed that the retail market area has continued to expand. In 2018, the retail space increased by approximately 89,657 square meters, resulting in the total retail space in Bangkok and the surrounding area of approximately 7,968,326 square meters. The retail space opened in 2018, divided into shopping centers (approximately 56.0 percent), followed by small shopping centers (35.0 percent), and retail space (supported by approximately 9.0 percent), respectively, and an overall Occupancy Rate being higher than 90.0 percent. Nexus Property Consultant Company Limited reported in terms of the rental price of the space in the CRD (Central Retail District) area at an average of 3,900 baht / square meter / month, while the highest rental offer price was on the G Floor of the Siam Paragon Mall with the rental price surpassing 5,000 baht / square meter / month. For special projects located in areas outside the CRD zone, such as the Icon Siam project, there will be a rental fee higher than 5,000 baht / square meter / month, a new record for rental rates for the shopping center market in Bangkok.

Source: Analysis Report by Colliers International Thailand Co., Ltd. and the Analysis Report by Nexus Property Consultant Co., Ltd.

- **Retail Industry Trends in 2019**

In 2019, the retail business is expected to grow by approximately 4.0 - 6.0 percent following the economic recovery. The government infrastructure investment will stimulate investment in related businesses, including retail space business, launching a Mixed-Use retail project and newer models. In 2019, there will be an increase in retail space of 9.0 million square meters in retail space in the Bangkok Metropolitan Region. From the opening of numerous important projects, the increase in supply is in line with the increasing demand in the market due to the expansion of consumer spending in the city, especially foreign tourists. As a result, the majority of tenants still need to rent space and expand business continuously, causing the expected rental rate and occupancy rate in 2019 to increase. However, minor and major retail space entrepreneur have begun to adjust and change the presentation of new experiences to attract customers, where consumption spending behavior has changed dramatically due to the continuous growth of technology and e-commerce businesses.

- **Residential Property Market Overview in 2018**

The Residential Property Market Overview in 2018 has increased, compared to 2017, with the launching of new residential projects; consisting of detached houses, twin houses, townhouses, townhouses, commercial buildings, condominiums and land allocated for housing in the Bangkok Metropolitan Region. This is a result of the expansion of the overall economy of the kingdom, both the Export Sector and Tourism Sector, including investment in the government's mega projects (whether it is a

construction project for any of the electric railways or high-speed railways that have received an approved budget). In addition, the Bank of Thailand (BOT) measures for property loans, which will be effective on 01 April 2019, requires commercial banks granting property loans to be processed as a secondary contract; if the first contract has been paid for more than 3 years, a down payment of 10% is required, if the first installment is less than 3 years, a down payment of 20% is required, and the purchase of the property as a third contract, a down payment of 30% is required in all cases. This includes the purchase of property in excess of 10 million baht or more in all cases, a down payment of 20% is required, which is expected to speed up the transfer of ownership and property loans before the measures are enforced.

#### **Residential Property Market Situation in the Bangkok Metropolitan Region**

From the Real Estate Information Center Real Estate Information Center (REIC) survey in 2018, there were 118,271 new housing units launched, representing a growth rate of 3.6 percent compared to the year 2017 of 114,194 units, 2018 having the highest number of units in the past 5 years. The number of new projects launched in 2018 amounted to 450 projects, increased by 48 projects, compared to 2017, which accounted for 11.9 percent of all new housing units.

**Types of new projects launched in the Bangkok Metropolitan Region in 2018 are as follows:**

##### **Housing Projects**

The Housing Project has launched 45,063 new sales units, a decrease of 4,178 units, 8.4 percent from 2017. The remaining housing units for sale totaled 80,449 units in 2018, with the remaining units for sale of housing units 74,200 units, a decrease of 6,249 units, 7.8 percent. Ownership transfer of new homes in 2018 totaled 51,585 units, an increase of 8,104 units, 18.6 percent.

##### **Condominium Projects**

The Condominium Project launched 73,208 new sales units, an increase of 8,255 units, 12.7 percent in 2018. The remaining condominium units for sale totaled approximately 59,200 units, a decrease of 3,211 units, 5.1 percent. Condominiums completed and registered totaled approximately 69,872 units, an increase of 6,553 units, 10.3 percent. New transferred condominiums totaled 72,079 units, an increase of 11,962 units, 19.9 percent.

#### **New Residential Property Projects launched in the Bangkok Metropolitan Region in 2018**

In 2018, it was found that there were new projects for sale, including property projects (detached houses, townhouses) and condominium projects, the highest increase in 25 years. The condominium project had a high sales launch focused on improving products within the medium to high price range, especially the railway line that has been launched and its extensions. The continued trend from 2017 of joint investments with foreign groups has caused there to be investments between Thai and foreign entrepreneurs, as well as developing products to penetrate demand groups in order to increase sales.

#### **Newly completed and registered property units in the Bangkok Metropolitan Region in 2018**

An increase of 3.3 percent from 2017, in line with the entrepreneur development of investing with foreign countries and entrepreneur adjustments of product developments to better suit target groups, as well as be in accordance with the mass transit system development plan.

#### **Property ownership transfer trend in the Bangkok Metropolitan Region in 2018**

There are approximately 196,630 units with a total value of 565,112 million baht, in which the number of units will increase by 20.3 percent and the value will increase by 32.1 percent compared to 2017, with an ownership transfer of 163,468 units and a value of 427,728 million baht.

#### **New Personal Loan System for the entire kingdom in 2018**

From the Real Estate Information Center survey, new Personal Property Loans for the entire kingdom had an approximate value of 712,565 million baht, an increase of 12.4 percent compared to 2017, which was valued at 633,990 million baht.

#### **Land and Property Price Status**

In 2018, cost of vacant land (before development) and property costs had increased in every category.

- The price index of vacant land before development in the Bangkok Metropolitan Region has an index equal to 219.2 points, an increase of 31.17 percent compared to the previous year.
- The price index of new condominiums currently for sale in the Bangkok Metropolitan Region (2 provinces: Pathum Thani and Nonthaburi) has an index equal to 143.0 points, an increase of 11 percent compared to the previous year.
- The price index of new property currently for sale in the Bangkok Metropolitan Region (3 provinces: Pathum Thani, Nonthaburi and Samut Prakan) has an index equal to 123.0 points, an increase of 4.3 percent compared to the previous year.

#### **● Residential Property Market Trends in 2019**

The Residential property market in the Bangkok Metropolitan Region in 2019 has slowed in terms of the number of units and project value due to having to face many negative factors, both economically, increased interest rates, control of loan releases, bad debt, etc. Although there is an overall slowdown, major entrepreneurs still hold an increased number of market shares for new products and with a business adaptation to turn to a joint investment with more foreign companies or investors is increasing. As for medium to small entrepreneurs, this year has a lower trend to launch new projects due to higher competition.

In addition, the results from the loan control measures and the slowdown of the economy will affect the property market, which is expected to slow down both demand and supply. Real estate loan control measures may cause the purchasing power to slow down, especially from buyers from investor groups.

As for the property market trend, the provincial market in the year 2019 is expected to slow down and decrease both demand and supply due to entrepreneurs having delayed the launch of new projects. Reduced supply due to the impact of the household debt problem remaining at a high level. Decreased household income due to the price of agricultural products, as well as financial institutions increasing the strictness of property loans. Areas that continue to grow from 2018 include economic

provinces in each region such as Songkhla, Phuket, Chiang Mai, Udon Thani, Khon Kaen, Chonburi, Rayong and special economic areas according to government policies, etc.

#### **(4) Environmental Impact**

##### Single-Detached Housing Projects

The Company's development projects will be divided into phases. Each phase will consist of the development area of approximately 100 rai, with less than 500 houses which will not be subject to environmental laws. Nevertheless, the Company has the utility management system for the projects in order to avoid detrimental environmental effects, in particular, a system for wastewater treatment and management to ensure that there are adequate green spaces.

##### Condominium Projects

The Company is required to conduct an environmental impact assessment and provide a report on the environmental impacts to the relevant governmental agency in order to support applications for construction licenses which the Company has followed according to the prescribed laws, rules and regulations.

##### Office Building and Retail Space Projects

The Company received approval for construction of the projects before the enactment of the environmental impact assessment criteria was effective. Nevertheless, for the projects that require the environmental impact assessment, the Company has proceeded according to the prescribed laws, rules and regulations.

### **2.3 Provision of Products or Services**

#### **(1) Selection of land for development**

The Company acquires land for development from direct sales as well as indirect sales through real estate brokers. For the selection of land, the Company will consider the location and the potential for development of such land and will compare the purchase price with the appraisal value and market value before every purchase, in order to ensure that a reasonable price is obtained. Apart from this, prior to each acquisition, the Company will conduct a feasibility study of the laws and limitations regarding construction, including the demand of customers in the area as well as business competitors in order to ensure that the land development will be in accordance with the plans and that the targeted returns on investment are achieved.

#### **(2) Selection of contractors**

The Company does not have an internal construction division. Therefore, the Company outsources contractors for project construction. The contractors can be divided into two main groups as follows:

(2.1) Contractors for single-detached housing projects: In the procurement of contracts, the Company will select contractors from medium and large size contractors with qualifications according to the standards set by the Company. Contractors to be hired by the Company must have good history of completing

good quality work as well as completing projects as scheduled and offer the price within the budget. As the Company places great importance on management of construction cost, the company recruited internal engineers to closely monitor the quality of the work performed by the contractors.

(2.2) Contractors for Office Buildings and Condominiums: The Company will hire main contractors through an open bid for the structural work, architectural work and M&E system of the building or Turn Key projects, as deemed appropriate for each project. The selected contractor will generally be a large-scale contractor who can ensure that the construction will be in accordance with the set standards and completed within the timeframe. This is because a large contractor has better technology and capability to construct large buildings, as well as potential and sufficient funding in order to construct large buildings when compared with medium and small size contractors. Apart from this, the Company also hires other companies to monitor the construction and manage the projects to ensure that the construction of the buildings will be in accordance with the set standards, set budget and completed in a timely and efficient manner.

### **(3) Procurement of Construction Materials**

The Company's policy is to procure some of the main construction materials by itself with the main reasons stipulated below:

- To minimize risk of fluctuation in the price of construction materials, which may have a tendency to increase e.g. cement, steel rods, and aluminum alloy.
- The Company often receives better offers or conditions from having a long-term relationship with distributors of the construction materials. This facilitates the control of the construction material costs. Apart from this, the Company needs flexibility in specifying design and types of materials to be used in decorating customers' projects. Thus, the Company procures some types of materials directly such as tiles, wood floor, sanitary ware, air conditioner, furniture and painting color, etc. The Company offers choices for customers to choose such materials after reserving houses or condominiums in the projects.

### **(4) Distribution Channels for Sales and Services**

#### **(4.1) Sale of Real Estate**

The sale of the Company's real estate is completed by direct sales through the Company's sales office. Real estate brokers may be recruited when necessary or when special expertise is required. The details are as follows:

4.1.1 Single-Detached Houses: Sales are conducted through a direct sale through the Company's sales office. The product can be divided into 3 categories as follow:

- Empty plot of land in the project;
- Housing estate with fixtures, in the form of constructed houses, ready to be transferred to customers; and



- Housing estate with a construction contract - Customers will purchase a house from standard housing models of the project after purchasing housing estate in the project. Customers can choose housing models which it is deemed fit for the size of the demanded land.

4.1.2 Condominiums: Sales are conducted through a direct sale through the Company's sales office and the sales agents represented by real estate brokers. The project will be available for sale in the initial phase of the construction. Customers will pay a down payment and ownership is transferred to the customers once the construction of the condominium is complete and the condominium is ready for use. Customers can decide on the design of the units from the mocked-up rooms and floor plans provided by the project.

#### **(4.2) Lease of Real Estate**

4.2.1 Office Building spaces: The Company hires brokers with expertise in selling office building spaces.

4.2.2 Retail Spaces: The Company organizes a special working team to sell retail spaces of each project by selling directly to each target group of customers.

#### **2.4 Undelivered Works**

Belle Avenue Condominium Project is operated by Belle Development Company Limited. As of February 2019, there are still 39 unassigned units worth Baht 176 million.

### 3. Risk Factors

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#### Real Estate Development Business Risks and Investment Risks

##### 3.1 Risk of inadequate source of finance for project development

Real estate development is considered as a high-investment business as funds are required for the purchasing of lands, developing and construction of projects. Therefore, it is indispensable for the Company to depend on loans from financial institutions as the main source of finance for its operations. Inability to procuring adequate funds may inevitably effect to operational plans and business performance.

However, throughout the Company's operational record, the Company has always been financially supported by multiple leading financial institutions, which have been the Company's business allies for an extensive period of time. For previous projects, the Company had secured finance from financial institutions before commencing the project. Furthermore, holding the status as a listed company on the Stock Exchange of Thailand and CPN Pattaya, a subsidiary of CPN which is a leader in real estate development business to be a major shareholder alongside a reputable management committee, all of whom have vast experience in the real estate development industry, the Company has immensely earned such reputable image with investors' confidence. Consequently, investors can be confident that the Company will be able to procure adequate financing for the development of its projects.

##### 3.2 Risk regarding interest rate fluctuation and the policies of commercial banks' on credit facilities

The increase of domestic interest rate has a direct effect to Company's capital cost since its source of finance partly comes from financial institutions. However, considering all relevant factors and project plans, the Company has a policy to raise funds via Project Finance, in order to efficiently control the cost of interest which might be occurred. Moreover, as all Company's projects have been set upon the high-qualified benchmark with distinguished designs and excellent locations, as well as the Company's performance record and good reputation of its executive team, the Company has received attractive interest rate offers from financial institutions.

Another point to be considered is that a higher interest rate may affect the ability to purchase, and to repay loans for minor customers. However, according to a comparative study regarding the effects of increased interest rates with liabilities for installment repayments of the Company's customers, there may not be any severe effects resulting in the Company's customers having reduced purchasing power. This is because the Company's target customers are in the middle and upper income brackets who have only a delicate impact from such issue.



### 3.3 Risk from a shortage of contractors and quality labor pool

The quality of products leading to customer's satisfaction is utmost purpose of the Company's policy. The Company therefore places great importance on the supervision of the infrastructure of its projects in order to maintain high-standard construction quality. Higher qualified and expertise contractors, labor, architects, consultant engineers, engineers, as well as foremen are recruited and higher-quality buildings will be constructed with a competitive price and on schedule. Thus, the Company may have a risk in not being able to procure such contractors and labors during certain periods, in particular, periods of continuous economic growth, where there is a high demand for high-qualified contractors and labor. This may result in the Company not being able to proceed with the projects in accordance with its standards of quality, within the schedule and in accordance with the budgeted costs, which may in turn affect the performance of the Company.

However, to manage this risk, the Company has a policy to continuously build and maintain good relationships with contractors, by selecting only those highly qualified contractors who have worked with the Company over a long period of time. This means that the Company has a certain level of confidence that the construction will be completed and met with the Company's standards and projects can be delivered according to the proposed timeframe. Furthermore, it is the Company's policy for contractors to invoice the Company in installments, and only when each slot of works has been completed. This method allows the Company to maintain control over such payments to contractors to ensure that the payments do not exceed the amount of work actually completed. This, in turn, reduces the Company's risk where the contractor abandons the project as well as allows the inspection to the quality of work and whether the contractors will be able to complete the project within the timeline. Where the Company determines that project may not be delivered within proposed time, the Company can provide personnel in order to support and carry on the project to be completed on time. This will be done by hiring special labor to assist the construction. Further, to supervise the construction and to be continuously assured of the contractor's quality of work, the Company will assign project managers, project engineers, and foremen to verify the contractor's work on a regular basis.

### 3.4 Risk of fluctuation of Construction Material Price

In the real estate development business, construction materials are the principal and most significant cost in the development of a project. There was an increase in price for some construction materials. Due to the growth of the real estate development business for residential projects located near the BTS expansion areas, various government projects and recovery of the domestic economy. This will affect real estate developers for the prepared budget and price forecasts, as there may be errors which impacts the Company's future performance.

Despite this, the Company has a policy to pass on the risk to the contractor by specifying the amount of construction materials in the construction contract. For construction materials which the Company procures itself, such as steel rods and concrete, the Company's policy is to order large quantities for use in the project, resulting in cost savings in relation to the construction materials as well as increased bargaining power over the seller. This assists the Company in forecasting its costs and profits with a certain amount of accuracy and allows the Company to set its prices in accordance with its costs.

In addition, to lower the risk from the increase in construction costs, the Company utilizes Value Engineering in the design and construction stage of the project. This technique allows the Company to reduce construction costs and at the same time maintain construction quality and standards. In relation to risk of fluctuation in the cost of construction materials, in entering into contracts with contractors, the Company will clearly set out the value of the work by specifying the details of the material i.e. the type, quantity and features of the work, allowing the Company to reduce the risk from a fluctuation in the cost of construction materials.

### 3.5 Risk of Land Procurement for Future Development Projects

The Company has a policy not to hold vacant land which is not ready to be developed but estimates to purchase lands pursuant to amount of the Company's projects. The Company will consider each plot individually based on the target customer, if this is the case the Company will develop the project. The Company has already purchased the lands to develop for the next 4 years and the process to purchase the lands to develop for the future.

### 3.6 Risk of amendment of Laws, Regulation, Rules and Ministerial Regulations relating to the Real Estate Development Business

Amendments to the laws, regulations, rules, and ministerial regulations relating to the real estate development business may lead to an increase in the project's operational costs. For example, where there is a change of the town planning regulation in relation to the Floor Area Ratio (FAR), new policies on common areas, or the scope and preparation of Environmental Impact Assessment reports (EIA), these may have an adverse effect on the Company's performance.

Despite this, the Company has studied and will continue to study any changes in the laws, rules, and regulations in order to prepare for a change in the government policy. The Company has always developed its projects in accordance with any changed policies, allowing the Company to reduce a certain amount of this risk.

### 3.7 Risk in relation to Leasehold Rights

The "G-Land Tower Grand Rama 9" office building project, operated by Rama 9 Square Co., Ltd., is located on a plot of land in which the Company has a 43-year lease agreement with Super Assets Co., Ltd., and CKS Holding Co., Ltd., the remained of the Lease Term is 32 years, Rama 9 Square Co., Ltd., will deliver the land and the building to the Lessor after the expire of the Lease agreement. Even though this is a long-term contract, the landlord could terminate the agreement at any time before expiry if the Company breaches the lease agreement. Therefore the Company must avoid actions which might abuse or breach the lease agreement which may lead to termination or a fine.

#### 4. Legal Dispute

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A significant case of the Company and subsidiaries and the progress of the case as of 31 December 2018 are as follows:

On 22 May 2018, Rama 9 Square Company Limited (Rama 9 Square) had filed a lawsuit against the glass installation contractor, Exterior Facade (Curtain Wall), for the construction of the G Tower, The Grand Rama 9 due to a breach in the construction contract and filed for compensatory damages in the amount of 453,722,352.88 Baht. The contractor had filed a statement of defense and counterclaim, demanding that Rama 9 Square pay the glass installation fee and damages in the amount of 638,507,290.06 Baht. The lawsuit is currently under consideration by the Civil Court in which management believes that Rama 9 Square will be able to claim damages according to the lawsuit and dismiss the contractor's counterclaim.

Remarks For legal disputes, additional information can be found in the Financial Statement remarks as of 31 December 2018.

## 5. Corporate Information

### General Information

Company name	Grand Canal Land Public Company Limited
Company Registration Number	0107538000118
Business Type	Property Development
Location	33/4 Rama 9 Road, Huay Kwang, Bangkok 10310
Home Page	<a href="http://www.grandcanalland.com">www.grandcanalland.com</a>
Authorized Share Capital	6,535,484,202 ordinary shares, 1.00 baht par value Total 6,535,484,202 .00 Baht
Issued and Paid-up Capital	6,499,829,661 ordinary shares, 1.00 baht par value Total 6,499,829,661.00 Baht
Home Page	<a href="http://www.grandcanalland.com">www.grandcanalland.com</a>
Tel	66 (0) 2 246 2323
Fax	66 (0) 2 247 1082

### Juristic Persons the Company holding 10% shares or more

Company name and Location	Business Type	Paid-up Capital	% of Share Holding
Belle Development Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Property Development	20,642,613 ordinary shares, 100.00 baht par value	79.57
Rama 9 Square Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Property Development	19,000,000 ordinary shares, 100.00 baht par value	93.09
Rama 9 Square Hotel Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Hotel (there are no ongoing operations)	1,000,000 ordinary shares, 16.00 baht par value	100 (Held by Rama 9 Square Ltd.)
Sterling Equity Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Property Development	18,000,000 ordinary shares, 100.00 baht par value	100

Company name and Location	Business Type	Paid-up Capital	% of Share Holding
Belle Assets Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Property Development	1,100,000 ordinary shares, 10.00 baht par value	100
G Land Property Management Co., Ltd. 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2246 2323 Fax : 0 2246 1082	Property Development	5,000,000 ordinary shares, 100.00 baht par value	100
Bayswater CO., Ltd 21 Soi Choei Phuang, Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel : 0 2273 8511-5 Fax : 0 2273 8516	Property Development	100,000 ordinary shares, 100.00 baht par value	50 (Held by Ratchada Asset Holding Co.,Ltd.)
Ratchada Asset Holding CO., Ltd 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 246 2323 Fax : 0 246 1082	Holding Company	600,000 ordinary shares, 10.00 baht par value	100
Gland Reit Management CO., Ltd 33/4 Rama 9 Road, Huay Kwang, Bangkok 10310 Tel : 0 2168 1042 Fax : 0 2168 1046	REIT manager	1,000,000 ordinary shares, 10.00 baht par value	100
Gland Office Leasehold Real Estate Investment Trust 18 SCB Park Plaza , Floor 7 <sup>th</sup> – 8 <sup>th</sup> Chatuchak , Bangkok 10900 Tel : 0 2949 1500 Fax : 0 2949 1501	Trust	499,768,600 ordinary shares, 9.1212 baht par value	15

## Other References

Share Registrar : **Thailand Securities Depository Company Limited (TSD)**  
93 The Stock Exchange of Thailand Building  
Rachadapisek Road, Dindang, Bangkok 10400  
Tel 0 2009 9999  
Fax 0 2009 9991

Debenture Registrar	:	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bang Rak District, Bangkok 10500 Tel 0 2230 1478 Fax 0 2626 4545
Debenture Holders' Representative	:	<b>Krungthai Bank Public Company Limited</b> Capital Market Department 977/3 SM Tower, Floor 3 <sup>rd</sup> , Phahonyotin Road Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400 Tel 0 2298 0828 Fax 0 2298 0835
Auditor	:	<b>EY Office Limited</b> 193/136-137 Lake Rajada Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110 Tel 0 2264 0777 Fax 0 2264 0789-90
Investor Relation	:	Mr. Surakit Thantananont Tel 0 2246 2323 Fax 0 2246 1082

## Management and Corporate Governance

### 6. Securities and Shareholder Information

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#### 6.1 The number of registered capital and paid-up capital

At present, the Company has registered capital 6,535,484,202 Baht, the issued and paid-up share capital of 6,499,829,661 Baht which consists of 6,499,829,661 common shares, at 1.00 Baht par value.

#### 6.2 Shareholders

List of top 10 shareholders as at 28 December 2018, the latest date the Company closed the registration book: GL Assets Co. Ltd.

