

# ANNUAL REPORT

COUNTRY GROUP DEVELOPMENT PCL.

———— 2016 ————



COUNTRY GROUP  
DEVELOPMENT



COUNTRY GROUP DEVELOPMENT PCL.  
ANNUAL REPORT 2016



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## MESSAGE FROM CEO AND CHAIRMAN

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To My Fellow Shareholders,

2016 was a crucial year for Country Group Development, as we continued to make remarkable progress towards our strategic objectives. We secured project financing of THB 13.3 billion with one of China's most reputable financial institutions, China Ping An Bank, that will see us through to completing Chao Phraya Estate on target for 2018. This key milestone aligns perfectly with our business and sales targets, providing our buyers with confidence, which has allowed us to move forward with another year of record sales achievements both locally and internationally. In terms of portfolio expansion, we pursued our investment strategy of seeking off-market opportunities in key sectors. We made our first investment foray into the United Kingdom's education sector, with an exciting THB 560 million acquisition of Ovingdean, a 22-acre freehold school located in Brighton, which will be a value-add strategy.

In a successful period of timely construction, sales activity and new acquisitions, we continued with expansion efforts through the conception of two new development projects in response to Thailand's growing economy and market needs. The first being a proposed 31-acre, mixed-use development catered to the government's infrastructure initiative, transforming Thailand's eastern seaboard region into an economic powerhouse. The latter will be our second endeavour into the education market, this time, Thailand's flourishing education sector through a large-scale anchor asset.

In late this year, through to 2018, our attention will begin to shift as we prepare for the completion of our world-class assets. Coming online in the final quarter of 2017 will be Ovingdean - the asset will be re-