	Number of Shares	%
1. CPN Pattaya Co., Ltd.	4,389,418,545	67.53
2. BBTV Group	1,943,728,462	29.90
2.1 Bangkok Broadcasting & Television Co., Ltd.	1,191,604,274	18.33
2.2 Great Fortune Equity Co., Ltd.	306,299,005	4.71
2.3 GL Assets Co. Ltd	281,501,347	4.33
2.4 BBTV Asset Management Co. Ltd.	153,837,243	2.37
2.5 BBTV Satelvision Co., Ltd.	10,486,593	0.16
3. Mrs. Kanthong Udommahuntisuk	15,268,457	0.23
4. Mr. Somsak Laosucharitkul	12,500,000	0.19
5. SCB SET INDEX FUND	10,710,500	0.16
6. Mr. Samon Suwannarat	10,263,600	0.16
7. Thai NVDR Co.,Ltd	4,902,961	0.08
8. Mr. Thanapan Praserttrung Ruang	4,110,000	0.06
9. Mr. Preecha Thanomsaksri	4,000,000	0.06
10. Ms. Rojana Theeravithayangkura	2,989,152	0.05
Total	6,397,891,677	98.42

(Investors may view updated list of top 10 shareholders information at the Company website prior to the Annual General Shareholders' Meeting)



### 6.3 Issuance of other securities

- Warrants to purchase the ordinary shares No.4

Warrant	G LAND – W4
Duration (Years)	2 years 342 days
Expire Date	June 29, 2018
Total issued warrants (Units)	587,446,396
Total Allotted warrants (Units)	587,446,396
Offering Date	Jul 23, 2015
Exercise Ratio (Update)	1 : 1.004
Exercise Price (Baht/share) (Update)	1
Total number of exercised warrants as of Dec31,2018 (Units)	586,393,509
Total number of remaining warrants, ceased by expiration (Units)	1,052,887

- Unsecured and unsubordinated Debentures

Debenture	Debenture Holders' Representative	Amount (Baht Million)	Tenor (Year)	Issuance Date	Maturity Date	Interest Rate	Principle Payment	Interest Payment Cycle	Balance as at 31 Dec 2018
GLAND224A	Yes	1,150	4	26 Apr 2018	26 Apr 2022	5.00%	Upon maturity	Quarterly	1,150
GLAND215A	Yes	1,300	3.5	9 Nov 2017	9 Nov 2021	4.99%	Upon maturity	Quarterly	1,300
GLAND20NB	Yes	200	3	9 Nov 2017	9 Nov 2020	4.80%	Upon maturity	Semi-annually	200
GLAND209A	Yes	1,100	3	7 Sep 2017	7 Sep 2020	4.80%	Upon maturity	Semi-annually	1,100
GLAND20NA	No	100	5	27 Nov 2015	26 Nov 2020	5.10%	Upon maturity	Quarterly	100
GLAND184A	No	1,150	2	7 Apr 2016	7 Apr 2018	4.80%	Upon maturity	Quarterly	-
GLAND189A	No	150	3	24 Sep 2015	24 Sep 2018	4.70%	Upon maturity	Quarterly	-

### 6.4 Dividend Policy

Dividend policy of the Company and its subsidiaries is at least 50 percent of net profit after tax and legal reserve under the consolidated financial statements. Nonetheless, the Board of Directors is authorized in considering to omit this policy or to change it from time to time, under condition that it will be made highest benefit to the shareholders, e.g. reserving for loan payments, business expansion, or market impact which will lead to the Company and its subsidiaries' future cash flows.

## 7. Management Structure

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### 7.1 The Board of Directors

The Board of Directors (qualified under Section 68 of the Companies Act 2535 and announcement according by the Office of Securities and Exchange Commission) comprise of 9 members, 3 of whom are independent directors and appointed as Audit Committee members by the Board of Directors

1.	Mr. Sudhitham	Chirathivat	Chairman
2.	Assoc.Prof. Prapanpong	Vejjajiva	Vice Chairman, Vice Chairman of Nomination and Remuneration Committee and Vice Chairman of Executive Committee
3.	Mr. Charan	Mongkolchan	Independent Director and Chairman of Audit Committee
4.	Mrs. Jitmanee	Suwannapool	Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee
5.	Mr. Vithaya	Chavananand	Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee
6.	Mr. Preecha	Ekkunagul	Director and Chairman of Executive Committee
7.	Mr. Pandit	Mongkolkul	Director, Member of Nomination and Remuneration Committee and Executive Director
8.	Mr. Jarern <sup>1</sup>	Jirawisan	Director
9.	Ms. Nopporn	Tirawattanagool	Director
10.	Mr. Sansrit <sup>2</sup>	Yenbumrung	Director

Mr. Somphoch Thitipalati is appointed as the Company secretary

Remark - <sup>1</sup>Mr. Jarern Jirawisan resigned from directorship, effective on 1 February 2019

- <sup>2</sup>Mr. Sansrit Yenbumrung is appointed as director replacing Mr. Jarern Jirawisan, effective on 14 February 2019

#### The Authorized Directors

The Authorized Directors of the Company are Mr. Sudhitham Chirathivat or Mr. Preecha Ekkunagul or Associate Professor Prapanpong Vejajiva or Mr. Pandit Mongkolkul, two directors from four directors above co-signed and seal with the Company Seal

### 7.2 The Executive Committee

The Executive Committee shall be appointed by the Company's Board of Directors (the "Board of Directors") to serve as the sub-committee of the Company. The Executive Committee consist directors of the company and other qualified persons which Board of Directors shall consider number of Executive Committee as deemed appropriate. However, holding the position of director of each director, and authority and duties scope of the Executive Committee can be amended by the resolution of the Board of Directors' meeting appointing them.

The Executive Committee shall consist of 3 (three) directors and 4 (four) high-level executives as follows:

- |    |                        |                |  |
|----|------------------------|----------------|--|
| 1. | Mr. Preecha            | Ekkunagul      | Chairman of the Executive Committee      |
| 2. | Assoc.Prof. Prapanpong | Vejjajiva      | Vice Chairman of the Executive Committee |
| 3. | Mr. Pandit             | Mongkolkul     | Executive Director                       |
| 4. | Ms. Naparat            | Sriwanvit      | Executive Director                       |
| 5. | Mr. Chanavat           | Uahwatanasakul | Executive Director                       |
| 6. | Mrs. Panida            | Sooksridakul   | Executive Director                       |
| 7. | Flt.Lt. Kree           | Dejchai        | Executive Director                       |

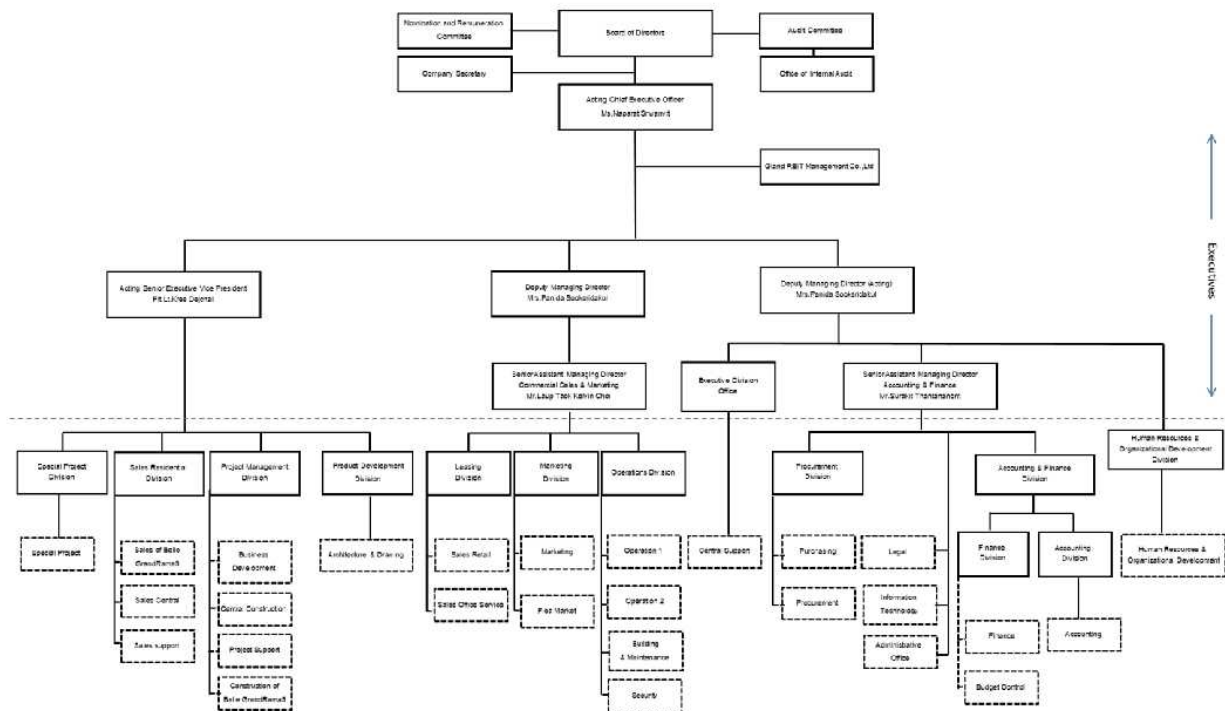
Mr. Somphoch Thitipalatip is appointed as the Executive Committee's Secretary

### 7.3 Management Team

As of 31 December 2018 the Company has 5 members of the management team as follow ;

Name	Position
1. Ms. Naparat Sriwanvit	Chief Executive Officer (acting)
2. Mrs. Panida Sooksridakul	Deputy Managing Director
3. Flt.Lt. Kree Dejchai	Deputy Managing Director (acting)
4. Mr. Surakit Thantananont	Senior Assistant Managing Director Finance and Accounting Department
5. Mr. Kelvin Laup Tack Choi	Senior Assistant Managing Director Commercial Sales and Marketing Department

## Company Management Structure as of 1 February 2019



### 7.4 The Company Secretary

Mr. Somphoch Thitipalati is appointed as the Company secretary.

Please see the profile and work experience under “Board and Management Profile”. Duties and responsibilities are as follows:

- To carry out the Company's activities responsibly, carefully and honestly in accordance with governing laws, objectives and article of association, as well as the resolutions of the Board, and of the shareholder meeting
- Organize Board and shareholders' meetings according to laws and article of association
- Provide suggestions, legal advice and regulation that the Board of Directors must be aware and operate
- Support performance of the Board of Directors to make the work of directors more efficient and effective
- Ensure that appropriate information disclosure and information reports are submitted to the regulators as required according to laws and regulations

- Prepare and maintain all documents relating to the Company's statutory register of directors, notices, minutes of the meetings and keep a record of vested interests as reported by directors and executives

## 7.5 Remuneration for Directors and Executives

In 2018, the Company paid the remunerations to Directors and Executives as follow:

- (1) Remuneration in form of cash
  - (a) Remuneration for the Company Directors

(Unit : Baht)

Directors	Transportation Allowances for Directors	The meeting Allowances for Directors	Total
Mr. Sudhitham Chirathivat <sup>1</sup>	230,716.67	60,000.00	290,716.67
Assoc.Prof. Prapanpong Vejajiva	762,000.00	170,000.00	932,000.00
Mrs. Jitmanee Suwannapool	684,000.00	180,000.00	864,000.00
Mr. Preecha Ekkunagul <sup>1</sup>	161,683.33	48,000.00	209,683.33
Mr. Pandit Mongkolkul <sup>1</sup>	161,683.33	48,000.00	209,683.33
Mr. Jarern Jirawisan <sup>2</sup>	534,000.00	120,000.00	654,000.00
Ms. Nopporn Tirawattanagool	534,000.00	96,000.00	630,000.00
Mr. Nipon Wisityuthasart <sup>3</sup>	535,516.67	197,000.00	732,516.67
Mr. Banphot Hongthong <sup>3</sup>	480,700.00	168,000.00	648,700.00
Mr. Jatesiri Boondicharern <sup>4</sup>	372,316.67	12,000.00	384,316.67
Ms. Romani Boondicharern <sup>4</sup>	372,316.67	36,000.00	408,316.67
<b>Total</b>	<b>4,828,933.34</b>	<b>1,135,000.00</b>	<b>5,963,933.34</b>

Remark - <sup>1</sup>Appointed as director on 12 September 2018

- <sup>2</sup>Resigned as director on 1 February 2019

- <sup>3</sup>Resigned as director on 14 September 2018

- <sup>4</sup>Resigned as director on 12 September 2018

- (b) Total remuneration for Directors as an Executive and Executives in total 6 persons is

- Salary 16,449,187 Baht

(2) Other remunerations:

(a) Other remunerations for Directors – None

(b) Other remuneration for Directors as an Executive and Executives in total 6 persons as follow

Mr. Jatesiri Boondicharern, Ms. Romani Boondicharern, Mr. Jatamongkol Boondicharern,

Mr. Surakit Thantananont and Mr. Sataporn Asawai : provident Fund 469,696.60 Baht

## 8. Corporate Governance

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### 8.1 Policy of corporate governance

The Board of Directors has realized the importance of good corporate governance as a vital factor for strong and sustainable business operations. It means that the Company has efficient, transparent, and able to audit management systems that create trust and confidence amongst its shareholders, investors, other stakeholders and all relevant parties.

The Board of Directors sets a written policy on good corporate governance and business ethics that is reviewed annually. Also, this information is disclosed on the Company's website and Intranet as guidelines for directors, executives, and employees to follow. These guidelines include transparency of work procedure, provision of fair and equitable treatment to all shareholders and stakeholders involved in operations according to the law, punctual disclosure of reliable information, as well as the creation of internal control and internal audit system.

In addition, the Company complies with the Principles of Good Corporate Governance for Listed Companies that the Stock Exchange of Thailand has adopted as specified in the following five categories:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

#### 1. Rights of Shareholders

The Company recognizes the importance of the rights of shareholders to attend meetings to obtain the Company's information. The Company discloses the financial statements and the annual overview of the Company's operations to shareholders through SET. The Company will distribute invitation notice and documents for the Shareholders' Meeting to shareholders at least 7 days prior to the meeting date, of which include opinion of the Board of Directors in every session. The Company also advertises the invitation notice on its website: [www.grandcanalland.com](http://www.grandcanalland.com). In addition, the Company will organize the meeting place, date, time of the meeting, and coordinate the advance registration period of 1 hour prior to the beginning of the meeting. During the meeting, the Company facilitates each session, allowing shareholders to express their opinions and ask their questions. On 23 April 2018 the Company held an Annual General Shareholders' Meeting, shareholders and proxies attended representing 5,007,468,330 shares, accounting for 84.1386 percent of the total number of paid-up ordinary shares.



## **2. Equitable Treatment of Shareholders**

The Company gives the importance and pays respect to rights of shareholders by implementing a policy to treat all shareholders on an equitable basis. The Company protects not only the basic rights of every shareholder but also gives equal treatment toward shareholders during meetings and protect inside trading.

### **2.1 Shareholders' meetings**

To show the transparency of management and operations and be fair to all shareholders, shareholders are entitled to express their opinions or make inquiries to executives and also participate in decision making. Therefore, important issues must be submitted to the shareholders meeting for consent or approval such as financial Statement, last year's profit appropriation, election of Directors, the appointment of auditors, etc. Aiming to give all shareholders equal rights, the Company gives shareholders advance notice of agenda items to be raised in the meetings.

Besides the invitation notice and list of documents submitted to shareholder, the Company also provides proxy forms to shareholders unable to attend the meeting. The proxy form is prepared such that shareholders can dominate the direction of the vote and assign proxies to attend the meeting to vote on their behalf. For the meeting in 2018, the Company offered additional alternatives to shareholders by proposing a list of Independent Directors for shareholders to choose as proxies to attend the meeting.

In the meeting, the Company Secretary informs all shareholders attending, the list of criteria for casting votes before starting with the meeting. Shareholders have the right to vote for or against or abstain, as they deem appropriate. On the election of Directors, it is specified that shareholders can vote in favor, vote against, or abstain each Director. During the meeting, the chairman of the meeting shall give the opportunity to all attending shareholders on equal basis to fully examine the Company's operations, make inquiries, express opinions/comments and give recommendations. In this respect, the directors and the related executive officers shall reply to the shareholders' queries while accepting the shareholders' opinions and suggestions for further consideration and action as deemed necessary.

With the shareholders' meeting decision, the Company Secretary shall inform all shareholders of each meeting agenda item, how many votes were cast by the shareholders in favor, how many against, and how many abstentions. All resolutions shall be decided by the majority vote. The resolutions, with the number of votes cast on each agenda item, are recorded and the minutes of the meeting are recorded accurately and completely. Copies of minutes of the meeting are then delivered to the related agencies concerned within a specified time and are disseminated on the Company's website: [www.grandcanalland.com](http://www.grandcanalland.com), for the shareholders and the general public to examine.

The Company has a commitment to seek and support shareholders' rights to attend meetings and check the equitable treatment of shareholders.

## 2.2 Measures to curb inside trading

To prevent Directors and executives from trading inside or gaining advantages for themselves or others, the Company has implemented section 59 of the Royal Decree on Securities and Exchange, B.E. 2535. Directors and executives have to report their transactions in a timely manner in the Board of Directors' meeting. In addition, the Company prohibits the executives or employees to neither disclose internal information to the public nor trade the Company's security a month before being made public. Directors and executives will strictly carry out the policy.

## 3. Role of Stakeholders

The Company recognizes the importance of rights of every stakeholder including shareholders, customers, trading partners, Company's employees and the society. In addition, the Company treats stakeholders in each group with fairness, transparency, and in line with provisions or requirements of the laws, rules, and regulations concerned. These are for cooperation between the Company and all groups of stakeholders to bring about advantages in operating performance and the stability of the organization. The Company has taken actions relating to stakeholders as follow:

- **Shareholders.** The Company respects shareholders' right and treats all shareholders fairly and quitably.
- **Customers.** The Company focuses on conducting business that is honest and responsive to customers' need by providing quality product. The Company also provides complete and accurate information.
- **Trading partners** The Company treats trading partners in accordance with trading conditions. The company is responsible for contracts and agreement that are made with their trading partners.
- **Employees.** The Company treats its employees fairly, provides appropriate compensation and welfare, and continuously promotes and develops all employees.
- **Society.** The Company aims for the awareness of the environment, well being and the quality of living of the society. Our architecture and landscape design is specially developed and carefully planned to be environmentally friendly and also in compliance with the laws and regulations set by the law. The Company has projected the main central park to be spacious and is specially designed to give the community a recreational area, with a peace of mind, a jogging space and a friendly relaxing green zone.

## 4. Disclosure and Transparency

### 4.1 Disclosure of information

The Company recognizes the importance of disclosing accurate, complete, timely, and transparent information, following the financial rules of SEC and SET, the general information to investors through various

channels of SET and the Company website. The Company assigns the Investor Relation to be responsible for informing all information to investors, shareholders, and related government sectors.

Disclosure of the Company's information includes financial and non-financial reporting (under the regulations of SEC, SET) and related information, i.e., policy and implementation on corporate governance, information related to the Board of Directors, the responsibility of the Board of Directors, and policy and compensation given to Directors.

#### **4.1.1 Financial Reports and Responsibility of the Board of Directors for financial reporting**

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information appearing in the annual report. These financial statements have been prepared in accordance with the accounting principles and there is adequate disclosure of important information in the notes of the financial statements. In addition, the financial statement have passed the examination of Certified Public Accountants and verified by Audit Committee. The Board of Directors has also prepared a report entitled "Responsibility of the Board of Directors for Financial Reporting" as attached herewith in the annual report.

#### **4.1.2 Policy and Implementation on Corporate Governance**

The Board of Directors always follows the Principles of Good Corporate Governance in the same approach specified by SET to ensure confidence of shareholders, investors, and related parties.

#### **4.1.3 Policy and Compensation given to Directors and Executives**

The Nomination and Remuneration Committee proposes directors' remuneration for the shareholders' approval on a yearly basis. Compensation for top executives is proposed by the Nomination and Remuneration Committee to the Board of Directors for approval, depending on the responsibilities and the Company's annual earnings performance. In 2018, remuneration payment to the Board of Directors and the Executives are mentioned under the topic of "Remuneration for Directors and Executives". (Page 59)

#### **4.2 Relationship with Investors**

The Company assigns the tasks of information dissemination with both existing shareholders and potential shareholders. Interested investors could contact the Company's Investor Relation Department at 0 2246 2323 for more details. During 2018, the Investor Relation Department together with the Company's top executives occasionally disclosed information to investors.

### **5. Responsibilities of the Board**

#### **5.1 Committee Structures**

The Company's committee structure consists of three committee bodies: the Board of Directors, Audit Committee Nomination and Remuneration Committee and Executive Committee.

- **Board of Directors** - In 2018, there are 9 members of the Board of Directors, consisting of 3 independent directors. The Board of Directors has limited period ruled by the Company's regulation and is able to be re-appointed after retirement.

- **Audit Committee** - consists of 3 independent directors. Members' terms coincide with their respective based on Audit Committee Charter, the member may be re-appointed after retirement.

- **Nomination and Remuneration Committee** - consists of 2 independent directors and 2 director. Each member is in charge for a period of 3 years, the member may be re-appointed after retirement.

- **Executive Committee** - consists of 3 members of the Board of Directors and 4 members of high-level executives of the Company. However, holding the position of director of each director can be amended by the resolution of the Board of Directors' meeting appointing them. The composition, membership, selection method, and scope of authority for each of the committee, along with the name of the committee members were mentioned under the topic of "Management Structure".

## 5.2 Roles, duties and responsibilities of the Board of Directors

The scope of authority of the Company's committee has been mentioned under the topic of board of directors and sub-committee—"Corporate Governance"(Page74). The Board of Directors plays a vital role to determine and approve the visions, goals, strategies, and budget of the Company, to follow up the executives' performance, to ensure the appropriate internal control system including the appropriate risk management. The Board of Directors is responsible for the preciseness, completion, and appropriate accounting principles of the financial report.

The Board of Directors sets a written policy on good corporate governance which is reviewed annually.

The Board of Directors sets a written policy on business ethics, which is disclosed on the Company's website as guidelines for directors, executives, and employees of all levels to follow.

The Board of Directors was informed and/or approved the appropriate connected transactions and conflict-of-interest transaction in accordance with the SET regulation and disclosed in the annual report and Form 56-1.

The Board of Directors realizes the importance of the internal control system of the Company. An internal audit team is set up to review work performance in accordance with the Company policies and to suggest solutions and improvement. To ensure that the audit team has independence and full control, the team is to report directly to the Audit Committee. In addition, the Board of Directors requires the Audit Committee to follow the regulations as operational guideline.

Risk management is the responsibility of the Chief Executive Officer, Managing Director and the Executives. The Company arranges risk evaluation, reviews, and tries to prevent risk that may occur. The Company realizes the significance of risk and obstructions affecting the business and strives for the success of the Company.

### 5.3 The Board of Directors' Meeting

The Board of Directors usually schedules meetings on a quarterly basis. The Chairman and the Group of the Executive will set agendas for the meeting. The Company Secretary is responsible for meeting appointments, preparing meeting agendas including the consideration of operations, preparing any documents submitted to the Board of Directors not less than 7 days prior to the meeting date and taking minutes of meeting. In the meeting, directors can express their opinions independently. In some occasions, the top executives are invited to attend the meeting to present their work assigned completely.

In 2018, there were a total of 9 meetings and the number of the Board of Directors attended is as follow:

Name		Number of Meetings Attended/Number of Meeting
1. Mr. Sudhitham	Chirathivat <sup>1</sup>	4 / 4
2. Assoc. Prof. Prapanpong	Vejjajiva	9 / 9
3. Mr. Charan	Mongkolchan <sup>2</sup>	-
4. Mrs. Jitmanee	Suwannapool	9 / 9
5. Mr. Vithaya	Chavananand <sup>2</sup>	-
6. Mr. Preecha	Ekkunagul <sup>1</sup>	4 / 4
7. Mr. Pandit	Mongkolkul <sup>1</sup>	4 / 4
8. Mr. Jarern	Jirawisan	9 / 9
9. Ms. Nopporn	Tirawattanagool	7 / 9
10. Mr. Yothin	Boondicharearn <sup>1</sup>	5 / 5
11. Mr. Nipon	Wisituthasart <sup>3</sup>	6 / 6
12. Mr. Banphot	Hongtong <sup>3</sup>	6 / 6
13. Mr. Jatesiri	Boondicharearn <sup>1</sup>	1 / 5
14. Ms. Romani	Boondicharearn <sup>1</sup>	5 / 5

Remark - <sup>1</sup>The Board of Directors appointed Mr. Sudhitham Chirathivat, Mr. Preecha Ekkunagul and Mr. Pandit Mongkolkul as Company Directors in place of Mr. Yotin Boondicharearn, Mr. Jatesiri Boondicharearn and Ms. Romani Boondicharearn on 12 September 2018.

- <sup>2</sup>The Board of Directors appointed Mr. Charan Mongkolchan and Mr. Vithaya Chavananand as Company Directors in place of Mr. Nipon Wisituthasart and Mr. Banphot Hongthong on 4 December 2018.

- <sup>3</sup>Mr. Nipon Wisituthasart and Mr. Banphot Hongthong resigned from their positions on 14 September 2018.

As for the Audit Committee's meeting, there is an Audit Committee Charter indicating that the meeting will be held at least 3 times a month. In 2018, there were a total of 5 meetings and the number of Audit Committee attended is as follow:

Name		Number of Meeting Attended /Number of Meeting
1. Mr. Charan	Mongkolchan <sup>1</sup>	-
2. Mrs. Jitmanee	Suwanapool	5 / 5
3. Mr. Vithaya	Chavananand <sup>1</sup>	-
4. Mr. Nipon	Wisityuthasart <sup>2</sup>	5 / 5
5. Mr. Banphot	Hongtong <sup>2</sup>	5 / 5

Remark - <sup>1</sup>The Board of Directors appointed Mr. Charan Mongkolchan and Mr. Vithaya Chavananand as members of the Audit Committee in place of Mr. Nipon Wisityuthasart and Mr. Banphot Hongtong on 4 December 2018.

- <sup>2</sup>Mr. Nipon Wisityuthasart and Mr. Banphot Hongtong resigned from their positions on 14 September 2018

As for the Nomination and Remuneration Committee's meeting, there is a rule from the Committee indicating that the meeting will be held at least 2 times a year or as necessary and appropriately. In 2018, there were 2 meetings and the number of Nomination and Remuneration Committee attended is as follow:

Name		Number of Meeting Attended /Number of Meeting
1. Mr. Vithaya	Chavananand <sup>1</sup>	-
2. Assoc.Prof. Prapanpong	Vejjajiva	2 / 2
3. Mrs. Jitmanee	Suwanapool <sup>1</sup>	-
4. Mr. Pandit	Mongkolkul <sup>1</sup>	-
5. Mr. Banphot	Hongtong <sup>2</sup>	2 / 2
6. Mr. Nipon	Wisityuthasart <sup>2</sup>	2 / 2

Remark - <sup>1</sup>The Board of Directors appointed Mrs. Jitmanee Suwanapool and Mr. Vithaya Chavananand as members of the Nomination and Remuneration Committee in place of Mr. Nipon Wisityuthasart and Mr. Banphot Hongtong and appointed Mr. Pandit Mongkolkul as an additional member of the Nomination and Remuneration Committee on 4 December 2018.

- <sup>2</sup>Mr. Banphot Hongtong and Mr. Nipon Wisityuthasart resigned from their positions on 14 September 2018.

For the Executive Committee's meeting, in 2018, there were 5 meetings and the number of Executive Committee attended is as follow:

Name		Number of Meetings Attended/Number of Meeting
1. Mr. Preecha	Ekkunagul <sup>1</sup>	-
2. Assoc. Prof. Prapanpong	Vejjajiva	5 / 5
3. Mr. Pandit	Mongkolkul <sup>1</sup>	-
4. Ms. Naparat	Sriwanvit <sup>1</sup>	-
5. Mr. Chanavat	Uahwatanasakul <sup>1</sup>	-
6. Ms. Panida	Sooksridakul <sup>1</sup>	-
7. Flt.Lt. Kree	Dejchai <sup>1</sup>	-
8. Mr. Yothin	Boondicharern <sup>2</sup>	5 / 5
9. Mr. Jatesiri	Boondicharern <sup>2</sup>	4 / 5
10. Ms. Romani	Boondicharern <sup>2</sup>	4 / 5
11. Mr. Jatamongkol	Boondicharern <sup>2</sup>	5 / 5

Remark - <sup>1</sup>The Board of Directors appointed Mr. Preecha Ekkunagul as the Chairman of the Executive Committee and Mr. Pandit Mongkolkul, Ms. Naparat Sriwanvit, Mr. Chanavat Uahwatanasakul, Mrs. Panida Sooksridakul and Flight Lieutenant (Flt.Lt.) Kree Dejchai as Executive Directors on 2 October 2018.

- <sup>2</sup>Mr. Yothin Boondicharern, Mr. Jatesiri Boondicharern, Ms. Romani Boondicharern and Mr. Jatamongkol Boondicharern resigned from their positions on 12 September 2018.

#### 5.4 Remuneration

The Board of Directors oversee the practices and rules relating to remuneration policies and schemes which are equitable and reasonable based on the consideration of comparable experiences, duty, the scope of actions, and the responsibility that is equivalent to other companies in the similar industry. The task includes:

1. Consider a clear compensation method and standard for directors, members of the sub-committees, as well as that for the President & CEO, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company as well as will facilitate an effective discharge of their responsibilities. The proposed compensation plan should also be comparable to those of other companies within the same or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholders equity in the long term.



2. Consider the compensation for directors and propose it to the Board for endorsement and, in turn, tabling it for the approval of shareholders' meetings

3. Define goals and evaluate the performance of the President & CEO to set reasonable compensation

## 5.5 Development of Directors and Executives

The Company is aware of the importance of the Board of Directors looking after shareholders' rights in a corrective and fair manner to gain the confidence of the people concerned and also for the Company's long-term growth. Therefore, the Company has nominated persons with knowledge and competency as well as experiences to perform the duties of the members of the Board of Directors and the Management team.

The Company encouraged Directors, executives, and staff to attend seminars and workshops to help them better serve and contribute the Company.

The following board members and executive officers went through training/seminar programs organized by the Thai Institute of Directors Association (IOD):

Directors and Executive	Topics / Curriculum / Seminars
Mr. Sudhitham Chirathivat Chairman	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> </ul>
Assoc. Prof. Prapanpong Vejajiva Vice Chairman, Nomination and Remuneration Committee and Vice Chairman of Executive Committee	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• The Role of Chairman Program (RCP)</li> <li>• Audit Committee Program (ACP)</li> <li>• The Role of Compensation Committee (RCC)</li> </ul>
Mr. Charan Mongkolchan Independent Director and Chairman of Audit Committee	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> <li>• Audit Committee Program (ACP)</li> <li>• Monitoring the Internal Audit Function (MIA)</li> <li>• Monitoring Fraud Risk Management (MFM)</li> <li>• Monitoring the System of Internal Control and Risk Management (MIR)</li> <li>• Monitoring the Quality of Financial Reporting (MFR)</li> <li>• Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance</li> </ul>
Mrs. Jitmanee Suwannapool Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> </ul>

Directors and Executive	Topics / Curriculum / Seminars
Mr. Vithaya Chavananand Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Director Certification Program (DCP)</li> <li>• Audit Committee Program (ACP)</li> <li>• Monitoring Fraud Risk Management (MFM)</li> <li>• Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance</li> </ul>
Mr. Preecha Ekkunagul Director and Chairman of Executive Committee	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> <li>• Director Accreditation Program (DAP)</li> </ul>
Mr. Pandit Mongkolkul Director, Member of Nomination and Remuneration Committee and Member of Executive Committee	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP)</li> <li>• Corporate Governance for Capital Market Intermediaries (CGI)</li> </ul>
Mr. Jarern Jirawisan Director	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> </ul>
Ms. Nopporn Tirawattanagool Director	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Role of the Compensation Committee (RCC)</li> <li>• Audit Committee Program (ACP)</li> <li>• Director Certification Program (DCP)</li> <li>• Financial Institutions Governance Program (FGP)</li> <li>• Anti-Corruption for Executive Program (ACEP)</li> <li>• Risk Management Program for Corporate Leaders (RCL)</li> <li>• National Director Conference 2017 "Steering Governance in a Changing World"</li> <li>• IOD National Director Conference 2018 "Rising Above Disruption : A Call for Action"</li> </ul>
Ms. Naparat Sriwanvit Chief Executive Officer (acting) and Member of Executive Committee	<ul style="list-style-type: none"> <li>• Company Secretary Program (CSP)</li> </ul>
Mr. Surakit Thantananont Senior Assistant Managing Director of Finance and Accounting Department	<ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP)</li> <li>• Director Certification Program (DCP)</li> </ul>

## 5.6 Nominations and Appointment of Directors and Executive Officers

### (1) Independent Directors

The independent directors have the following qualifications:

- 1) Not holding more than 0.5% of the total outstanding voting shares of the Company, its parent company, subsidiary or affiliated company, major shareholders or controlling person including shares held by related persons of the independent director
- 2) Neither being nor having been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, a same-level

subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment

- 3) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiaries
- 4) Not having nor having had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment

The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds 20 MB or more than 3% of the net tangible assets, whichever is lower. The value of each transaction is based on the calculation method for the values of connected transactions under the Notification of the Capital Market Supervisory Board. Under the regulation, all transactions occurring within a year of preceding transactions must be included in such calculation.

- 5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment
- 6) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years from the date of appointment
- 7) Not being a director who has been appointed as representative of the Company's directors, major shareholders, or shareholders who are related to the Company's major shareholders
- 8) Not conducting any businesses which have the same nature as or in competition with the Company's or its subsidiaries or neither being a substantial partner, executive director,

employee, officer or advisor who receives regular salary, shareholder holding more than 1% of the voting shares of businesses which have the same nature as or in competition with the Company or its subsidiaries

- 9) Not having any characteristics that could prevent him/her from giving independent opinions concerning the Company's operation

Independent directors may be assigned by the Board to make decisions regarding the operation of the Company, its parent company, subsidiaries, associated companies, a same-level subsidiary, major shareholders or controlling person in an organization's collective decision.

Independent directors should freely exert discretion on business matters and express their views on or objection to cases affecting shareholders' equitability.

## (2) Recruitment of Directors and Executive Officers

To recruit persons to be directors of the Company, the Nomination and Remuneration Committee will nominate persons who have knowledge and understanding of business of the Company, proper qualifications, and whom do not have prohibited characteristics under the laws and regulations of regulatory agencies for public companies, in order to take up a position of directors. The Committee will present such persons to the Board of Directors for consideration and later to the shareholders' meeting for appointment.

The rules and procedures relating to the appointment of the Company's directors at the shareholders' meeting is in accordance with the relevant articles of the Articles of Association of the Company, Section 3 Directors, Articles 13 to 15. Specifically, the Company's Board of Directors consists of no less than 5 persons. The maximum number of the Company directors is not specified. No less than half of the directors must reside in Thailand.

The appointment of directors must be conducted together at once in the shareholders' meeting. Each shareholder shall have a right to one vote per one share held and may use all of his/her votes to elect one or more persons to be directors. However, shareholders are not allowed to divide votes between candidates. The persons who have receive the most number of votes will be elected to be directors, equal to the number of directors the shareholders must elect in such meeting. Where persons who were elected in the later order received the same number of votes and the number exceeds the number of directors to be elected in that shareholders' meeting, the Chairman of the meeting shall have the casting vote.

At every Annual General Meeting, one-third of the directors must retire. The director with the longest term must retire first, or if there is more than one director with the longest term, the name of the director to retire shall be drawn by lots. If this number is not a multiple of three, then the number nearest to one-third, must retire. A retiring director is eligible for re-election.

The removal of directors can only be done with the approval of the shareholders' meeting with the majority of votes of not less than three-fourth of the total votes of shareholders attending the meeting and eligible to cast the votes.

For the nomination of sub-committees and executives, the Nomination and Remuneration Committee shall nominate a list of candidates with proper qualifications to take up each position in order to present to the Company's Board of Directors for approval.

(3) Nomination of Management

The Chief Executive Officer selects and appoints qualified and competent candidates, possessing knowledge, skills, and experience relevant to the Company's business operation, suitable for each executive position and responsibility. The recruitment will be done under Human Capital Management and Organization Development Department's regulations.

(4) Orientation for newly-appointed Directors

The Company had arranged a meeting among new and existing ones, including the Company's management team. An orientation was held to develop a better understanding of their roles and to present Company's business, as follows, to the new directors:

1. The Company's goals, vision, and strategies
2. Summary of the Company's group structure, organization chart, and sub-committees
3. Summary of the Company's business nature
4. Summary of the Company's shareholding structure
5. Summary of the Company's policy on connected transactions
6. Summary of the Company's performance, recent projects, and projects under construction to provide new directors with adequate basic information to perform their duties efficiently

Additionally, the Office of the Company Secretary has prepared and provided the following documents to the new directors:

1. Director's manual, consisting of the Company's vision, mission, and values; corporate governance policy; code of conduct for directors, executives, and employees; the Company's Articles of Association; the Company's Memorandum of Association; charters of the Board of Directors and sub committees; manual of listed companies' directors; suggestions for disclosure of information; and applicable laws
2. Company profile
3. Regulations on the Company's internal information control
4. Regulations on the Company's securities portfolio
5. Policy on reporting of directors' and executives' vested interests and relevant forms for report preparation
6. Annual reports of the last one year, with information about the Company's business operation and performance, and details on risk management and internal control
7. Board meeting minutes dating back one year
8. Performance reports of the Audit Committee dating back one year
9. Performance reports of the Nomination and Remuneration Committee dating back one year
10. The regular meeting dates of the Board for the entire year

## **5.7 Governance over Operations of Subsidiaries and Affiliated Companies**

To govern the operations of subsidiaries and affiliated companies, the Company has assigned the Company's directors as representatives to act as directors in its subsidiaries according to the shareholding ratio. This is in order to manage and be responsible for the operation of subsidiaries and affiliated companies, resulting in the optimum benefit of those subsidiaries or affiliated companies.

Apart from this, for subsidiaries, directors that have been appointed by the Company must ensure that the subsidiaries disclose its financial information, performance and transactions between the subsidiaries and its connected persons, acquisition or disposal of assets or any other transactions of the subsidiaries. The information must be complete, accurate and use the same criteria which the Company uses for the disclosure of details and undertaking of transactions with the same nature.

## **5.8 Monitoring the Handling of Information**

According to the Company's regulation, section 3 Board of Directors, stating in the prohibition for the Board of Directors in issue 27, that the director must inform the Company once the director interferes in any transaction, gain or loss, and possesses more or less share in the Company or any related Company. As announced in issue 28, the director is prohibited to run similar business or acts as a competitor against the Company. The director is also prohibited to be partnership in Ordinary Partnership or to be partnership with no liability limit in Limited Partnership or to be a director in any private or public company which commences the same or related business and is likely to be competitors for the Company. This point will be put into consideration only if this has been brought up in the shareholders' meeting before making an election.

The Directors of the Company and all the executives must strictly follow rules and regulations as set in the SET and SEC, concerning the preparation and disclosure the stock report. The Directors or executives must inform the Company Secretary once they sell or purchase stocks of the Company, in order to report to SET and SEC.

## **8.2 Board of Directors and Sub-committee**

The structure of the Board of Directors comprises of 4 committees: Board of Directors, Audit Committee, Nomination and Remuneration Committee and Executive Committee.

### **The Board of Directors**

The Board of Directors (qualified under Section 68 of the Companies Act 2535 and announcement according by the Office of Securities and Exchange Commission) comprise of 9 members, 3 of whom are independent directors and appointed as Audit Committee members by the Board of Directors. A list of the Board of Directors and the Authorized Directors (- "Management Structure - 7.1 The Board of Directors" (page 56)

### The Roles and Duties of the Board of Directors

1. Acting in the best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
  - 1) Performing its duties with faithfulness and honesty (Duty of Loyalty)
  - 2) Performing its duties with responsibility and all due circumspection and caution as well as with accountability and ethics (Duty of Care)
  - 3) Performing its duties in compliance with laws, objectives, the Company's Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience)
  - 4) Disclosing information to shareholders and stakeholders accurately, completely, and transparently with verification, timeliness and equitability (Duty of Disclosure)
2. Set the vision, mission, and short-term & long-term strategies to ensure fulfillment of corporate objectives and key goals with a focus on sustainability goals agreeing with value addition to the business, stakeholders, and society at large. These elements are revised annually.
3. Consider approving key transactions under the Board's authority scope under the law and corporate regulations and approval protocol.
4. Consider approving annual plans and budget, while constantly monitoring its business performance to ensure goal achievement by suitably and safely applying innovation and technology.
5. Set and review Board structure, specifically the number of directors and ratio of independent directors, as well as diverse qualifications suiting corporate business. Review Board and committee compensation as proposed by the Nomination and Remuneration Committee.
6. Consider appointing subcommittees to provide support for the Board's performance and responsibilities where suitable and necessary, and monitor the subcommittees' performance on a regular basis.
7. Disclose financial and key information to all shareholders and stakeholders on a correct, complete, transparent, reliable, timely, and equitable basis in compliance with regulations, standards, and practical guidelines.
8. Set up efficient and effective internal control and internal audit systems.
9. Develop a code of business conduct for the directors, executives, and employees to set the standards for the Company's business operation. All directors, executives, and employees shall perform their duties ethically and in strict compliance with the Company's code of conduct.
10. Ensure business operation based on good corporate governance principles and provide support to communicate to every personnel in the Company to acknowledge and strictly adhere to them.
11. Ensure clear and transparent connected transactions.



12. Ensure clear procedures of the Audit Committee's report to the directors when doubtful of transactions and actions that may seriously affect the Company's financial status and performance. The Board must rectify the problems within the timeframe deemed appropriate by the Audit Committee.
13. Institute a suitable and efficient risk management policy and procedures with regular monitoring and assessment of risk management performance.
14. Ensure the succession planning of the Company's top executives and annually arrange effective assessment of their performance.
15. Arrange for the company secretary to assist the directors' activities and ensure that the Board and the Company comply with the relevant law and regulations.
16. Annually assess Board performance and monitor Board and committee performances for joint review in the Board.
17. Constantly develop competency through training and participation in courses on Board performance or in other activities designed to enhance job expertise.
18. Steer the formulation of an anti-corruption policy and practical guidelines, strictly conform to the corporate policy and measures to set good examples for all personnel, and advocate internal and external communication for genuine conformance.
19. Steer the institution of processes and channels for receiving and effectively handling complaints filed by those with fraud leads and all stakeholders.
20. Steer the institution of an information security system, which includes the defining of a policy and procedures for confidentiality, integrity, availability, and the handling of market-sensitive information. Ensure conformance to this system by all directors, top management, personnel, and relevant third-party personnel.
21. Review and rectify the Charter of the Board as appropriate under prevailing circumstances.
22. Seek professional opinions by hiring outside advisers paid for by the Company.
23. Perform other duties as specified by the shareholders.

#### **Roles of the Chairman**

1. Direct, monitor, and ensure Board performance for efficiency and fulfillment of corporate objectives and key goals
2. Ensure all directors' roles in promoting a corporate culture filled with ethics and governance
3. With the President & CEO, set Board meeting agenda and apply measures to ensure that critical matters under Board authority are included in the agenda
4. Allocate enough time for the management to present matters and the Board to thoroughly discuss key issues. Encourage directors' exertion of discretion and expression of free views
5. Promote cordial relations between the Board and the management, while supporting performances of the President & CEO and the management under corporate policies

6. Ensure transparent disclosure of information and management for conflicts of interest
7. Steer the overall performance of the Board, committees, and individual directors for efficiency and effectiveness.

#### **Audit Committee**

The Board of Directors appoints the Audit Committee, which is a sub-committee of the Company. The Audit Committee comprised of 3 independent directors, as follows:

- |    |               |             |                             |
|----|---------------|-------------|-----------------------------|
| 1. | Mr. Charan    | Mongkolchan | Chairman of Audit Committee |
| 2. | Mrs. Jitmanee | Suwannapool | Member of Audit Committee   |
| 3. | Mr. Vithaya   | Chavananand | Member of Audit Committee   |

Mrs. Jitmanee Suwannapool is the Audit Committee with expertise in accounting and finance and experiences in the financial statement review.

Ms. Nonglak Sriwongphanawes is appointed as the Audit Committee's Secretary

#### **Duties and Responsibilities of Audit Committee**

1. Financial report
  - (1) Review the financial report preparation process for accurate, complete, credible, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual reports
  - (2) Review extraordinary significant items of the past year (if any) on the basis of their sensibility, impacts on the financial standing and company performance, as well as the accuracy and completeness of the data disclosed
2. Related party transactions or the transactions which may cause conflicts of interests
  - (1) Consider connected transactions which may cause conflicts of interest; ensure conformance to laws and SET regulations to ensure that they are reasonable and in the Company's best interests
  - (2) Consider the accurate and complete disclosure of information in case of connected or related transactions or other transactions that may cause conflict of interest
3. Internal control
  - (1) Review the internal control system to ensure its suitability and effectiveness, including any transactions that may cause financial fraud
  - (2) Consider the audit outcomes and suggestions of the external auditor and Internal Audit concerning internal controls and pass on suggestions for action by the management as well as following up the implementation of such suggestions
4. Internal audit
  - (1) Review and ensure that Internal Audit is independent and has an efficient internal audit process, in addition to ensuring Internal Audit's access to essential data
  - (2) Review the activities and structure of Internal Audit and approve its charter

- (3) Provide views on the appointment, commendation, removal, transfer, or discharge, as well as adjustment of compensation of the head of the Internal Audit Office, to ensure its independence or consider for Internal Audit fee of hired Internal Auditors
- (4) Provide suggestions and remarks about the budget and manpower of Internal Audit for the management's approval or in case of hiring Internal Auditors, shall consist adequate manpower with Internal Audit plans
- (5) Review and endorse annual internal audit plans and changes subject to the assessment outcomes of enterprise risk management and Internal Audit's strategic plans
- (6) Review the internal audit plan with the head of the Internal Audit, especially about the internal control system and financial management process
- (7) Review audit plans and coordinate the scope of audit of internal auditor and the external auditor to be mutually supportive and eliminate redundancy
- (8) Review Internal Audit's performance outcomes against the Audit Committee-approved audit plans to ensure conformance to the Audit Committee-assigned framework of responsibility
- (9) Review the hiring of external experts to conduct internal audit if the internal auditor lacks essential skills or specialization needed to conduct internal audit, including IT aspects

5. Auditing

- (1) Select, nominate, and propose fees for the external auditor for approval so as to obtain an independent auditor, taking into account the reliability, adequacy of resources, audit volume, the experience of the personnel assigned to audit the Company as well as past work. Also, consider the removal of the external auditor
- (2) Review the scope and method of auditing proposed by the external auditor as well as reasons for changing the auditing method (if any)
- (3) Provide suggestions to the external auditor to review certain transactions that may be necessary or important during the auditing process of the Company and subsidiary companies
- (4) Review the report of the external auditor and submit to the management for adjustments in practices as well as following up on such suggestions
- (5) Consider the adequacy and efficiency of coordination between the external auditor and Internal Audit
- (6) Act on received information from the external auditor as soon as possible regarding suspicious activities of directors, managers or persons responsible for operating the Company that may constitute a breach of the second paragraph of Section 281/2, Clause 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act and promptly check the information received and report preliminary findings in the first instance to SEC and the external auditor within 30 days from the date when a given breach was reported

6. Compliance with the concerned laws and regulations

- (1) Review conformance by the Company to Securities and Exchange laws, SET requirements, or the Company business-related laws and ethics

- (2) Review the management's performance and follow up laws and regulations in case of nonconforming
  - (3) Review issues identified by external regulators and remarks by auditor
  - (4) Review the communication of Code of Ethics to the employees and monitor its conformance
  - (5) Review progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations
7. Report of the audit committee
- (1) Report its performance for acknowledgement and consideration once every quarter
  - (2) Review any reports prepared by the Company regarding duties and responsibilities of the Audit Committee
  - (3) Prepare Audit Committee's annual performance report in accordance to SET's guideline and signed by the Chairman of the Audit Committee as well as disclose it in the Company's annual report
  - (4) In case of any suspicious transactions or actions that may significantly affect the Company's financial status and performance, the Audit Committee shall report the findings to the Board to make any improvement or correction in a timely manner as seen appropriate by the committee. Detailed are displayed below:
    - (4.1) Transactions regarding conflict of interests
    - (4.2) Transactions regarding frauds, irregularities or significant deficiencies in internal control system
    - (4.3) Any violation against laws on the securities and exchange, SET regulations or business-related laws relevant to the Company
  - (5) In case the Board or the management fails to take corrective actions on those transactions under (4.1), (4.2) and (4.3) within the timeframe set by the Audit Committee, any of the Audit Committee members may report of such transactions or actions directly to SEC or SET
8. Good corporate governance
- (1) Review the Company's continual improvement process of good corporate governance, as well as providing approaches and advices for development
  - (2) Emphasize and promote good corporate governance as a regular agenda for the Board meetings and AGMs
  - (3) Ensure that the Chairman of the Committee receives a copy of the report of the directors' vested interests from the Company Secretary under Article 89/14 of the Securities and Exchange Act within seven days of the date when the Company receives the report
9. Other Responsibilities
- (1) Conduct other Board-assigned duties, such as, To review the process of risk management
  - (2) Regularly review the Audit Committee Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities as well as to propose any required amendments accordingly
  - (3) Conduct other duties assigned by SET

- (4) Oversee that there is an effective whistleblower system in place, in the event that an employee or any stakeholder is suspicious of any possible wrongdoing, as well as non-compliance to any laws, regulations, business ethics, or to any corporate governance principles, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrongdoings and non-compliance issues
- (5) Monitor any special investigation as necessary

#### **Nomination and Remuneration Committee**

The Board of Directors appoints the Nomination and Remuneration Committee, which is a sub-committee of the Company. The Nomination and Remuneration Committee consist of directors shall be maintained no fewer than 3 members and independent directors shall be maintained not less than half of all director members and Chairman is shall be an independent director.

The Nomination and Remuneration Committee comprise of 2 independent directors and 2 director as follows:

- |    |                         |             |   |
|----|-------------------------|-------------|---|
| 1. | Mr. Vithaya             | Chavananand | Chairman of Nomination and Remuneration Committee |
| 2. | Assoc. Prof. Prapanpong | Vejjajiva   | Member of Nomination and Remuneration Committee   |
| 3. | Mrs. Jitmanee           | Suwannapool | Member of Nomination and Remuneration Committee   |
| 4. | Mr. Pandit              | Mongkolkul  | Member of Nomination and Remuneration Committee   |

Mr. Somphoch Thitipalatip is appointed as the Nomination and Remuneration Committee's Secretary .

#### **Duties and Responsibilities of the Nomination and Remuneration Committee**

##### **Duties and Responsibilities of the Nomination**

1. Consider the appropriate structure, size, and composition of the Board to suit the organization and changing environment as well as review the criteria of independent directors' qualifications
2. Ensure that Board structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications
3. Consider the criteria for selecting directors, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors before further submission to shareholders' meetings for appointment as directors
4. Consider the criteria for selecting President & CEO, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors for appointment as President & CEO
5. Allow minor shareholders the opportunity to propose qualified persons for selection as directors, providing shareholders with enough time prior to shareholders' meetings being held
6. Formulate succession plans for President & CEO and senior executive position and review such plan on a regular basis

#### **Duties and Responsibilities of the Remuneration**

1. Consider a clear compensation method and standard for directors, members of the sub-committees, as well as that for the President & CEO, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company as well as will facilitate an effective discharge of their responsibilities. The proposed compensation plan should also be comparable to those of other companies within the same or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholders equity in the long term.
2. Consider the compensation for directors and propose it to the Board for endorsement and, in turn, tabling it for the approval of shareholders' meetings
3. Define goals and evaluate the performance of the President & CEO to set reasonable compensation

#### **Other Duties and Responsibilities**

1. If it is considered essential and suitable to do so, the Committee may appoint regular advisor(s) or hire project advisor(s), or both, to provide advice on the Committee's performance. As seen essential and suitable, NRC may decide on such advisors' fees at the Company's expenses
2. Revise and amend the Committee charter in line with prevailing circumstances and seeks Board approval
3. Perform other Board-assigned duties related to nomination and remuneration

#### **The Executive Committee**

The Executive Committee shall be appointed by the Company's Board of Directors (the "**Board of Directors**") to serve as the sub-committee of the Company. The Executive Committee consist directors of the company and other qualified persons which Board of Directors shall consider number of Executive Committee as deemed appropriate.

The Executive Committee shall consist of 3 (three) directors and 4 (four) high-level executives

- |    |                         |                |                                      |
|----|-------------------------|----------------|--------------------------------------|
| 1. | Mr. Preecha             | Ekkunagul      | Chairman of Executive Committee      |
| 2. | Assoc. Prof. Prapanpong | Vejjajiva      | Vice Chairman of Executive Committee |
| 3. | Mr. Pandit              | Mongkolkul     | Executive Director                   |
| 4. | Ms. Naparat             | Sriwanvit      | Executive Director                   |
| 5. | Mr. Chanavat            | Uahwatanasakul | Executive Director                   |
| 6. | Mrs. Panida             | Sooksridakul   | Executive Director                   |
| 7. | Flt.Lt. Kree            | Dejchai        | Executive Director                   |

Mr. Somphoch Thitipalatip is appointed as the Executive Committee's Secretary.

#### **Duties and Responsibilities of the Executive Committee**

Board of Directors has delegated authorize to Executive Committee for consideration and review with any introduction and implementation by behalf of Board of Directors for any issues approval by each Executive Committee parties.

1. Screen the following items and submit the findings to the Board for consideration and approval:
  - 1.1 The Company's strategic plans, financial targets and operating plans
  - 1.2 Annual budget estimates based on the Company's strategic plans
  - 1.3 Project investments or material transactions within the Committee's scope of authority
  - 1.4 Activities and operations concerning mergers and acquisitions
  - 1.5 Identification and assessment of investment opportunities in new businesses
2. Monitor the Company's performance to ensure its conformance to the specified budget and targets
3. Supervise and monitor the Company's performance and financial status
4. Consider, review and approve within the scope of authority approved by the Board investment transactions, disposition of assets and other transactions relating to the Company businesses
5. Assess opportunities, risks and factors facing business operations, and provide recommendations to the Management Committee and the Board
6. Support business collaboration to enhance bargaining power and competitiveness
7. Strengthen relationships and manage matters concerning all stakeholders
8. Secure funds, including loans for business operations
9. Ensure efficient management of resources and personnel development
10. Hire independent consultants or persons to give opinions or advice as necessary
11. Perform or approve other transactions assigned by the Board on a case-by-case basis.

#### **Duties and Responsibilities of the Chief Executive Officer**

1. To operate the day-to-day business operation of the Company and to supervise, manage, and operate the works and operations of the Company to comply with the policy, vision, mission, value, strategy, business direction and business target, as well as the budget and business plan as approved by the Board of Directors and/or the Executive Committee.
2. To employ, appoint, transfer, dismiss, terminate, and determine the rate of wages and remuneration for the executives and employees, except for (i) the appointment, transfer and dismissal of the executives who hold the position of Managing Director , Deputy Managing Director , Senior Assistant Managing Director where these executive positions shall be approved by the Board of Directors (but their remuneration shall be determined by the Chief Executive Officer)
3. To determine the salary and remuneration and to adjust the salary, bonus and reward of the executives and employees of the Company.
4. To authorise the execution or termination of any contracts (which have been included in the approved annual budget) between the Company or a subsidiary and any other third party where the aggregate value of each contract does not exceed the designated amount.
5. To consider and approve intercompany loans among the Company and the subsidiaries.



6. To issue internal orders, policies, announcements, and memos in order to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including maintaining discipline within the organization.
7. To perform other tasks as assigned by the Board of Directors and/or the Executive Committee and to perform any other acts as stipulated by the laws or regulations of the authorities.
8. To delegate one or more persons to perform any task on his/her behalf; however, such delegation shall not be an authorization that allows the designated person who has a conflict, an interest, or any kind of benefit with the Company or its subsidiaries to approve such transaction
9. If the Chief Executive Officer is not in office or is unavailable to perform his/her duties, Managing Director shall act and perform all duties on his/her behalf and Managing Director shall report or present those matters he/she has approved to the Chief Executive Officer as soon as practicable.

Nonetheless, the exercise of the Chief Executive Officer's authority shall not allow him/her to approve a transaction with himself/herself or his/her related person(s) who has a conflict, an interest, or any kind of benefit with the Company or its subsidiaries except the transactions that are made in accordance with the regulations and the regarding laws.

### 8.3 The Accuracy of Auditor's Remuneration Details

For the Fiscal year ended 31 December 2018

#### (Audit Fee)

NO.	Company's Name	Auditor's Name	Audit fee (Baht)
1	Grand Canal Land Plc.	Mr. Natthawut Santipet	1,970,000.-
2	Belle Development Co., Ltd.	Mr. Natthawut Santipet	700,000.-
3	Praram 9 Square Co., Ltd.	Mr. Natthawut Santipet	920,000.-
4	Praram 9 Square Hotel Co., Ltd.	Mr. Natthawut Santipet	70,000.-
5	Sterling Equity Co., Ltd.	Mr. Natthawut Santipet	450,000.-
6	Belle Assets Co., Ltd.	Mr. Natthawut Santipet	238,000.-
7	G Land Property Management Co., Ltd.	Mr. Natthawut Santipet	310,000.-
8	Ratchada Asset Holding Co., Ltd.	Mr. Natthawut Santipet	155,000.-
9	Gland Reit Management Co., Ltd.	Mr. Natthawut Santipet	310,000.-
Total audit fee			5,123,000.-

#### Non-Audit Fee

- None -

#### Remuneration of auditor

The Company and its subsidiaries paid the remuneration for auditing to the audit firm, in which the auditor was employed, in the years of 2018 and 2017, in the amount of Baht 5,123,000 and Baht 4,780,000 respectively

## 9. Corporate Social Responsibility

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### 1. Social Responsibility in Normal Business Operation (In-process)

The Company's Board of Directors places importance in relation to our responsibility to our community and the environment, which is considered as part of the Company's business operations. The Company imposes this policy on itself and its subsidiaries, to express its corporate social responsibility from setting our vision, objectives, strategies, operational risk assessment and reflects on business operations, such as construction process, the way of treating employees, the way of treating customers and contractors, etc. Moreover, the Company monitors itself to ensure that its business operations comply with all relevant laws.

#### Fair Business Practices

The Company's policy is to engage in business with all stakeholders through the principle of honesty and transparency. Conducting business with customers or contractors shall never be detrimental to the Company's reputation or violate any laws.

- Procurement is done through Closed Bidding and the sealed documents will only be opened by appointed committee members.
- All confidential information or relevant information relating to customers or contractors will remain confidential and will not be wrongfully used for the benefit of the Company or third parties.
- The Company will not conduct any action relating to the infringement of intellectual property and will encourage the Company's executives and employees to use copyrighted products and services.
- The Company will treat its contractors in accordance with the agreed commercial terms and will be obliged by the mutually agreed contracts and agreements.

#### Anti-corruption

The Company operates its business by adhering to justice and integrity, and places importance on anti-corruption by stating such anti-corruption policy in the employee's code of conduct. The Company's Board of Directors also imposes the guidelines on the internal anti-corruption as follows:

- Build awareness and encourage the employees to strictly comply with rules, regulations, the Company's articles of association and relevant laws.
- Prohibit the Company's directors, executives and employees from taking any action which requests or accepts properties or any other benefits for themselves or other persons which may lead to performing or omitting to perform their duties in an abusive way or may cause the Company losses of rightful benefits.
- Prohibit the Company's directors, executives and employees from giving or offering properties or any other benefits to third parties in order to persuade such persons to take or omit to take any action which violates the laws or conflicts with their positions.

#### Respect for Human Rights

The Company supports the use of foreign labors in accordance with Thai laws and will ensure that the treatment of those foreign labors is fair and equal with respect to safety, health and fair compensation.

#### Fair Treatment of Labors

The Company will treat its employees fairly and equally without prejudice, bias or double standard. The Company also provides decent welfares and compensation to the employees and encourages them to learn and develop their own skills continuously to be more successful.

#### Responsibility towards Consumers

The Company will conduct its business on the basis of honesty and sincerity by complying with terms and conditions under the agreements agreed with its customers. Further, the Company will supply the customers with quality products in accordance with the standards specified by laws. The Company also provides complete, precise, correct and fair information relating to houses or condominium to the customers. In addition, the Company provides the customer relation division to handle the after-sale services which will provide support and assist the customers to promptly solve any problem which may occur in houses or condominiums and such division will act as a center to communicate with the community in order to ensure convenience and peace in the community.

#### Environmental Protection

The Company places importance on both sustainable development of the Company's projects and environmental protection. Therefore, the Company not only determines layout of its projects and designs in respect of the architecture and landscape architecture in accordance with laws and regulations under relevant government agencies, but also takes into account living quality of the customers and the community surrounding the projects developed by the Company, such as, provision of common spaces with the area exceeding that specified by laws in order to provide the green space and resting and sporting area in the projects for the good environment and community leisure. The Company has also planned, managed and prevented any pollution caused by the construction of the projects by using materials that prevent dust, smoke and hazardous substances in the projects from spreading outside the construction areas and control the activities which cause noise at the level prescribed by laws.

## **2. Social and Environmental Activities (After process)**

Every year, the Company also organizes several kinds of social activities, apart from those regular business operations, which benefit the community and the environment on a regular basis. Those activities are as follows:

1) Religious - Holding the merit events to offer food to the monks in various occasions, for example, New Year Festival, Song Kran Festival and other religious days, etc.





Photos of the merit events to offer food to the monks in various occasions

2) Traditional and Cultural - Organizing the traditional events such as Song Kran festival, etc.



Photos of Song Kran festival

3) Public Contributions – such as the “GLAND Together, Save the Environment” forest project, donations to communities, agencies or organizations, public consciousness for public benefits, etc. are projects in which the Company’s executives and employees join together in preserving natural resources and the environment, creating benefits for the local community, helping to reduce problems in society, helping to improve the quality of life for communities and society in the long term, helping to solve problems and create social benefits.



Photos of “GLAND Together, Save the Environment” Project



Photos of donation to Watuthai School, Huay Kwang District



Photos of the "Big Clean Day" project, in honor of King Rama X



## 10. Internal Controls and Risk Management

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The Board of Directors, the Audit Committee and Management recognized the importance of having an effective and adequate internal control system by implementing internal controls in accordance with the COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control-Integrated Framework. The Internal Audit Department had been assigned to evaluate the adequacy and appropriateness of the internal control system together with Management annually to ensure that the work processes, in all aspects of the company, are efficient, effective and meets international standards. In this regard, the Board of Directors has reviewed the evaluation results of the adequacy of the Company's internal control system in 5 areas:

1. The Internal Control: the Company set up appropriate bodies to oversee the Company's operation and management. Among these bodies is the Board of Directors, which comprises of nine members, three of whom are independent directors. The Audit Committee and the Nomination and Remuneration Committee including the Executive Committee formed to assist the Board as a subcommittee with suitable qualifications as prescribed by regulatory concerns. The operations of the Company are directed under a prescribed budget and in accordance with corporate objective which periodically monitored and reviewed

2. Risk Management: Even though the Company has not formed a Risk Management Committee to administer its risk factors, the current Board of Directors, and other executives certainly realize and are fully aware of possible problems that may relate to the risk aspects, and take care to mitigate and manage them. The Board of the Company has approved and announced the Risk Management Policy in the Company and the executives often analyze, evaluate and report, to the Board of Directors, external risk factors which may effected to the Company's operations. The Risk Management Policy will be reconsider by the executives and propose to the Audit Committee to approve annually. As well as all departments work together to assist the management in assessing the corporate risk exposure and find measures to protect the Company against possible risks, such as an operational risk. In this regard, appropriate measures are prescribed to guard the Company against occurrence of any operational errors, and to lay down acceptable levels for operational risk.

3. Management Control: The Board of Directors appoints 3 sub-committees consists of the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. Approval procedures and authorized limits are set to control management's actions. The scope of authorization is prescribed in writing and the appropriate authority is reviewed frequently and notified to all parties concerned for compliance. Executives and officers from all levels are subject to these prescribed authorization rules. In cases whereby an excess of prescribed authorization limit, or out of scope activities is required, approval from the Board of Directors or the Executive Committee are then required. In principle, the Chief Executive Officer has operational power to make authorization decisions. The Accounting and Finance Group is in charge of bookkeeping and taking records of the transactions. The Administration Group oversees the



corporate assets. Transactions undertaken with major shareholders, directors and their related parties are made in compliance with rules and regulations of SET and SEC. Including bring the Information Technology System to control the operation processes. The Company also prescribes in writing, relevant charters for the Audit Committee and Internal Audit Division which are applied to control and monitor work performed by various internal functions.

4. Information Technology & Communication: Matters presented to the Board of Directors for consideration are submitted through the Company Secretary who will issue meeting notifications and send them to the Board members, together with relevant attachments, that require the Board's perusal. The notifications and its attachments are submitted to the Board members within the time frame prescribed by law. Minutes of meetings are issued and records are kept for future review and reference. The Company applies the generally accepted accounting principles and accounting procedures which are appropriate and accountable for its business operation. Accounting records are completed and properly safeguarded. Moreover, the adequate information in concern with shareholders and investors is posted on the Company's website.

5. Follow-up System: The Company set operational objectives and report its actual performance in comparison with its targeted objectives. The Internal Audit Unit reviews the compliance of the prescribed internal controls and regularly reports its findings to the Audit Committee for further presentation to the Board of Directors for adjustment method determination within time. Moreover the Internal Audit Unit evaluated the internal controls as a plan quarterly and annually.

The review of the internal control as abovementioned, the Internal Audit Unit reported to the Audit Committee and was considered in the Audit Committee Meeting no.1/2019 on 11 February 2019 and the Audit Committee views that the Company adequately and effectively follows the prescribed guidance and assessment criteria set by SEC. In addition, it also concludes that the Company has adequate internal controls that govern transactions with its major shareholders, directors, executives, and their related parties, without further comments from the Audit Committee.

The Company's auditor, EY Office Limited, who audited the Company's 2018 financial statement also expressed opinion that there is no material imperfection in the Company's internal control system as reported on 31 December 2018.

The Company appointed Ms. Nonglak Sriwongphanawes as the internal auditor leader of the Company. Please see the profile and work experience under "Board and Management Profile"

In this regard, the appointment, dismissal or removal of the chief of the internal audit division is subject to the approval of the Audit Committee. The Audit Committee is of the opinion that Ms. Nonglak Sriwongphanawes, the chief of the internal audit division of the Company, has the necessary qualifications for effectively performing such duties. This is because she is an expert in internal audits and operating systems, independent, and has performed her assigned duties in an excellent manner.

## 11. Related Transaction

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### Policy or Tendency to Engage in Related Transactions

The Company may need to enter into related transactions with a connected party or a party with conflicting interests, who stands to gain or lose, or with any other type of conflict. Under such circumstances, the Company shall adopt a policy in relation to related transactions as long as the Company opines that such related transactions will be of the utmost benefit to the Company, having regard to the situation at the time of the transactions. In this regard, conditions based on the general commercial conditions and market price shall be prescribed, which can be compared to the price and conditions prescribed in the case of other unrelated party or business.

The Audit Committee and the Board of Directors will work together to ensure that the related transactions are made in accordance with the law regarding the securities and exchange law, the regulations of the Stock Exchange of Thailand, and any disclosure obligations in relation to any connected transactions of the company or its subsidiaries.

Nonetheless, the Company must ensure that the Audit Committee will issue its opinion and view on the necessity and appropriateness of each transaction entered into by the Company. Such information will then be used to assist in the decision-making by the Board of Directors or Shareholders as the case may be. In an event the matter is proposed to the Shareholders' Meeting for its consideration to approve related transactions, the Company will arrange for an independent financial advisor to be appointed to prepare a report and offer opinion and view on the transactions to the Shareholders.

In this regard, the Company will disclose any of its related transactions in the Notes for financial statement verified by the Company's Auditor, the Annual Registration Statement (Form 56-1), and the Annual Report.

The Company has business transactions with its related parties, which are within the scope of normal business and general trading conditions. Details of the relationship between the Company and related companies (excluding subsidiaries and associates) are as follow:

Company	Relationship
- C.K.S Holding Co., Ltd. and Super Asset Co., Ltd.	Co – directors
- Italian - Thai Development Pcl.	Co – shareholders in subsidiary company
- Grand Fortune Co., Ltd.	Co – directors
- Assoc.Prof. Prapanpong Vejjajiva	Director of the Company
<b>Associated Company</b>	
- Gland Office Leasehold Real Estate Investment Trust	Real Estate Investment Trust held 15% of unit trusts by the Company / the Property Manager in Real Estate Investment Trust
<b>Joint Venture which its shares held by Ratchada Asset Holding Co., Ltd.</b>	
- Bayswater Co., Ltd.	Shareholder
<b>Subsidiary's director by Belle Development Co.,Ltd</b>	
- Mr. Pak To Leung	Director / Shareholder

## Financial Status and Operational Result

### 12. Summary of Important Financial Information

#### Financial Statement

##### (1) Audit Reports

The financial statements of Grand Canal Land Public Company Limited and its subsidiaries have been reviewed by Ms. Waraporn Prapasirikul in 2016, Mr. Narong Puntawong in 2017 and Mr. Natthawut Santipet of EY Office Company Limited in 2018.

The auditors formed an opinion (unconditionally) on the audit report that the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP)

##### (2) Financial Ratio

Grand Canal Land Public Company Limited and subsidiaries

(Liquidity Ratio)	Units	2018	2017	2016
Liquidity Ratio	times	0.68	0.62	0.27
Quick Ratio	times	0.17	0.19	0.09
Receivable Turnover	times	16.62	13.39	11.56
Average Collection Period	day	21.66	26.89	31.14
Payable Turnover	times	0.65	0.71	2.02
Payment Period	day	554.98	503.98	178.48

(Profitability Ratio)	Units	2018	2017	2016
Gross Profit	%	67.11	62.43	58.56
Net Profit	%	24.64	39.39	34.22
Return on Equity : ROE	%	4.18	9.69	10.82

(Efficiency Ratio)	Units	2018	2017	2016
Return on Asset : ROA	%	1.74	4.06	4.84
Return on Fixed Asset	%	2.41	5.54	6.78
Total Asset Turnover Ratio	times	0.07	0.10	0.14

(Financial Policy Ratio)	Units	2018	2017	2016
Debt to Equity Ratio	times	1.37	1.44	1.33
Interest Bearing Debts to Equity Ratio	times	0.66	0.70	1.06

**Data per share and growth rate**

Data per Share	Units	2018	2017	2016
Book value per share	Baht	1.78	1.88	1.81
Earning per share	Baht	0.069	0.180	0.189
Dividend per share (Baht)	Baht	Non-Payment *	0.10	0.10

Growth Rate	Units	2018	2017	2016
Total Assets	%	0.71	10.07	7.52
Total Liabilities	%	(1.48)	13.81	15.25
Revenues	%	0.64	(44.11)	(32.84)
Operating Expense	%	(19.28)	(11.00)	(6.03)
Net Profit	%	(54.89)	(8.79)	(35.66)

### 13. Analysis and Explanation of Management

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#### 13.1 Overview

##### (a) Performance

In 2018, the Company and its subsidiaries had a net profit of Baht 432.55 million, 59.57 percent lower than the previous year or Baht 637.34 million, primarily from the gain from the change in the fair value of real estate which decreased by Baht 837.62 million, which is a non-cash and non-operating revenue.

Although rental and service revenue from The Nine Towers Grand Rama 9 and Unilever House office buildings will be transferred to the GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) office building (subsidiary, the Company holds 15% of shares) since April 2017. However, in 2018, the Company still had an increase in rental and service revenue from the previous year by 8.18 percent or Baht 92.23 million to Baht 1,219.15 million, which resulted primarily from improved performance of the G Tower office building, which opened in 2016.

Revenue from real estate sales in 2018 decreased compared to the previous year of 23.22 percent or Baht 82.77 million due to the transfer of condominium units in the Belle Grand Rama 9 project which decreased as the number of units decreased with the approach of the projects closure.

##### (b) Industrial Conditions Affecting Operations

Due to the office space for rent within the central business district of Bangkok having a limited supply combined with the relatively high rental rates and real estate prices compared to the surrounding area of the central business district. Therefore, construction of office buildings in surrounding areas of the Central Business District are more likely to be found. The Rama 9 and Ratchadaphisek areas are potential areas as well due to the location being easily accessible from other areas around the central business district via public transportation; such as MRT Subway, only 2 stations from the Asoke area, and connection to the BTS Skytrain. In addition, the Rama 9 and Ratchadaphisek areas have a high growth for residential and construction projects, department stores, offices and hotels that will increase the introduction of both Thai and foreigner people to move to, to live or to conduct businesses in these areas.

However, at present, the Company's office building projects and subsidiary, such as The Nine Towers, Unilever House and G Tower, have a relatively high rental rate, therefore being less affected by the above-mentioned industrial conditions compared to recently launched projects and still having a lot of space to rent.

##### (C) Auditor Observations

From Bayswater Company Limited (Joint Venture) having won the auction for the debtor's land under bankruptcy case (debtor), the debtor requested the court to order the revocation of the auction. The District Court dismissed the request and the plaintiff did not appeal against the judgment, therefore the case was considered as closed (details as shown in the remarks of the consolidated financial statements, no. 34.5).

### 13.2 Operating and Profitability Results

#### (a) Revenue Structure

Types of Revenues	Year 2018		Year 2017		Increased / (Decreased)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Rental and Service Fee	1,219.15	59.20%	1,126.91	39.47%	92.23	8.18%
Real Estate Sales	273.73	13.29%	356.51	12.49%	(82.77)	(23.22%)
Profit (loss) from Changes in the Fair Value of Investment Properties	277.05	13.45%	1,114.67	39.04%	(837.62)	(75.15%)
Other Income	289.47	14.06%	257.27	9.01%	32.20	12.52%
Total Revenue	2,059.40	100.00%	2,855.36	100.00%	(795.96)	(27.88%)

#### Rental and Service Fee Revenue

In 2018, the Company had a total revenue from rental and service fees of Baht 1,219.15 million, compared to 2017 of Baht 1,126.91 million, representing an increase of 8.18 percent, as a main result of the improved operating performance of the G Tower office building project, opened in 2016.

#### Real Estate Sales Revenue

In 2018, the Company had a total revenue from real estate sales of Baht 273.73 million, revenue recognized from condominium transfers from the Belle Grand Rama 9 project, compared to a 23.22 percent decrease of in 2017.

#### Profit from Changes to the Fair Value of Investment Property

In 2018, the Company gained profit from changes in the fair value of Baht 277.05 million compared to 2017, which had a profit from fair value changes of Baht 1,114.67 million, a 75.15 percentage decrease, which is a non-cash and non-operating revenue.

#### Other Income

In 2018, the Company had a total revenue from other income of Baht 289.47 million, close to the amount in 2017, mainly from interest from loans from the joint venture company, Bayswater Company Limited, for investment in land for development.

#### (b) Gross Profit

In 2018, the Company's gross profit totaled Baht 1,001.87 million or 67.11 percent, an increase from the previous year which had a gross profit margin of 62.43 percent due to the cost savings of the real estate development business for sale.



(c) Selling and Administrative Expense

In 2018, the Company had a total selling and administrative expense of Baht 290.60 million, a decrease of 10.94 percent or Baht 35.70 million compared to 2017, mainly due to the decrease in selling expenses in accordance to the number of condominium units transferred which reduced the efficiency of saving in administrative expenses.

(d) Net Profit

In 2018, the Company had a net profit (attributable to shareholders of the Company) in the amount of Baht 432.55 million, a decrease from the year 2017, equal to Baht 637.33 million or 59.57 percent. This was mainly due to profit gained from the change in fair value of real estate investment which decreased from the previous year by Baht 837.6 million.

(e) Changes in Financial Position

1) Assets As of 31 December 2018, the Company and its subsidiaries had total assets of Baht 29,263.23 million, an increase of Baht 206.80 million from the end of the previous year. Current assets totaled Baht 1,955.97 million, a decrease of Baht 363.54 million from the previous year, resulted from efficient cash management. Non-current assets increased by Baht 570.34 million from the previous year due to the increase in fair value of investment properties (profit from fair value adjustment) and recognition of work progress during construction of real estate investment.

2) Liabilities As of 31 December 2018, the Company had total liabilities of Baht 16,903.43 million, a decrease of Baht 253.78 million from the end of the previous year, mainly from rental and service fees received in advance (accounting liabilities) having decreased.

Current liabilities totaled Baht 2,885.22 million, a decrease of Baht 854.32 million from the previous year, resulting from the repayment of debentures due in 2018. Non-current liabilities increased Baht 600.54 million from the previous year, mainly from the issuance of shares and debentures in the amount of Baht 1,500 million in 2018 for use in the investment and repayment of the original loan.

3) Shareholders' Equity As of 31 December 2018, the Company had a total shareholders' equity (the Company alone) of Baht 11,585.70 million, an increase of Baht 385.79 million from the previous year.

- Capital Increase	548.38	million baht
(exercising of right to purchase ordinary shares of the Company No. 4 or GLAND-W4)		
- Dividend Payment	(595.14)	million baht
- Net profit during the period	432.55	million baht

4) Capital Structure

As of 31 December 2018, the Company's had a debt to equity ratio of 1.37, decreased from the end of the previous year with a ratio of 1.44, and a decrease in interest bearing debts to equity ratio of 0.70 from the end of the previous year of 0.66.

### 13.3 Assets Management

At the end of 2018, the Company and its subsidiaries had a total of Baht 1,010.35 million in real estate development projects, consisting of:

- Under Development Land and Buildings 791.84 million baht
- Developed Land and Buildings (remaining inventory) 218.51 million baht

Most developed land and buildings are condominium units in the Belle Grand Rama 9 project, which has a selling price of approximately 130,000 baht / square meter. In the past, the price of the condominium units had a continuous increasingly high selling price and had a transfer and recognized revenue continuous from 2018 as well. Condominiums sales and transfer had also slowed down compared to the previous year's remaining inventory.

### 13.4 Liquidity and Capital Adequacy

(Million Baht)

Cash Flow Statement	Year 2018	Year 2017
Net Cash Flows from Operating Activities	59.96	5,343.69
Net Cash Flows from Investing Activities	(198.27)	(946.28)
Net Cash Flows from Financing Activities	(177.09)	(4,275.72)
Cash and Cash Equivalents as of 31December	178.37	493.76

At the end of years 2018 and 2017, the Company had cash and cash equivalents amounted to Baht 178.37 million and Baht 493.76 million, respectively

#### - Net Cash Flows from Operating Activities

- In 2018, the Company had a cash flow from operating activities of Baht 569.06 million. After payments for interest and income taxes totaling Baht 509.09 million, net cash from operations totaled Baht 59.96 million.

- In 2017, the Company had a net cash flow from operating activities of Baht 5,343.69 million, mainly advance payments received from long-term leases from The Nine Towers project and Unilever House project office buildings to the GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) office building.

#### - Net Cash Flows from Investing Activities

- In 2018, the Company had a net cash flow from investing activities of Baht 198.27 million, mainly due to investments in office building and retail space for rent developments (construction cost).

- In 2017, the Company had a net cash flows from investing activities amounted to Baht 946.28 million, mainly due to the Investment Trust GLANDRT of Baht 749.65 million and investments in office building and retail space for rent developments (construction cost).

- Net Cash Flows from Financing Activities

- In 2018, the Company had a net cash flow from financing activities of Baht 177.09 million, mainly due to repayment of loans from financial institutions and debentures due in 2018.

- In 2017, the Company had a net cash flows from financing activities of Baht 4,275.72 million, mainly due to repayment of loans from financial institutions, payment of bill of exchange (B/E) and dividend payments.

In the past, the Company's liquidity was considered good; able to repay bank debt and debentures according to repayment schedules, no outstanding debt, and able to fully comply with various loan conditions, whether it be Debt to Equity Ratio, Interest Bearing Debts to Equity Ratio or Debt Service Coverage Ratio.

### **13.5 Off-Balance Sheet Arrangements**

The Company's off-balance sheet arrangements as shown in the remarks of the consolidated financial statements, no. 34 of the financial statement for 2018, which the auditor has audited.

### **13.6 Factors that May Affect Future Operation or Financial Status**

The Company and its subsidiaries leased out office space, meeting rooms, parking spaces and system work of The Nine Towers Grand Rama 9, and Unilever House Grand Rama 9 projects for contracts of 30 years and 17 years, 7 months, respectively, to the GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) office building in April 2017, causing the revenue from the office buildings to be transferred to GLANDRT since April 2017.

However, the Company has continuous revenue from rental and service fees from the G Tower office building project, which is a Grade A office building, at present, there is a high rental rate. In addition, the Company still has fully-developed condominium units available for sale in Belle Grand Rama 9 and high potential land awaiting development. This consists of land in the Don Mueang district; approximately 85 Rai on Local Road, approximately 35 Rai adjacent to the BTS Red Line, and approximately 49 Rai on Phahonyothin Road and Vibhavadi Rangsit Road, adjacent to the intersection of the BTS Yellow and Green Lines.

## Responsibility of the Board of Directors for Financial Reporting

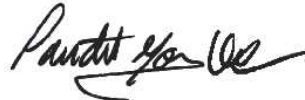
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The Board of Directors is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information appearing in the annual report. These financial statements have been prepared in accordance with generally accepted accounting standards and practices under appropriate accounting policies applied on a consistent basis following the principles of prudence and impartiality. All important financial information about the Company has been sufficiently disclosed in the notes to the financial statements.

In this regard, the Board of Directors has appointed an Audit Committee, consisting of three independent members, to be responsible for the quality of the Company's financial reporting and internal control mechanisms. The opinion of the Audit Committee with regard to these matters appears in the Audit Committee Report contained in the annual report.



(Mr. Preecha Ekkunagul)  
Authorized Director



(Mr. Pandit Mongkolkul)  
Authorized Director

## The Accuracy of Auditor's Remuneration Details

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

### (Audit Fee)

NO.	Company's Name	Auditor's Name	Audit fee (Baht)
1	Grand Canal Land Plc.	Mr. Natthawut Santipet	1,970,000.-
2	Belle Development Co., Ltd.	Mr. Natthawut Santipet	700,000.-
3	Praram 9 Square Co., Ltd.	Mr. Natthawut Santipet	920,000.-
4	Praram 9 Square Hotel Co., Ltd.	Mr. Natthawut Santipet	70,000.-
5	Sterling Equity Co., Ltd.	Mr. Natthawut Santipet	450,000.-
6	Belle Assets Co., Ltd.	Mr. Natthawut Santipet	238,000.-
7	G Land Property Management Co., Ltd.	Mr. Natthawut Santipet	310,000.-
8	Ratchada Asset Holding Co., Ltd.	Mr. Natthawut Santipet	155,000.-
9	Gland Reit Management Co., Ltd.	Mr. Natthawut Santipet	310,000.-
Total audit fee			5,123,000.-

### Remuneration of auditor

The Company and its subsidiaries paid the remuneration for auditing to the audit firm, in which the auditor was employed, in the years of 2018 and 2017, in the amount of Baht 5,123,000 and Baht 4,780,000 respectively.

### Non-Audit Fee

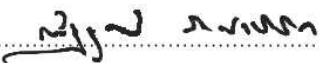
- None -

The foregoing information

☒ is complete and accurate, and I certify that to the best of my knowledge there is no other remuneration paid by the Company to me and related persons and to the Company I work for and its related persons.

☐ is not complete and not accurate in respect of .....

After making any necessary adjustments to the information contained in this form, I hereby certify that such information presents complete and accurate details of all Audit Fees and Non-Audit Fees paid by the Company to me and the audit firm that I work for.



( Mr. Natthawut Santipet )

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Auditor of Grand Canal Land Public Co., Ltd.

## **Independent Auditor's Report**

To the Shareholders of Grand Canal Land Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Grand Canal Land Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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 Grand Canal Land 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 Grand Canal Land Public Company Limited and its subsidiaries and of Grand Canal Land Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matter**

I draw attention to Note 34.5 a) to the financial statements regarding the litigation in which a debtor under a bankruptcy case filed a petition requesting the Central Bankruptcy Court (the Court) to revoke the auction of the land which the joint venture had purchased through that auction. On 8 November 2018, the Court ordered the dismissal of the plaintiff's claim and the plaintiff did not lodge an appeal against the order of the Court. Therefore, the case was finalised. My opinion is not modified in respect of this matter.

### **Key Audit Matters**



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

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

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

***The valuation of investment properties***

As mentioned in Note 5 and 15 to the financial statements, the Group presented investment properties at the fair value estimated by independent appraisers, and recognised changes in the fair value in profit or loss. As at 31 December 2018, the Company presented investment properties amounting to Baht 21,446 million and Baht 10,267 million in the consolidated statement of financial position and the separate statement of financial position, respectively. In addition, in 2018 the Company recognised gain from changes in the fair value of investment properties amounting to Baht 277 million and Baht 235 million in the consolidated statements of comprehensive income and the separate statement of comprehensive income, respectively. The fair value assessments mentioned above are transactions which were calculated under the assumptions and judgment of both the management and the independent appraisers, and significantly affected the financial statements overall.

I assessed the reliability of the independent appraisers in conformity with related Thai Standard on Auditing (TSA). I read the fair value assessment report of the independent appraisers, evaluated the valuation approach, the cash flow projections and the assumptions used by the independent appraisers to calculate the fair value and performed analytical procedures on related data. In addition, I tested the fair value calculation and reviewed the disclosures made in notes to the financial statements.

### ***Compliance with covenants stipulated in loan and debenture agreements***

As at 31 December 2018, the consolidated statement of financial position and the separate statement of financial position presented long-term loans and debentures as part of non-current liabilities totaling Baht 7,164 million and Baht 3,842 million, respectively. In classifying the current portion of long-term loans and debentures and the portion presented as non-current liabilities, the management needed to exercise judgment in evaluating whether the Group could comply with the covenants and conditions stipulated in loan agreements and the conditions regarding the rights and obligations of the debenture issuer, and to classify long-term loans and debentures as current liabilities and non-current liabilities in accordance with the terms and covenants stipulated in the loan agreements, as well as the conditions regarding the rights and obligations of the debenture issuer, as mentioned in Note 21 and 22 to the financial statements.

I read the loan agreements and the conditions regarding the rights and obligations of the debenture issuer, inquired and confirmed with the management, recalculated the financial ratio and examined related documents to assess whether the Group complied with the covenants and conditions stipulated in the loan agreements and the conditions regarding the rights and obligations of the debenture issuer. In addition, I reviewed the disclosures made in notes to the financial statements.

### ***Recognition of revenue from rental and services***

In 2018, the Group recognised revenue from rental and services amounting to Baht 1,219 million and Baht 299 million in the consolidated statement of comprehensive income and the separate statement of comprehensive income, respectively. As these transactions were significant, I focused my audit on the completeness and the correctness of revenue recognition in accordance with the Group's policy, as stated in Note 4.1 to the financial statements.

On a sampling basis, I selected revenue transactions to examine the rental and service agreements, documents supporting rental and service transactions and documentation of the transfer of areas, in order to assess whether revenue recognition complied with the terms stipulated in the rental and service agreements and was in accordance with the revenue recognition policy of the Group. I also reviewed for possible irregularities in rental and service transactions throughout the accounting period, particularly accounting entries made through journal vouchers.

**Other Information**

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Natthawut Santipet  
Certified Public Accountant (Thailand) No. 5730

EY Office Limited  
Bangkok: 14 February 2019

## Financial Statements

### Grand Canal Land Public Company Limited and its subsidiaries

#### Statements of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	178,367,833	493,764,089	47,643,061	146,724,039
Trade and other receivables	6, 8	301,680,713	233,079,784	421,209,886	187,623,971
Short-term loans to related parties	6	-	-	1,280,000,000	1,232,000,000
Project development costs	9	1,010,351,357	1,118,490,020	623,562,702	623,562,702
Advance payment to contractors	6	28,107,636	43,104,016	44,512	1,972,749
Other current assets		437,466,742	431,077,545	265,549,762	256,166,298
<b>Total current assets</b>		<b>1,955,974,281</b>	<b>2,319,515,454</b>	<b>2,638,009,923</b>	<b>2,448,049,759</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	11,222,888	11,222,888	1,020,910	1,020,910
Long-term loans to related parties	6	4,303,191,690	4,305,868,839	4,583,000,000	4,451,000,000
Investments in subsidiaries	11	-	-	6,017,374,495	6,017,374,495
Investment in associate	12	773,442,353	735,956,758	683,773,494	736,908,899
Investment in joint venture	13	-	-	-	-
Other long-term investments	14	104,520,000	104,520,000	-	-
Investment properties	15	21,445,904,642	20,901,348,040	10,267,447,937	10,027,334,130
Property, plant and equipment	16	498,901,444	501,825,915	16,942,066	45,104,441
Land leasehold right from related parties	17	105,904,943	114,547,713	-	-
Deferred tax assets	28	35,726,270	39,032,610	-	-
Intangible assets	18	1,007,932	1,187,089	715,388	729,397
Other non-current assets	6	27,433,548	21,404,849	12,003,488	10,661,026
<b>Total non-current assets</b>		<b>27,307,255,710</b>	<b>26,736,914,701</b>	<b>21,582,277,778</b>	<b>21,290,133,298</b>
<b>Total assets</b>		<b>29,263,229,991</b>	<b>29,056,430,155</b>	<b>24,220,287,701</b>	<b>23,738,183,057</b>

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



Grand Canal Land Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	19	520,000,000	100,000,000	520,000,000	100,000,000
Trade and other payables	6, 20	1,332,176,977	1,350,982,574	437,550,681	415,054,711
Retention payable	6	213,332,500	233,711,034	3,676,429	4,261,562
Short-term loans from related parties	6	-	-	2,860,000,000	2,700,000,000
Current portion of long-term loans					
from financial institutions	21	522,868,718	442,910,877	-	-
Current portion of debentures	22	-	1,299,458,655	-	1,299,458,655
Current portion of advance rental income	6	223,645,274	223,645,274	148,707,017	148,707,017
Deposits and advance received					
from customers		17,416,506	27,544,577	-	-
Corporate income tax payable		30,647,852	17,148,663	-	-
Other current liabilities		25,133,166	44,139,928	16,332,445	26,876,708
<b>Total current liabilities</b>		<b>2,885,220,993</b>	<b>3,739,541,582</b>	<b>3,986,266,572</b>	<b>4,694,358,653</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions					
- net of current portion	21	3,322,043,873	3,798,655,398	-	-
Debentures - net of current portion	22	3,842,060,811	2,692,681,323	3,842,060,811	2,692,681,323
Provision for long-term employee benefits	23	17,627,088	15,553,968	15,969,492	14,144,723
Deferred tax liabilities	28	1,150,905,600	995,635,946	808,309,247	740,631,532
Advance rental and service income	6	5,452,818,869	5,690,025,990	4,265,779,446	4,420,313,513
Other non-current liabilities					
Rental and service retention	6	230,610,999	223,024,586	15,209,478	15,129,242
Others		2,140,000	2,090,000	2,140,000	2,090,000
<b>Total non-current liabilities</b>		<b>14,018,207,240</b>	<b>13,417,667,211</b>	<b>8,949,468,474</b>	<b>7,884,990,333</b>
<b>Total liabilities</b>		<b>16,903,428,233</b>	<b>17,157,208,793</b>	<b>12,935,735,046</b>	<b>12,579,348,986</b>

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



**Grand Canal Land Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		As at	As at	As at	As at
	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Shareholders' equity</b>					
Share capital					
Registered					
6,535,484,202 ordinary shares of Baht 1 each		6,535,484,202	6,535,484,202	6,535,484,202	6,535,484,202
Issued and fully paid					
6,499,829,661 ordinary shares of Baht 1 each					
(2017: 5,951,449,051 ordinary shares					
of Baht 1 each)	24	6,499,829,661	5,951,449,051	6,499,829,661	5,951,449,051
Share premium	24	1,532,320,430	1,532,320,430	1,532,320,430	1,532,320,430
Adjustment to present assets purchased					
under common control at book value	24	(423,185,000)	(423,185,000)	-	-
Adjustment of equity interests					
under reverse acquisition	24	(129,336,263)	(129,336,263)	-	-
Total equity interests		7,479,628,828	6,931,248,218	8,032,150,091	7,483,769,481
Retained earnings					
Appropriated - statutory reserve	26	503,800,000	495,000,000	366,900,000	358,100,000
Unappropriated		3,627,201,235	3,798,587,022	2,885,502,564	3,316,964,590
Other components of shareholders' equity		(24,927,451)	(24,927,451)	-	-
Equity attributable to owners of the Company		11,585,702,612	11,199,907,789	11,284,552,655	11,158,834,071
Non-controlling interests of the subsidiaries		774,099,146	699,313,573	-	-
<b>Total shareholders' equity</b>		<b>12,359,801,758</b>	<b>11,899,221,362</b>	<b>11,284,552,655</b>	<b>11,158,834,071</b>
<b>Total liabilities and shareholders' equity</b>		<b>29,263,229,991</b>	<b>29,056,430,155</b>	<b>24,220,287,701</b>	<b>23,738,183,057</b>

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

Directors

Grand Canal Land Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Rental and service income	27	1,219,145,053	1,126,914,071	298,529,852	486,228,840
Revenues from sales of real estate		273,734,373	356,505,385	-	-
Gain on changes in fair value of investment properties	15	277,045,751	1,114,669,729	235,111,015	765,089,039
Dividend income	12	-	-	-	10,495,142
Interest income		261,588,764	245,903,337	320,169,035	326,045,793
Other income		27,883,819	11,368,341	23,181,167	4,713,039
<b>Total revenues</b>		<b>2,059,397,760</b>	<b>2,855,360,863</b>	<b>876,991,069</b>	<b>1,592,571,853</b>
<b>Expenses</b>					
Cost of rent and services		417,944,772	399,640,105	147,682,614	196,043,598
Cost of sales of real estate		73,069,134	157,645,376	-	-
Selling and distribution expenses		43,935,325	57,242,216	6,558,820	9,792,775
Administrative expenses		246,660,107	269,053,004	117,698,144	121,013,178
<b>Total expenses</b>		<b>781,609,338</b>	<b>883,580,701</b>	<b>271,939,578</b>	<b>326,849,551</b>
<b>Profit before share of profit (loss) from investments in associate and joint venture, finance cost and income tax expenses</b>					
		1,277,788,422	1,971,780,162	605,051,491	1,265,722,302
Share of profit from investment in associate	12	90,621,000	9,543,001	-	-
Share of loss from investment in joint venture	13	(262,529,896)	(81,344,673)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>1,105,879,526</b>	<b>1,899,978,490</b>	<b>605,051,491</b>	<b>1,265,722,302</b>
Finance cost		(378,239,044)	(464,249,140)	(362,815,941)	(378,070,889)
<b>Profit before income tax expenses</b>		<b>727,640,482</b>	<b>1,435,729,350</b>	<b>242,235,550</b>	<b>887,651,413</b>
Income tax expenses	28	(220,301,041)	(310,970,709)	(69,757,921)	(168,838,432)
<b>Profit for the year</b>		<b>507,339,441</b>	<b>1,124,758,641</b>	<b>172,477,629</b>	<b>718,812,981</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on change in value of available-for-sale investments - net of income tax		-	(432,224)	-	(432,224)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax		-	1,217,582	-	220,426
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>785,358</b>	<b>-</b>	<b>(211,798)</b>
<b>Total comprehensive income for the year</b>		<b>507,339,441</b>	<b>1,125,543,999</b>	<b>172,477,629</b>	<b>718,601,183</b>

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

Grand Canal Land Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		432,553,868	1,069,887,618	<u>172,477,629</u>	<u>718,812,981</u>
Non-controlling interests of the subsidiaries		<u>74,785,573</u>	<u>54,871,023</u>		
		<u>507,339,441</u>	<u>1,124,758,641</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		432,553,868	1,070,672,976	<u>172,477,629</u>	<u>718,601,183</u>
Non-controlling interests of the subsidiaries		<u>74,785,573</u>	<u>54,871,023</u>		
		<u>507,339,441</u>	<u>1,125,543,999</u>		
<b>Earnings per share</b>					
30					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.069</u>	<u>0.180</u>	<u>0.028</u>	<u>0.121</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>0.068</u>	<u>0.171</u>	<u>0.027</u>	<u>0.115</u>

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

Grand Canal Land Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the parent's shareholders												
Issued and fully paid share capital	Share premium	Adjustment to present assets purchased under common control at book value	Adjustment of equity interest under reverse acquisition	Retained earnings		Other components of shareholders' equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Appropriated	Unappropriated	Gain (loss) on change in value of available-for-sale investments	Adjustment for change in interest in the subsidiary	Total other components of shareholders' equity				
Balance as at 1 January 2017	5,908,928,627	1,532,320,430	(423,185,000)	(129,336,263)	459,000,000	3,354,368,585	432,224	(24,927,451)	(24,495,227)	10,677,601,152	644,442,550	11,322,043,702
Profit for the year	-	-	-	-	-	1,069,887,618	-	-	-	1,069,887,618	54,871,023	1,124,758,641
Other comprehensive income for the year	-	-	-	-	-	1,217,582	(432,224)	-	(432,224)	785,358	-	785,358
Total comprehensive income for the year	-	-	-	-	-	1,071,105,200	(432,224)	-	(432,224)	1,070,672,976	54,871,023	1,125,543,999
Increase share capital (Note 24)	42,520,424	-	-	-	-	-	-	-	-	42,520,424	-	42,520,424
Dividend paid (Note 32)	-	-	-	-	-	(590,886,763)	-	-	-	(590,886,763)	-	(590,886,763)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	36,000,000	(36,000,000)	-	-	-	-	-	-
Balance as at 31 December 2017	5,951,449,051	1,532,320,430	(423,185,000)	(129,336,263)	495,000,000	3,798,587,022	-	(24,927,451)	(24,927,451)	11,199,907,789	699,313,573	11,899,221,362
Balance as at 1 January 2018	5,951,449,051	1,532,320,430	(423,185,000)	(129,336,263)	495,000,000	3,798,587,022	-	(24,927,451)	(24,927,451)	11,199,907,789	699,313,573	11,899,221,362
Total comprehensive income for the year	-	-	-	-	-	432,553,868	-	-	-	432,553,868	74,785,573	507,339,441
Increase share capital (Note 24)	548,380,610	-	-	-	-	-	-	-	-	548,380,610	-	548,380,610
Dividend paid (Note 32)	-	-	-	-	-	(595,139,655)	-	-	-	(595,139,655)	-	(595,139,655)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	8,800,000	(8,800,000)	-	-	-	-	-	-
Balance as at 31 December 2018	6,499,829,661	1,532,320,430	(423,185,000)	(129,336,263)	503,800,000	3,627,201,235	-	(24,927,451)	(24,927,451)	11,585,702,612	774,099,146	12,359,801,758

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

Grand Canal Land Public Company Limited and its subsidiaries  
**Statements of changes in shareholders' equity (continued)**  
For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of shareholders' equity	
			Appropriated	Unappropriated	Gain (loss) on change in value of available-for-sale investments	
<b>Balance as at 1 January 2017</b>	5,908,928,627	1,532,320,430	322,100,000	3,224,817,946	432,224	10,988,599,227
Profit for the year	-	-	-	718,812,981	-	718,812,981
Other comprehensive income for the year	-	-	-	220,426	(432,224)	(211,798)
Total comprehensive income for the year	-	-	-	719,033,407	(432,224)	718,601,183
Increase share capital (Note 24)	42,520,424	-	-	-	-	42,520,424
Dividend paid (Note 32)	-	-	-	(590,886,763)	-	(590,886,763)
Unappropriated retained earnings transferred to statutory reserve	-	-	36,000,000	(36,000,000)	-	-
<b>Balance as at 31 December 2017</b>	<u>5,951,449,051</u>	<u>1,532,320,430</u>	<u>358,100,000</u>	<u>3,316,964,590</u>	<u>-</u>	<u>11,158,834,071</u>
						-
<b>Balance as at 1 January 2018</b>	5,951,449,051	1,532,320,430	358,100,000	3,316,964,590	-	11,158,834,071
Total comprehensive income for the year	-	-	-	172,477,629	-	172,477,629
Increase share capital (Note 24)	548,380,610	-	-	-	-	548,380,610
Dividend paid (Note 32)	-	-	-	(595,139,655)	-	(595,139,655)
Unappropriated retained earnings transferred to statutory reserve	-	-	8,800,000	(8,800,000)	-	-
<b>Balance as at 31 December 2018</b>	<u>6,499,829,661</u>	<u>1,532,320,430</u>	<u>366,900,000</u>	<u>2,885,502,564</u>	<u>-</u>	<u>11,284,552,655</u>

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

**Grand Canal Land Public Company Limited and its subsidiaries**

**Cash flow statements**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>				
Profit before tax	727,640,482	1,435,729,350	242,235,550	887,651,413
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	14,240,649	16,925,074	4,051,493	6,454,453
Allowance for doubtful accounts	1,986,187	1,105	1,016,185	1,105
Gain on sales of property, plant and equipment	-	-	(2,883,860)	-
Gain from changes in fair value of investment properties	(277,045,751)	(1,114,669,729)	(235,111,015)	(765,089,039)
Amortisation of land leasehold right	8,642,770	8,642,770	-	-
Provision for long-term employee benefits	2,574,874	5,118,821	2,326,523	3,973,616
Realisation of advance service income	(238,579,384)	(161,970,532)	(154,534,067)	(104,706,036)
Amortisation of deferred debenture issuing costs	3,595,572	4,706,614	3,595,572	4,706,614
Share of profit from investment in associate	(90,621,000)	(9,543,001)	-	-
Share of loss from investment in joint venture	262,529,896	81,344,673	-	-
Dividend income	-	-	-	(10,495,142)
Interest income	(261,588,764)	(245,903,337)	(320,169,035)	(326,045,793)
Interest expenses	373,852,638	456,270,992	358,429,536	370,092,741
Profit (loss) from operating activities before changes				
in operating assets and liabilities	527,228,169	476,652,800	(101,043,118)	66,543,932
Operating assets decrease (increase)				
Trade and other receivables	(70,587,224)	(88,752,110)	(35,857,988)	(50,930,260)
Project development costs	100,653,413	78,521,374	-	(2,307,155)
Advance payment to contractors	14,996,380	10,015,146	1,928,237	2,626,630
Other current assets	22,281,706	8,243,865	(9,623,814)	(1,333,809)
Other non-current assets	(6,028,699)	17,495,961	(1,342,462)	(5,222,539)
Operating liabilities increase (decrease)				
Trade and other payables	21,520,319	(12,268,043)	(4,463,301)	21,261,667
Retention payable	(20,378,534)	(33,967,866)	(585,133)	(32,794,936)
Deposits and advance received from customers	(10,128,071)	23,058,746	-	-
Other current liabilities	(19,006,798)	11,564,570	(10,544,263)	13,529,967
Payment of long-term employee benefits	(501,754)	-	(501,754)	-
Advance rental and service income	1,372,299	5,781,778,509	-	4,458,235,365
Other non-current liabilities	7,636,413	(34,810,932)	130,236	(96,756,597)
Cash flows from (used in) operating activities	569,057,619	6,237,532,020	(161,903,360)	4,372,852,265
Cash paid for interest expenses	(432,197,961)	(475,658,319)	(323,985,015)	(351,901,527)
Proceed from refund of corporate income tax	8,566,752	2,923,144	5,289,369	-
Cash paid for corporate income tax	(85,463,513)	(421,110,202)	(9,349,797)	(248,216,675)
<b>Net cash flows from (used in) operating activities</b>	<b>59,962,897</b>	<b>5,343,686,643</b>	<b>(489,948,803)</b>	<b>3,772,734,063</b>

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

**Grand Canal Land Public Company Limited and its subsidiaries**

**Cash flow statements (continued)**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	40,000,000	-	40,000,000
Decrease in restricted bank deposits	-	80,067,901	-	-
Decrease (increase) in short-term loans to related parties	-	-	(48,000,000)	1,766,000,000
Increase in long-term loans to related parties	(132,000,000)	(280,000,000)	(132,000,000)	(280,000,000)
Interest received	133,736,125	245,267,147	155,367,953	352,468,650
Dividend received	-	10,495,142	-	10,495,142
Cash payment for investment in subsidiary	-	-	-	(1,300,000,000)
Cash payment for investment in associate	-	(749,653,000)	-	(749,653,000)
Proceed from capital reduction of associate	53,135,405	12,744,101	53,135,405	12,744,101
Acquisition of property, plant and equipment	(10,838,249)	(33,895,586)	(4,414,935)	(2,964,208)
Increase in investment properties	(242,006,194)	(273,390,929)	(12,488,042)	(21,374,944)
Proceed from sales of investment properties	-	2,182,917	-	-
Increase in intangible assets	(298,772)	(96,790)	(298,772)	-
<b>Net cash flows from (used in) investing activities</b>	<b>(198,271,685)</b>	<b>(946,279,097)</b>	<b>11,301,609</b>	<b>(172,284,259)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	420,000,000	(900,000,000)	420,000,000	(900,000,000)
Decrease in bill of exchange	-	(1,847,692,863)	-	(1,847,692,863)
Increase in short-term loans from related parties	-	-	160,000,000	1,400,000,000
Increase in long-term loans from financial institutions	36,100,000	2,250,000,000	-	-
Repayment of long-term loans from financial institutions	(432,753,684)	(3,321,915,925)	-	(1,754,155,900)
Proceed from issuance of debentures	1,146,325,261	2,592,258,754	1,146,325,261	2,592,258,754
Repayment of debentures	(1,300,000,000)	(2,500,000,000)	(1,300,000,000)	(2,500,000,000)
Proceed from increase in share capital	548,380,610	42,520,424	548,380,610	42,520,424
Dividend paid	(595,139,655)	(590,886,763)	(595,139,655)	(590,886,763)
<b>Net cash flows from (used in) financing activities</b>	<b>(177,087,468)</b>	<b>(4,275,716,373)</b>	<b>379,566,216</b>	<b>(3,557,956,348)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(315,396,256)</b>	<b>121,691,173</b>	<b>(99,080,978)</b>	<b>42,493,456</b>
Cash and cash equivalents at beginning of the year	493,764,089	372,072,916	146,724,039	104,230,583
<b>Cash and cash equivalents at end of the year</b>	<b>178,367,833</b>	<b>493,764,089</b>	<b>47,643,061</b>	<b>146,724,039</b>
	-	-	-	-

**Supplemental cash flows information:**

**Non-cash transactions**

Amounts due from related party increased due to sales of equipment

- - 31,722,458 -

Amounts due to related party decreased due to sales of investment properties

- - 7,485,250 -

Transfer investment properties to property, plant and equipment

- 4,436,824 - -

Transfer project development costs to investment properties

7,485,250 - - -

Trade payables decreased due to adjustment of investment properties

38,296,922 - - -

The accompanying notes are an integral part of the financial statements 117



**Grand Canal Land Public Company Limited and its subsidiaries**

**Notes to consolidated financial statements**

**For the year ended 31 December 2018**

**1. General information**

Grand Canal Land Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 33/4 Rama 9 Road, Huaykwang, Huaykwang, Bangkok.

On 12 September 2018, CPN Pattaya Company Limited invested in the Company's ordinary shares making the Company a subsidiary of CPN Pattaya Company Limited from that date. The parent company of the Group is Central Pattana Public Company Limited.

**2. Basis of preparation**

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

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

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

**2.2 Basis of consolidation**

- a) In 2009, Grand Canal Land Public Company Limited issued new ordinary shares to the existing shareholders of Grand Canal Co., Ltd., Belle Development Ltd. and Praram 9 Square Ltd., and transferred the entire business of Grand Canal Co., Ltd. to combine with the business of Grand Canal Land Public Company Limited. This business combination is treated as a reverse acquisition.

These consolidated financial statements are prepared for a reverse acquisition, for which Grand Canal Land Public Company Limited is the legal parent company (accounting acquiree) and Belle Development Ltd. and Praram 9 Square Ltd. are the legal subsidiaries (accounting acquirers). In addition, these consolidated financial statements include the financial statements of the following subsidiary companies of the legal parent company and the legal subsidiaries, which are incorporated in Thailand:

Company's name	Nature of business	Percentage of shareholding	
		<u>2018</u>	<u>2017</u>
		Percent	Percent
<b>Owned by the Company</b>			
Sterling Equity Co., Ltd.	Property development	100.00	100.00
Belle Assets Co., Ltd.	Property development	100.00	100.00
G Land Property Management Co., Ltd.	Property development	100.00	100.00
Ratchada Asset Holding Co., Ltd.	Holding company	100.00	100.00
GLAND REIT Management Co., Ltd.	Manager of the Real Estate Investment Trust	100.00	100.00
<b>Owned by Praram 9 Square Ltd.</b>			
Praram 9 Square Hotel Ltd.	Hotel business	99.99	99.99

- b) The consolidated financial statements as at the date of the reverse acquisition were prepared as follows:
1. The assets and liabilities of the legal subsidiaries are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts.
  2. Deficit and the outstanding balance of other equities in the consolidated financial statements are recognised at the last amounts of deficit and outstanding balance of other equities of the legal subsidiaries before the business combination.
  3. Equity interests, as presented in the consolidated financial statements, represent the sum of the issued equity interests of the legal subsidiaries (accounting acquirers) outstanding before the business combination and the cost of the business combination (Note 24.2).
- c) 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.
- d) 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.
- e) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the shares of profit or loss and net assets of the subsidiaries that do not belong to the group of the Company (including the shares of shareholders of the legal subsidiaries that do not exchange their equity interests with the legal parent company under the reverse acquisition) and are presented separately in consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint venture and associate under the cost method.

### **3. New financial reporting standards**

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

During the current year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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

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

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

### **(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

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

Rental income is recognised on a straight-line basis over the lease term, and related service income is recognised on an accrual basis.

###### *Sales of houses and residential condominium units*

Revenues from sales of houses and residential condominium units are recognised as revenues when significant risks and rewards are transferred to the buyer.

###### *Project management fee, selling management fee and other service income*

Project management fee, selling management fee and other service income are recognised when services have been rendered taking into account the stage of completion.

###### *Interest income*

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

###### *Dividends*

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

##### **4.2 Cost of houses and residential condominium units sold**

In determining the cost of houses and residential condominium units sold, the anticipated total development costs (after recognising the costs incurred to date) are attributed to units already sold on the basis of the salable area and then recognised as costs in profit or loss.

#### **4.3 Cash and cash equivalents**

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

#### **4.4 Trade accounts receivable**

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

#### **4.5 Project development costs**

Project development costs are valued at the lower of cost and net realisable value.

Project development costs consist of the costs of land, land development, construction, land lease and related interest.

#### **4.6 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries, joint ventures and associates 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 debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. 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 Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

#### **4.7 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

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

#### **4.8 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).

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

Buildings	-	20 years
Swimming pools	-	10 - 20 years
Other equipment	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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.

#### **4.9 Borrowing costs**

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

#### **4.10 Intangible assets and amortisation**

Intangible assets (computer software) are carried at cost less accumulated amortisation and accumulated impairment losses (if any). They are amortised over a period of 5 years.



#### **4.11 Leasehold rights and amortisation**

Leasehold right is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold right is calculated by reference to its cost on a straight-line basis over the leasehold period.

Amortisation is included in determining income and is capitalised as part of project costs for leasehold rights of project under development.

#### **4.12 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 asset acquired under finance leases is depreciated over the useful life of the asset.

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.

#### **4.13 Related party transactions**

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

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

#### **4.14 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.15 Impairment of assets**

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

An impairment loss is recognised in profit or loss.

#### **4.16 Employee benefits**

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

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

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

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.17 Provisions**

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

#### **4.18 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

#### **4.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximise 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 active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

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

### **Allowance for doubtful accounts**

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

### **Investment properties**

The Company and its subsidiaries present investment properties at the fair value estimated by independent appraisers, and recognise changes in the fair value in profit or loss. The independent appraisers valued the investment properties, which are land for rent and land awaiting development, using the market approach, while valued the investment properties, which are office rental projects and units for rent, using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 15 to the financial statements.

**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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Deferred tax assets**

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

**Classification of entity in which the Company holds less than 20 percent interest as associated company**

The management of the Company determined that the Company has significant influence over GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"), even though the Company holds 15% of shares and voting rights in GLANDRT. This is because GLAND REIT Management Co., Ltd. (a subsidiary) has been appointed as the REIT Manager of GLANDRT, which enables the Company to participate in GLANDRT's policy-making processes, and decisions about dividends or other distributions of GLANDRT. As a result, GLANDRT is deemed to be an associated company of the Company, and the Company recorded investment in the associated company in the consolidated financial statements using the equity method.

**Classification of long-term loans from financial institutions and debentures**

In classifying the current portion of long-term loans from financial institutions and debentures, the management of the Company and its subsidiaries exercised judgement in making estimates regarding collateral redemption and loan and debenture settlement, in accordance with the terms and conditions stipulated in the loan agreements and the conditions regarding the rights and obligations of the debenture issuer.

### Post-employment benefits under defined benefit plans

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

### Litigation

The Company and subsidiaries have contingent liabilities as a result of claims and litigation. The Company and subsidiaries' management has used judgement to assess 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.

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Project management fee	-	-	42	141	As stipulated in agreements
Selling management fee	-	-	8	11	As stipulated in agreements
Interest income	-	-	319	324	5.25%, MLR - 0.5 and MLR - 0.75 per annum
Interest expenses (including capitalised interest)	-	-	138	100	5%, MLR - 0.5 and MLR - 1.0 per annum
Sales of equipment	-	-	32	-	Cost plus margin
Sales of investment properties	-	-	7	-	As stipulated in agreements

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with associate</u>					
Rental income	225	157	150	105	As stipulated in agreements
Property management fee	32	21	22	14	As stipulated in agreements
Trust management fee	17	12	-	-	As stipulated in agreements
Rental and service expenses	24	18	24	18	As stipulated in agreements
Sales of movable properties	-	1	-	1	As stipulated in agreements
Distribution from associate	-	10	-	10	As declared
Reimbursement of common area expenses	105	72	81	57	As stipulated in agreements
Reimbursement of property tax	87	20	65	14	As stipulated in agreements
<u>Transactions with joint venture</u>					
Interest income	260	242	-	-	MLR - 0.5 per annum
<u>Transactions with related companies</u>					
Project management fee	17	26	17	26	As stipulated in agreements
Selling management fee	1	2	1	2	As stipulated in agreements
Rental and related service income	3	1	-	-	As stipulated in agreements
Insurance expenses	2	2	2	2	As stipulated in agreements
Decoration expenses for residential condominium units	-	41	-	-	As stipulated in agreements
Construction service expenses (capitalised as assets)	58	49	-	-	As stipulated in agreements

In April 2017, the Company and Sterling Equity Co., Ltd. were appointed as property managers of GLAND Office Leasehold Real Estate Investment Trust (an associate). The Company and Sterling Equity Co., Ltd. are entitled to receive remuneration in the form of property management fees. In addition, GLAND REIT Management Co., Ltd., as the REIT Manager of the Trust, is entitled to receive remuneration in the form of a trust management fee.



As at 31 December 2018 and 2017, the balances of the accounts between the Company, subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Trade and other receivables - related parties</b>				
Subsidiaries	-	-	264,388	81,634
Associate	155,021	80,576	114,904	65,713
Related companies (related by common directors)	18,976	22,445	18,338	22,405
Total	<u>173,997</u>	<u>103,021</u>	<u>397,630</u>	<u>169,752</u>
<b>Advance payment to contractors</b>				
Related company (related by common directors)	<u>-</u>	<u>1,702</u>	<u>-</u>	<u>-</u>
<b>Other non-current assets - deposit for rental and services</b>				
Associate	<u>6,265</u>	<u>5,223</u>	<u>6,265</u>	<u>5,223</u>
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	195,609	166,106
Associate	474	4,879	474	4,879
Related companies (related by common directors)	111,871	215,421	-	40
Total	<u>112,345</u>	<u>220,300</u>	<u>196,083</u>	<u>171,025</u>
<b>Retention payable</b>				
Related companies (related by common directors)	<u>42,448</u>	<u>46,149</u>	<u>-</u>	<u>-</u>
<b>Advance rental and service income</b>				
Associate	5,400,833	5,624,478	4,210,649	4,359,356
Related companies (related by common directors)	2,406	3,024	-	-
Total	<u>5,403,239</u>	<u>5,627,502</u>	<u>4,210,649</u>	<u>4,359,356</u>
<b>Other non-current liabilities - rental and service retention</b>				
Subsidiary	<u>-</u>	<u>-</u>	<u>130</u>	<u>130</u>

### Loans to related parties and loans from related parties

As at 31 December 2018 and 2017, the balance of loans to related parties and loans from related parties and the movement of these loans are as follows:

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans to related parties	Related by	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Praram 9 Square Ltd.	Subsidiary	80,000	70,000	(150,000)	-
Belle Assets Co., Ltd.	Subsidiary	490,000	-	-	490,000
G Land Property Management Co., Ltd	Subsidiary	660,000	130,000	-	790,000
GLAND REIT Management Co., Ltd.	Subsidiary	2,000	-	(2,000)	-
Total		1,232,000	200,000	(152,000)	1,280,000

Short-term loans to subsidiaries carry interest at MLR - 0.5 per annum and repayable at call, except for the short-term loans to G Land Property Management Co., Ltd. which carry interest at 5.25% per annum.

(Unit: Thousand Baht)

		Consolidated financial statements			
Long-term loans to related party	Related by	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Bayswater Co., Ltd.	Joint venture				
Loan		4,451,000	132,000	-	4,583,000
Interest receivables		2,104	259,675	(131,822)	129,957
Total		4,453,104	391,675	(131,822)	4,712,957
Less: The excess of accumulated share of loss from investment in joint venture over cost of investment		(147,235)	-	(262,530)	(409,765)
Net		4,305,869	391,675	(394,352)	4,303,192

Long-term loans to Bayswater Co., Ltd. is an unsecured loan and carries interest at MLR - 0.5 per annum.

(Unit: Thousand Baht)

		Separate financial statements			
Long-term loans		Balance as at	Increase	Decrease	Balance as at
to related party	Related by	31 December	during	during	31 December
		2017	the year	the year	2018
Ratchada Asset Holding Co., Ltd.	Subsidiary	4,451,000	132,000	-	4,583,000

Long-term loans to Ratchada Asset Holding Co., Ltd. is an unsecured loan and carries interest at MLR - 0.75 per annum.

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans		Balance as at	Increase	Decrease	Balance as at
from related parties	Related by	31 December	during	during	31 December
		2017	the year	the year	2018
Belle Development Ltd.	Subsidiary	2,500,000	110,000	(50,000)	2,560,000
Praram 9 Square Ltd.	Subsidiary	-	100,000	-	100,000
Sterling Equity Co., Ltd.	Subsidiary	200,000	-	-	200,000
Total		2,700,000	210,000	(50,000)	2,860,000

Short-term loans from the subsidiaries carry interest at 5%, MLR - 0.5 and MLR - 1.0 per annum and repayable at call.

#### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	30	31	28	29

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with their related parties, as described in Note 34.4 to the financial statements.

**7. Cash and cash equivalents**

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	81	140	21	26
Bank deposits	178,287	493,624	47,622	146,698
Total	178,368	493,764	47,643	146,724

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.10 to 1.00 percent per annum (2017: between 0.10 to 1.00 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	10,823	17,459	16,574	51,480
Past due				
Up to 3 months	8,775	6,782	14,469	11,197
3 - 6 months	5,422	6,741	9,647	10,086
6 - 12 months	5,502	-	14,028	3,345
Over 12 months	-	-	3,345	-
Total trade receivables - related parties	30,522	30,982	58,063	76,108
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	20,623	24,291	3,317	4,277
Past due				
Up to 3 months	16,121	12,581	297	828
3 - 6 months	1,568	2,216	4	256
6 - 12 months	5,035	545	646	65
Over 12 months	59,810	58,856	59,208	58,408
Total	103,157	98,489	63,472	63,834
Less: Allowance for doubtful debts	(59,204)	(57,218)	(58,234)	(57,218)
Total trade receivables - unrelated parties, net	43,953	41,271	5,238	6,616
Total trade receivables - net	74,475	72,253	63,301	82,724
<u>Other receivables</u>				
Accrued income - related parties	-	-	7	15
Accrued income - unrelated parties	66,488	79,026	10,385	7,756
Other receivables - related parties	143,475	70,328	143,101	60,260
Advances - unrelated parties	3,407	3,513	3,344	3,419
Interest receivables - related parties	-	-	196,459	31,658
Prepaid expenses to related party	-	1,711	-	1,711
Others	27,513	19,926	17,848	13,316
Total	240,883	174,504	371,144	118,135
Less: Allowance for doubtful debts	(13,677)	(13,677)	(13,235)	(13,235)
Total other receivables - net	227,206	160,827	357,909	104,900
Total trade and other receivables - net	301,681	233,080	421,210	187,624

## 9. Project development costs

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and construction under development	791,839	777,129	623,563	623,563
Land and construction developed	218,512	341,361	-	-
Total	<u>1,010,351</u>	<u>1,118,490</u>	<u>623,563</u>	<u>623,563</u>

The Company and a subsidiary have mortgaged their land and construction thereon with banks to secure their loans from the banks.

## 10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

## 11. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							
	Paid-up capital		Shareholding		Cost		Dividend received	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(%)	(%)			during the year	
Belle Development Ltd.	2,064,261	2,064,261	79.57	79.57	1,920,104	1,920,104	-	-
Praram 9 Square Ltd.	1,900,000	1,900,000	93.09	93.09	1,771,016	1,771,016	-	-
Sterling Equity Co., Ltd.	1,800,000	1,800,000	100.00	100.00	1,765,464	1,765,464	-	-
Belle Assets Co., Ltd.	11,000	11,000	100.00	100.00	11,000	11,000	-	-
G Land Property Management Co., Ltd.	500,000	500,000	100.00	100.00	533,791	533,791	-	-
Ratchada Asset Holding Co., Ltd.	6,000	6,000	100.00	100.00	6,000	6,000	-	-
GLAND REIT Management Co., Ltd.	10,000	10,000	100.00	100.00	10,000	10,000	-	-
Total investments in subsidiaries					<u>6,017,375</u>	<u>6,017,375</u>	<u>-</u>	<u>-</u>

## 11.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(%)	(%)						
Belle Development Ltd.	20.43	20.43	591	548	43	35	-	-
Praram 9 Square Ltd.	6.91	6.91	183	151	32	20	-	-

## 11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling interests

### *Summarised information about financial position*

(Unit: Million Baht)

	Belle Development Ltd.		Praram 9 Square Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>As at 31 December</b>				
Current assets	2,906	3,046	442	398
Non-current assets	815	813	6,091	5,833
Current liabilities	618	700	1,077	1,136
Non-current liabilities	210	478	2,808	2,903

### *Summarised information about comprehensive income*

(Unit: Million Baht)

	Belle Development Ltd.		Praram 9 Square Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>For the years ended 31 December</b>				
Revenue	513	575	738	521
Profit for the year	212	171	456	289
Total comprehensive income for the year	212	171	456	289



*Summarised information about cash flow*

	(Unit: Million Baht)			
	Belle Development Ltd.		Praram 9 Square Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>For the years ended 31 December</b>				
Cash flow from operating activities	140	127	318	96
Cash flow from (used in) investing activities	33	(804)	(158)	(147)
Cash flow from (used in) financing activities	(272)	656	(204)	75
Net increase (decrease) in cash and cash equivalents	(99)	(21)	(44)	24

## 12. Investment in associate

### 12.1 Details of associate

Company's name	Nature of business	Country of incorporation	Shareholding percentage	(Unit: Million Baht)			
				Consolidated		Separate	
				financial statements		financial statements	
				Carrying amounts		Cost	
				based on equity method			
			(%)	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
GLAND Office Leasehold	Real Estate						
Real Estate Investment	Investment						
Trust	Trust	Thailand	15	773	736	684	737

On 12 April 2017, GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT") was established, with a registered capital of Baht 4,998 million (499.8 million trust units of Baht 10 each). The Company has invested Baht 749.7 million in GLANDRT, representing 15 percent of all investment units of GLANDRT. Subsequently, on 7 November 2018 a meeting of the Board of Directors of the REIT Manager of GLANDRT passed a resolution to approve a capital reduction of Baht 0.17 per unit trust, or a total of Baht 85 million. During 2017 the Company received Baht 12.7 million as a result of this capital reduction.

In February, May, August and October 2018, meetings of the Board of Directors of the REIT Manager of the Trust passed resolutions to approve capital reductions at rates of Baht 0.2109 per unit trust, Baht 0.2059 per unit trust, Baht 0.1320 per unit trust and Baht 0.1600 per unit trust, respectively, or a total of Baht 354.3 million. The Company received a total of Baht 53.1 million as a result of these capital reductions in 2018.

During 2018, the Company recognised share of profit from investment in associate of Baht 90.6 million (2017: Baht 9.5 million) in the consolidated statement of comprehensive income.

During 2017, the Company received an interim distribution from GLANDRT amounting to Baht 10.5 million.

As at 31 December 2018, the fair value of GLANDRT amounted to Baht 884.6 million (2017: Baht 862.1 million).

## 12.2 Financial information of associate

### *Summarised information about financial position*

	(Unit: Million Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Current assets	470	361
Non-current assets	5,484	5,258
Current liabilities	(162)	(89)
Non-current liabilities	(1,119)	(1,126)
<b>Net assets</b>	<b>4,673</b>	<b>4,404</b>
Shareholding percentage (%)	15%	15%
<b>Share of net assets</b>	<b>701</b>	<b>661</b>
Less: Elimination entries	72	75
<b>Carrying amount of associate based on equity method</b>	<b>773</b>	<b>736</b>

### *Summarised information about income statement (before inter-company elimination)*

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	701	466
Net profit (loss)	624	(439)

### 13. Investment in joint venture

#### 13.1 Details of investment in joint venture

As at 31 December 2018 and 2017, investment in joint venture represents investment in entity which is jointly controlled by Ratchada Asset Holding Co., Ltd. (a subsidiary) and BTS Group Holdings Plc. Details of this investment are as follows:

Company's name	Nature of business	Country of incorporation	Shareholding percentage  Percent	(Unit: Thousand Baht)			
				Consolidated financial statements		Separate financial statements	
				Carrying amounts based on equity method		Cost	
				2018	2017	2018	2017
Bayswater Co., Ltd.	Property development	Thailand	50	-	-	-	-

During the current year, the Company and its subsidiaries recognised share of loss from investment in joint venture of Baht 262.5 million (2017: Baht 81.3 million) in the consolidated statement of comprehensive income. As at 31 December 2018, the Company and its subsidiaries presented the excess of accumulated share of loss over cost of investment, amounting to Baht 409.8 million (2017: Baht 147.2 million), as a deduction from long-term loan to joint venture in the consolidated statement of financial position (Note 6).

#### 13.2 Financial information of the Bayswater Co., Ltd.

*Summarised information about financial position*

	(Unit: Million Baht)	
	As at 31 December	
	2018	2017
Cash and cash equivalents	7	19
Project development costs	8,687	8,687
Other current assets	1	1
Short-term loans from related parties	(9,426)	(8,906)
Other current liabilities	(3)	(11)
<b>Net assets</b>	<b>(734)</b>	<b>(210)</b>
Shareholding percentage (%)	50%	50%
<b>Share of net assets</b>	<b>(367)</b>	<b>(105)</b>
Less: Elimination entries	(43)	(42)
<b>Carrying amounts of joint venture based on equity method</b>	<b>(410)</b>	<b>(147)</b>

*Summarised information about comprehensive income*

	(Unit: Million Baht)	
	For the years ended 31 December	
	2018	2017
<b>Profit or loss:</b>		
Administrative expenses	(6)	(10)
Interest expenses	(519)	(122)
<b>Loss for the year</b>	(525)	(132)
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	(525)	(132)

**14. Other long-term investments**

Other long-term investments represent investments in ordinary shares of Central Pattana Nine Square Co., Ltd., in which Praram 9 Square Limited, a subsidiary, holds a 3.27% interest.

**15. Investment properties**

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Land, office project and unit for rent		Project under construction		Land awaiting development	Total
	Land	Office buildings	Land	Office buildings		
<b>Balance</b>						
1 January 2017	303,555	13,035,858	5,176,717	329,187	509,682	19,354,999
Additions	-	80,984	-	192,407	-	273,391
Transfers	-	(3,206)	-	(1,231)	-	(4,437)
Capitalised interest	-	-	-	21,088	-	21,088
Disposals	-	(2,183)	-	-	-	(2,183)
Gains (loss) on fair value adjustment	33,541	540,686	749,137	(217,512)	8,818	1,114,670
Decrease in accrued rental income	-	143,820	-	-	-	143,820
31 December 2017	337,096	13,795,959	5,925,854	323,939	518,500	20,901,348
Additions	-	5,852	-	228,669	7,485	242,006
Transfers	-	(38,297)	-	-	7,485	(30,812)
Capitalised interest	-	-	-	56,317	-	56,317
Gains (loss) on fair value adjustment	1,014	255,802	309,000	(280,600)	(8,170)	277,046
31 December 2018	338,110	14,019,316	6,234,854	328,325	525,300	21,445,905

(Unit: Thousand Baht)

	Separate financial statements					
	Land, office project and unit for rent		Project under construction		Land awaiting	Total
	Land	Office buildings	Land	Office buildings	development	
<b>Balance</b>						
1 January 2017	303,555	5,003,569	3,112,677	306,793	509,682	9,236,276
Additions	-	528	-	20,847	-	21,375
Gains on fair value adjustment	33,541	254,553	468,177	-	8,818	765,089
Decrease in accrued rental income	-	4,594	-	-	-	4,594
31 December 2017	337,096	5,263,244	3,580,854	327,640	518,500	10,027,334
Additions	-	618	-	11,870	-	12,488
Disposals	-	-	-	(7,485)	-	(7,485)
Gains (loss) on fair value adjustment	1,014	56,272	191,225	-	(13,400)	235,111
31 December 2018	338,110	5,320,134	3,772,079	332,025	505,100	10,267,448

15.1 On 19 April 2017, the Company and Sterling Equity Co., Ltd. (a subsidiary) entered into agreements to lease the investment properties to GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"). The details are as follows:

- a) The Company entered into an agreement to lease the office rental areas, conventional room areas, storage areas, common areas related to the aforesaid areas, parking areas and utility systems of The 9th Towers Grand Rama 9 Project ("The 9th Towers Office Project") to GLANDRT for a period of 30 years. GLANDRT paid Baht 4,592.5 million to the Company for this leasehold right.
- b) Sterling Equity Co., Ltd. entered into an agreement to lease the office rental areas, common areas related to the aforesaid areas, parking areas and utility systems of Unilever House Grand Rama 9 Project ("Unilever House Office Project") to GLANDRT for a period of 17 years and 7 months. GLANDRT paid Baht 1,398.2 million to Sterling Equity Co., Ltd. for this leasehold right.
- c) The Company and its subsidiary presented the cash received for the leasehold rights net of expenses incurred directly in arranging the lease agreements, as advance rental income in the statement of financial position.

15.2 The Company and subsidiaries' management estimated that the fair values of projects under construction approximated their net book values. The fair values of the office rental project, units for rent, land for rent and land awaiting development were determined based on valuations performed by independent valuers. Land for rent and land awaiting development were valued using the market approach, while the office rental project and units for rent were valued using the income approach based on various assumptions, including the rate of return, discount rate and occupancy rate.

Key assumptions used in the valuation of office rental project, units for rent, land for rent and land awaiting development as at 31 December 2018 are summarised below.

	Consolidated	Separate	Result to fair value
	financial statements	financial statements	where as an increase in assumption value
Discount rate	6.5% - 10.5%	6.5% - 9.0%	Decrease in fair value
Occupancy rate	49% - 100%	49% - 100%	Increase in fair value
(depending on location of assets)			
Rental rate per month	Baht 123 - 1,364	Baht 630 - 1,051	Increase in fair value
(depending on location of assets)	per square metre	per square metre	
Land price	Baht 19,500 -	Baht 19,500 -	Increase in fair value
(depending on location of assets)	1,050,000	1,050,000	
	per square wah	per square wah	

15.3 The Company and its subsidiaries have mortgaged their investment properties as at 31 December 2018 of Baht 12,930 million (2017: Baht 12,420 million) (The Company only: Baht 4,103 million, 2017: Baht 3,908 million) to secure their credit facilities obtained from financial institutions.

## 16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings	Mock-up room and fence	Furniture, fixtures and office equipment	Swimming pools and equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>								
1 January 2017	339,321	11,207	1,707	40,405	95,980	18,645	35,940	543,205
Additions	-	-	-	8,740	284	-	24,872	33,896
Transfers	-	-	-	5,575	-	-	(1,138)	4,437
31 December 2017	339,321	11,207	1,707	54,720	96,264	18,645	59,674	581,538
Additions	-	-	-	1,881	-	659	8,298	10,838
31 December 2018	339,321	11,207	1,707	56,601	96,264	19,304	67,972	592,376
<b>Accumulated depreciation:</b>								
1 January 2017	-	2,132	1,646	23,917	25,916	10,353	-	63,964
Depreciation for the year	-	1,066	5	5,731	5,618	3,328	-	15,748
31 December 2017	-	3,198	1,651	29,648	31,534	13,681	-	79,712
Depreciation for the year	-	1,066	5	5,408	5,438	1,846	-	13,763
31 December 2018	-	4,264	1,656	35,056	36,972	15,527	-	93,475
<b>Net book value:</b>								
31 December 2017	339,321	8,009	56	25,072	64,730	4,964	59,674	501,826
31 December 2018	339,321	6,943	51	21,545	59,292	3,777	67,972	498,901
<b>Depreciation for the year</b>								
2017 (Baht 10 million included in cost of rent and services, and the balance in administrative expenses)								15,748
2018 (Baht 10 million included in cost of rent and services, and the balance in administrative expenses)								13,763



(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>				
1 January 2017	36,335	7,789	31,357	75,481
Additions	2,017	-	947	2,964
31 December 2017	38,352	7,789	32,304	78,445
Additions	272	659	3,484	4,415
Disposals	-	-	(28,839)	(28,839)
31 December 2018	38,624	8,448	6,949	54,021
<b>Accumulated depreciation:</b>				
1 January 2017	21,975	5,854	-	27,829
Depreciation for the year	4,355	1,157	-	5,512
31 December 2017	26,330	7,011	-	33,341
Depreciation for the year	3,736	2	-	3,738
31 December 2018	30,066	7,013	-	37,079
<b>Net book value:</b>				
31 December 2017	12,022	778	32,304	45,104
31 December 2018	8,558	1,435	6,949	16,942
<b>Depreciation for the year</b>				
2017 (Baht 3 million included in cost of rent and services, and the balance in administrative expenses)				5,512
2018 (Baht 3 million included in cost of rent and services, and the balance in administrative expenses)				3,738

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 41 million (2017: Baht 23 million) (The Company only: Baht 32 million, 2017: Baht 20 million).

Two subsidiaries have mortgaged their property, plant and equipment with net book value as at 31 December 2018 of Baht 387 million (2017: Baht 391 million) to secure their credit facilities obtained from financial institutions.

## 17. Land leasehold right from related parties

Land leasehold right from related parties, as presented in the consolidated financial statements, were advance rental fees that a subsidiary paid to two related companies under a land lease agreement with a term of 43 years, which matures on 30 June 2050. The outstanding balances as at 31 December 2018 and 2017 can be summarised as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
Land leasehold right	221,000	221,000
Less: Accumulated amortisation	(59,105)	(53,965)
Net	161,895	167,035
Less: Undue rental expenses	(55,990)	(52,487)
Total	105,905	114,548

A subsidiary has pledged its land leasehold right to secure its credit facilities obtained from financial institution.

## 18. Intangible assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Computer software - cost	14,406	14,107	13,208	12,909
Less: Accumulated amortisation	(13,398)	(12,920)	(12,493)	(12,180)
Net book value	1,008	1,187	715	729

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,187	2,268	729	1,672
Additions	299	97	299	-
Amortisation expenses for the year	(478)	(1,178)	(313)	(943)
Net book value at end of year	1,008	1,187	715	729

## 19. Short-term loans from financial institutions

As at 31 December 2018, short-term loans from financial institutions represent promissory notes, carrying interest at rates based on MLR. These loans are guaranteed by the Company's project development costs.

## 20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties	111,851	215,361	-	-
Trade payables - unrelated parties	801,120	798,299	39,047	40,093
Other payables for purchases of assets				
- related party	-	-	135,777	143,263
Other payable - related parties	494	4,939	474	4,919
Other payable - unrelated parties	293	24	-	-
Accrued interest expenses to related parties	-	-	59,832	22,843
Accrued interest expenses to unrelated parties	41,493	43,521	38,727	41,272
Accrued expenses	321,483	269,387	115,359	149,470
Advance received from customers	12,165	10,818	8,034	8,207
Advance received from sales of assets	35,198	-	35,198	-
Others	8,080	8,634	5,103	4,988
Total trade and other payables	<u>1,332,177</u>	<u>1,350,983</u>	<u>437,551</u>	<u>415,055</u>

## 21. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements	
			2018	2017
1	MLR - 1 for the 1 <sup>st</sup> - 3 <sup>rd</sup> years, MLR - 0.5 for the 4 <sup>th</sup> - 7 <sup>th</sup> years and MLR - 1 for the remaining years	Quarterly installments starting from the last business day of June 2016	2,661,907	2,785,806
2	MLR - 1.5 for the 1 <sup>st</sup> - 5 <sup>th</sup> years and MLR - 1.25 for the remaining years	Quarterly installments starting from the 39 <sup>th</sup> month after the first draw down date	800,000	800,000
3	MLR - 1.0	Repayment at 85% of the value of properties redeemed from mortgage, and not less than Baht 127,500 per square metre redeemed, with a minimum payment requirement of not less than Baht 50 million every 6 months	383,006	635,760
4	MLR - 1.0	Quarterly installments of Baht 5 million, starting from the first business day of October 2017. If loan no. 3 has already been repaid in full, at 85% of the value of properties redeemed from mortgage, and not less than Baht 127,500 per square metre redeemed	-	20,000
Total			3,844,913	4,241,566
Less: Current portion			(522,869)	(442,911)
Long-term loans, net of current portion			3,322,044	3,798,655

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements
Balance as at 1 January 2018	4,241,566
Add: Additional borrowings	36,100
Less: Repayment	(432,753)
Balance as at 31 December 2018	3,844,913

The subsidiaries' loan facilities are secured by the mortgage of their land and premises, investment properties and residential condominium units and the pledge of their land leasehold right and bank deposit, and are guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require the subsidiaries to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 1,138 million (2017: Baht 1,174 million).

## 22. Debentures

	(Unit: Thousand Baht) Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Debentures	3,850,000	4,000,000
Less: Deferred debenture issuing costs	(7,939)	(7,860)
Total	3,842,061	3,992,140
Less: Current portion	-	(1,299,459)
Debentures - net of current portion	3,842,061	2,692,681

As at 31 December 2018 and 2017, the Company's debentures were registered, unsubordinated, unsecured, with no debenture holders' representative (except for the fourth to seventh series, which have a debenture holders' representative) and no early redemption provisions. These debentures have a face value of Baht 1,000 and interest is payable every three months (except for the fourth and sixth series, for which interest is payable every six months). The other significant details are as follows:

Series	Consolidated/Separate financial statements		Details		
	2018	2017	Unit	Interest rate	Maturity date
	(Million Baht)	(Million Baht)		(% per annum)	
1.	-	150	150,000	4.70	24 September 2018
2.	100	100	100,000	5.10	26 November 2020
3.	-	1,150	1,150,000	4.80	7 April 2018
4.	1,100	1,100	1,100,000	4.80	7 September 2020
5.	1,300	1,300	1,300,000	4.99	9 May 2021
6.	200	200	200,000	4.80	9 November 2020
7.	1,150	-	1,150,000	5.00	26 April 2022
	<u>3,850</u>	<u>4,000</u>			

The conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants which, among other things, require the Company to maintain a debt-to-equity ratio at the rate prescribed in the agreement.

## 23. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	15,554	11,957	14,145	10,447
Included in profit or loss:				
Current service cost	2,233	4,617	2,019	3,533
Interest cost	342	502	307	440
Included in other comprehensive income:				
Actuarial gain arising from				
Demographic assumptions changes	-	(1,216)	-	329
Financial assumptions changes	-	767	-	853
Experience adjustments	-	(1,073)	-	(1,457)
Benefits paid during the year	(502)	-	(502)	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>17,627</u>	<u>15,554</u>	<u>15,969</u>	<u>14,145</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of rent and services	1,554	2,996	1,470	2,590
Administrative expenses	1,021	2,123	856	1,383
<b>Total expenses recognised in profit or loss</b>	<b>2,575</b>	<b>5,119</b>	<b>2,326</b>	<b>3,973</b>

The Company and its subsidiaries expect that long-term employee benefits will be paid during the next year, approximately Baht 0.9 million (The Company only: Baht 0.9 million) (2017: Baht 1.4 million, The Company only: Baht 1.4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years) (2017: 11 years, The Company only: 11 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.3 - 2.8	2.2 - 2.8	2.3	2.2
Salary increase rate	6.0	6.0	6.0	6.0
Staff turnover rate				
(depending on age)	1.0 - 35.0	1.0 - 35.0	1.0 - 35.0	1.0 - 35.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

	(Unit: Million Baht)					
	As at 31 December 2018					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1.0%	1.0%	10.0%	10.0%
Consolidated financial statements	(0.7)	0.7	1.4	(1.3)	(1.3)	1.5
Separate financial statements	(0.6)	0.6	1.2	(1.2)	(1.2)	1.3



(Unit: Million Baht)

	As at 31 December 2017					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1.0%	1.0%	10.0%	10.0%
Consolidated financial statements	(0.6)	0.7	1.2	(1.1)	(0.9)	1.3
Separate financial statements	(0.6)	0.6	1.1	(1.0)	(1.0)	1.1

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 2 million (The Company only: Baht 2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 24. Share capital

- 24.1 As at 31 December 2018, the Company's issued and fully paid share capital amounted to Baht 6,499,829,661, consisting of 6,499,829,661 ordinary shares of Baht 1 each (2017: Baht 5,951,449,051, consisting of 5,951,449,051 ordinary shares of Baht 1 each). The increase of Baht 548,380,610 is the result of the exercise of warrant No.4 (GLAND-W4) in June 2018. On 12 July 2018, the Company registered the increase in its issued and fully paid share capital to Baht 6,499,829,661 with the Ministry of Commerce.
- 24.2 In the preparation of the consolidated financial statements for a reverse acquisition (which occurred in 2009), for which Grand Canal Land Public Company Limited is the legal parent company (accounting acquiree) and Belle Development Ltd. and Praram 9 Square Ltd. are the legal subsidiaries (accounting acquirers), equity interests, as presented in the consolidated financial statements, represent the sum of the issued equity interests of the legal subsidiaries (accounting acquirers) outstanding before the business combination, the cost of business combination and the equity interests of the legal parent company (accounting acquiree) issued after the business combination. The details are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Issued equity interests of the legal subsidiaries, net of non-controlling interests due to business combination</b>		
Issued equity interests of the legal subsidiaries as at the acquisition date		
- Belle Development Ltd.	1,621,967	1,621,967
- Praram 9 Square Ltd.	781,250	781,250
	<u>2,403,217</u>	<u>2,403,217</u>
Change of issued equity interests of the legal subsidiaries from the acquisition date		
- Praram 9 Square Ltd.	(312,500)	(312,500)
Total	<u>2,090,717</u>	<u>2,090,717</u>
<b>Cost of business combination</b>		
Cost of business combination as at the acquisition date	1,611,416	1,611,416
Change of accounting acquiree's equity from the acquisition date	(271,617)	(271,617)
Total	<u>1,339,799</u>	<u>1,339,799</u>
<b>Adjustment to present assets purchased under common control at book value</b>	<u>(423,185)</u>	<u>(423,185)</u>
<b>Equity interests of the legal parent company issued after the business combination</b>		
- Share capital issued during 2018	548,381	-
- Share capital issued during 2010 - 2017	2,971,185	2,971,185
- Increase in share premium due to share issue in 2011 - 2014	952,732	952,732
Total	<u>4,472,298</u>	<u>3,923,917</u>
<b>Equity interests in the consolidated financial statements</b>	<u><u>7,479,629</u></u>	<u><u>6,931,248</u></u>

The above transactions are presented as follows in the consolidated financial statements to reflect the equity structure of the Company which is the legal parent company:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Issued and fully paid share capital	6,499,830	5,951,449
Share premium	1,532,321	1,532,321
Adjustment to present assets purchased under common control		
at book value	(423,185)	(423,185)
Adjustment of equity interests under reverse acquisition	(129,337)	(129,337)
Total	<u>7,479,629</u>	<u>6,931,248</u>

- 24.3 In 2017, the Company's issued and fully paid-up capital increased by Baht 42,520,424 as a result of the exercise of warrants (GLAND-W3) and warrants (GLAND-W4) in June 2017.

## 25. Warrants

As at 31 December 2017, a total of 547,248,822 warrants (GLAND-W4) remained unexercised. The warrants are registered, transferable warrants with a term of 2 years and 342 days from the issue date (23 July 2016). The warrants can be exercised to subscribe to new ordinary shares in a ratio of 1 warrant per 1.004 ordinary shares, at an exercise price of Baht 1 per share, with the exercise dates every 30 June.

In June 2018, 546,195,935 warrants (GLAND-W4) were exercised. The Company has issued ordinary shares to support the exercise of these warrants, as mentioned in Note 24.1 to the financial statements.

The last exercise date of warrants (GLAND-W4) was on 30 June 2018, and 1,052,887 warrants (GLAND-W4) expired without being exercised. As a result, as at 31 December 2018, there were no outstanding unexercised warrants.

## 26. Statutory reserve

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

## 27. Rental and service income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Rental and related service income	1,151,374	1,066,420	207,171	291,946
Project management fee and selling management fee	19,345	27,579	69,561	180,012
Property management fee	31,926	21,033	21,798	14,271
Trust management fee	16,500	11,882	-	-
Total	1,219,145	1,126,914	298,530	486,229

As at 31 December 2018 and 2017, the details of future rental income of the Company and its subsidiaries under lease agreements are as follows:

	(Unit: Million Baht)			
	The Company		The Company only	
	and its subsidiaries			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Receivable:				
In up to 1 year	373	387	14	18
In over 1 and up to 5 years	170	497	21	29
In over 5 years	115	118	115	118

## 28. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	53,680	35,978	-	-
Adjustment in respect of income tax of previous year	8,045	665	2,080	665
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	158,576	274,328	67,678	168,173
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>220,301</u>	<u>310,971</u>	<u>69,758</u>	<u>168,838</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to loss on change in value of available-for-sale investments	-	(108)	-	(108)
Deferred tax relating to actuarial gain	-	304	-	55
Total	-	196	-	(53)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	727,640	1,435,729	242,236	887,651
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	145,528	287,146	48,447	177,530
Adjustment in respect of income tax of previous year	8,045	665	2,080	665
Adjustment in respect of deferred tax assets for tax losses and temporary differences of previous year	13,763	(2,690)	16,372	-
Effects of:				
Income which is not taxable	-	-	-	(2,099)
Non-deductible expenses	46,977	25,325	2,529	311
Additional expense deductions allowed	(85)	(149)	(82)	(149)
Unrecognised deferred tax on tax losses	5,661	9,359	-	1,262
Others	412	(8,685)	412	(8,682)
Total	52,965	25,850	2,859	(9,357)
Income tax expenses reported in the statements of comprehensive income	<u>220,301</u>	<u>310,971</u>	<u>69,758</u>	<u>168,838</u>

As of 31 December 2018 and 2017, the components of deferred tax assets (liabilities) are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Allowance for doubtful accounts	-	12,205	-	12,205
Allowance for diminution in value of project development costs	3,285	7,339	-	3,054
Value of property, plant and equipment	577	327	-	327
Value of investment properties	(1,181,573)	(1,074,063)	(825,734)	(757,475)
Advance service income	3,992	3,086	-	-
Provision for long-term employee benefits	139	2,918	-	2,829
Revenue and expense recognitions of real estate business	8,786	4,066	-	-
Deferred debenture issuing costs	(1,588)	(1,572)	(1,588)	(1,572)
Unused tax losses	51,203	89,091	19,013	-
Deferred tax assets (liabilities) - net	<u>(1,115,179)</u>	<u>(956,603)</u>	<u>(808,309)</u>	<u>(740,632)</u>

Deferred tax assets (liabilities) are presented in the statements of financial position as at 31 December 2018 and 2017 as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	35,726	39,033	-	-
Deferred tax liabilities	<u>(1,150,905)</u>	<u>(995,636)</u>	<u>(808,309)</u>	<u>(740,632)</u>
	<u>(1,115,179)</u>	<u>(956,603)</u>	<u>(808,309)</u>	<u>(740,632)</u>

As at 31 December 2018, the Company and subsidiaries have deductible temporary differences and unused tax losses totaling Baht 272 million (2017: Baht 335 million) (The Company only: Baht 92 million, 2017: Baht 67 million), on which deferred tax assets have not been recognised as the management of the Company and its subsidiaries believes that they might not be used to offset taxable income in the future.

As at 31 December 2018, the Company and subsidiaries' unused tax losses totaling Baht 151 million (2017: Baht 244 million) (The Company only: Nil, 2017: Baht 6 million), on which deferred tax assets have not been recognised, will expire by 2023.

## 29. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	161,445	159,749	145,617	138,567
Depreciation and amortisation	14,241	16,925	4,051	6,454
Utilities expenses	131,986	130,741	8,790	30,181
Property tax	124,865	51,976	14,732	15,269
Specific business tax and transfer fees	10,496	15,049	-	-
Cost of sales of real estate	73,069	157,645	-	-

## 30. Earnings per share

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

The following table sets forth the computation of basic and diluted earnings per share for the years ended 31 December 2018 and 2017:

Consolidated financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	432,554	1,069,888	6,227,893	5,930,364	0.069	0.180
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	173,625	334,584		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>432,554</u>	<u>1,069,888</u>	<u>6,401,518</u>	<u>6,264,948</u>	0.068	0.171
Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	172,478	718,813	6,227,893	5,930,364	0.028	0.121
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	173,625	334,584		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>172,478</u>	<u>718,813</u>	<u>6,401,518</u>	<u>6,264,948</u>	0.027	0.115



### 31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker. The chief operating decision maker has been identified as chief executive officer. The basis that used to measure operating profit or loss of segment is same as the basis that used to measure operating profit or loss in the financial statements.

For management purposes, the Company and its subsidiaries have two reportable segments, which are real estate for sale business, consisting of land and house projects and residential condominium projects, and real estate for rental and service business, consisting of office building for rent project.

The revenue and profit information by segment in the consolidated financial statements for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

	Real estate for sale business		Real estate for rental and service business		Elimination of inter-segment revenues		Consolidation	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues from external customers	274	357	1,219	1,126	-	-	1,493	1,483
Intersegment revenues	-	-	50	153	(50)	(153)	-	-
Total revenues	<u>274</u>	<u>357</u>	<u>1,269</u>	<u>1,279</u>	<u>(50)</u>	<u>(153)</u>	<u>1,493</u>	<u>1,483</u>
Segment profit	201	199	801	727	-	-	1,002	926
Unallocated income (expenses):								
Other income							289	256
Gain on changes in fair value of investment properties							277	1,115
Other expenses							(291)	(326)
Share of profit from investment in associate							91	10
Share of loss from investment in joint venture							(263)	(81)
Finance cost							(378)	(464)
Income tax expenses							(220)	(311)
Profit for the year							<u>507</u>	<u>1,125</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

In 2018, the Company and its subsidiaries had revenue of Baht 225 million from a major customer, GLAND Office Leasehold Real Estate Investment Trust (associated company), (2017: Baht 157 million) (The Company only: Baht 150 million, 2017: Baht 105 million), arising from leases of office buildings, as described in Note 15.1 to the financial statements.

### 32. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 28 April 2017	590.9	0.10
Total dividends for 2017		<u>590.9</u>	
Final dividends for 2017	Annual General Meeting of the shareholders on 23 April 2018	595.1	0.10
Total dividends for 2018		<u>595.1</u>	

### 33. Provident fund

The Company, subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Ayudhaya Master Fund Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution of the Company and its subsidiaries for the year 2018 amounting to approximately Baht 2.9 million (2017: Baht 3.3 million) were recognised as expenses (The Company only: Baht 2.6 million, 2017: Baht 2.9 million).

### **34. Commitments and contingent liabilities**

#### **34.1 Capital commitments**

As at 31 December 2018, the Company and its subsidiaries had commitments of approximately Baht 241 million (2017: Baht 486 million) in respect of design and building construction work services and project construction contracts (The Company only: Baht 72 million, 2017: Baht 174 million).

#### **34.2 Operating lease commitments**

As at 31 December 2018, a subsidiary had commitments totaling Baht 306 million under a land lease agreement and right of using area (2017: Baht 312 million). These agreements expire in June 2050 and June 2029, respectively. The details are as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Payable:		
In up to 1 year	6	6
In over 1 and up to 5 years	26	25
In over 5 years	274	281

#### **34.3 Service agreements**

As at 31 December 2018, the Company and its subsidiaries had commitments totaling Baht 47 million under various service agreements (2017: Baht 145 million) (The Company only: Baht 7 million, 2017: Baht 60 million).

#### **34.4 Guarantees**

- a) As at 31 December 2018, the Company has provided guarantees of Baht 1,960 million (2017: Baht 1,960 million) for the long-term loans and bank overdrafts obtained by a subsidiary.
- b) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 49 million (2017: Baht 55 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of businesses (The Company only: Baht 7 million, 2017: Baht 1 million).

### 34.5 Litigation

- a) In November 2015, the ownership of land under the Bangkok Dome project was transferred to Bayswater Co., Ltd. (Joint Venture) at a price of Baht 7,350 million, as the Joint Venture won the auction of assets owned by a debtor who filed for bankruptcy, which was held by the official receiver. However, the debtor in the bankruptcy case (Debtor) filed petitions with the court seeking an order to cease three cases of asset auctions. The Supreme Court dismissed the petitions for two of the cases in 2016 and the other was a case in which the Debtor and two unsecured creditors (Creditors) filed petitions asking the Central Bankruptcy Court (the Court) to cease the auction of assets in which the Joint Venture was the winner, and to cease compulsory execution while a petition seeking the cessation of the asset auction was being considered, on the grounds that the official receiver approved the joint venture's successful bid at a price significantly lower than the market price. The Court issued an order to temporarily dispose of the case to await the Supreme Court's decision in a related case. Subsequently, the Supreme Court issued a judgement in the related case, and thus the case was reconsidered by the Court. On 8 November 2018, the Court dismissed the petitions of the Debtor and the Creditors. The Debtor and the Creditors have not lodged appeals against the order of the Court and the case is therefore considered to be finalised.

In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the Civil Court to issue an order to have the joint venture register easement granting a right of way or an order declaring the disputed way a public way. In April 2018, the Civil Court dismissed the petitions. However, the individuals appealed the Civil Court judgement to the Court of Appeal. Currently, the case is being considered by the Court of Appeal.

- b) As at 31 December 2018 and 2017, the Company was being sued by a company seeking compensation of approximately Baht 193.2 million for losses resulting from a rental and service agreement. Subsequently, on 19 April 2018, the Appeal Court ruled that the Company was not liable for such losses, but order the Company to pay back to the plaintiff rental and service retention with interest, totaling approximately Baht 2.6 million. However, the Company and the plaintiff lodged appeals against this ruling with the Supreme Court. As of the date of authorisation of the issuance of the financial statements, the case is still being considered by the Supreme Court. Although the final outcome of this lawsuit cannot be determined at this stage, the management is of the opinion that its resolution will not have any material effect on the financial statements as a whole.

- c) As at 31 December 2018, a subsidiary was being sued by a company seeking compensation of approximately Baht 201.8 million for losses resulting from a breach of construction contract. Currently, the case is being considering by the Court of First Instance. Although the final outcome of this lawsuit cannot be determined at this stage, the Company and subsidiary's management is of the opinion that its resolution will not have any material effect on the financial statements as a whole.
- d) As at 31 December 2017, a subsidiary was being sued by a company seeking compensation of approximately Baht 13.3 million for losses resulting from a rental agreement. On 24 August 2018, the Court of First Instance ordered the subsidiary to pay the plaintiff Baht 3.9 million together with interest at a rate of 7.5% per annum. The subsidiary and the plaintiff did not lodge appeal against the order of the Court of First Instance. As a result, the case was finalised.

### 35. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or their fair values were disclosed, using different levels of inputs as follows:

	(Unit: Million Baht)							
	Consolidated financial statements							
	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>								
Investment properties	-	-	21,446	<b>21,446</b>	-	-	20,901	<b>20,901</b>
<b>Liabilities for which fair value are disclosed</b>								
Debentures	-	3,839	-	<b>3,839</b>	-	4,005	-	<b>4,005</b>
	(Unit: Million Baht)							
	Separate financial statements							
	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>								
Investment properties	-	-	10,267	<b>10,267</b>	-	-	10,027	<b>10,027</b>
<b>Liabilities for which fair value are disclosed</b>								
Debentures	-	3,839	-	<b>3,839</b>	-	4,005	-	<b>4,005</b>

### **36. Financial instruments**

#### **36.1 Financial risk management**

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, loans, investments, trade payables and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

##### ***Credit risk***

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

##### ***Interest rate risk***

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to cash at banks, loans and short-term and long-term borrowings. However, most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, 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.

Consolidated financial statements

	Consolidated financial statements														
	2018							2017							
	Fixed interest rates			Floating interest rates	Non- interest bearing	Total	Effective interest rate	Fixed interest rates			Floating Interest Rates	Non- interest bearing	Total	Effective interest rate	
	Within	1 - 5	Over 5					Within	1 - 5	Over 5					
	1 year	years	years					1 year	years	years					
(Million Baht)							(% per annum)	(Million Baht)							(% per annum)
Financial assets															
Cash and cash equivalents	1	-	-	177	-	178	See Note 7	1	-	-	493	-	494	See Note 7	
Trade and other receivables	-	-	-	-	302	302	-	-	-	-	-	233	233	-	
Restricted bank deposits	2	-	-	9	-	11	0.37 - 1.00	2	-	-	9	-	11	0.37 - 1.00	
Long-term loan to related party	-	-	-	4,173	130	4,303	See Note 6	-	-	-	4,304	2	4,306	See Note 6	
	3	-	-	4,359	432	4,794		3	-	-	4,806	235	5,044		
Financial liabilities															
Short-term loans from financial institutions	-	-	-	520	-	520	See Note 19	-	-	-	100	-	100	See Note 19	
Trade and other payables	-	-	-	-	1,332	1,332	-	-	-	-	-	1,351	1,351	-	
Retention payable	-	-	-	-	213	213	-	-	-	-	-	234	234	-	
Long-term loans from financial institutions	-	-	-	3,845	-	3,845	See Note 21	-	-	-	4,242	-	4,242	See Note 21	
Debentures	-	3,842	-	-	-	3,842	See Note 22	1,299	2,693	-	-	-	3,992	See Note 22	
	-	3,842	-	4,365	1,545	9,752		1,299	2,693	-	4,342	1,585	9,919		

	Separate financial statements													
	2018							2017						
	Fixed interest rates			Floating interest rates	Non- interest bearing	Total	Effective interest rate	Fixed interest rates			Floating interest rates	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years					Within 1 year	1 - 5 years	Over 5 years				
	(Million Baht)	(% per annum)	(Million Baht)					(% per annum)						
<b>Financial assets</b>														
Cash and cash equivalents	1	-	-	47	-	48	See Note 7	1	-	-	146	-	147	See Note 7
Trade and other receivables	-	-	-	-	421	421	-	-	-	-	-	188	188	-
Short-term loans to related parties	790	-	-	490	-	1,280	See Note 6	660	-	-	572	-	1,232	See Note 6
Restricted bank deposits	1	-	-	-	-	1	1.00	1	-	-	-	-	1	1.00
Long-term loans to related party	-	-	-	4,583	-	4,583	See Note 6	-	-	-	4,451	-	4,451	See Note 6
	792	-	-	5,120	421	6,333		662	-	-	5,169	188	6,019	
<b>Financial liabilities</b>														
Short-term loans from financial institutions	-	-	-	520	-	520	See Note 19	-	-	-	100	-	100	See Note 19
Trade and other payables	-	-	-	-	438	438	-	-	-	-	-	415	415	-
Retention payable	-	-	-	-	4	4	-	-	-	-	-	4	4	-
Short-term loans from related parties	1,835	-	-	1,025	-	2,860	See Note 6	1,775	-	-	925	-	2,700	See Note 6
Debentures	-	3,842	-	-	-	3,842	See Note 22	1,299	2,693	-	-	-	3,992	See Note 22
	1,835	3,842	-	1,545	442	7,664		3,074	2,693	-	1,025	419	7,211	



### **Foreign currency risk**

The Company and its subsidiaries consider themselves no foreign currency risk because they have no foreign currency transactions, and no financial assets and liabilities denominated in foreign currencies outstanding at the date of statements of financial position.

### **36.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position, except for the following:

		(Unit: Million Baht)	
		Consolidated/Separate financial statements	
		Carrying amount	Fair value
		31 December 2018	31 December 2017
		31 December 2018	31 December 2017
<b>Financial liabilities</b>			
Debentures		3,842	3,992
		3,839	4,005

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to related parties, accounts payable and short-term loans from related parties, their carrying amounts in the statements of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- For fixed rate debentures, their fair value is determined by using the price as announced by the Thai Bond Market Association.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

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

### **37. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.4:1 (2017: 1.4:1) and the Company's debt-to-equity ratio was 1.1:1 (2017: 1.1:1).

### **38. Event after the reporting period**

- 38.1 On 6 February 2019, a meeting of the Board of Directors of the REIT Manager of GLAND Office Leasehold Real Estate Investment Trust (an associate) passed a resolution to approve a distribution of Baht 0.1722 per unit trust, or a total of Baht 86.1 million, from the operating results for a period as from 1 October 2018 to 31 December 2018. The Trust will pay the distribution to its unitholders on 4 March 2019.
- 38.2 On 14 February 2019, a meeting of the Company's Board of Directors passed a resolution to approve an additional appropriation of Baht 286.6 million to the statutory reserve, from its retained earnings. As a result, the Company's statutory reserve will be Baht 653.5 million, which is the 10 percent of registered capital required by law. This resolution will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders.

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

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2019.



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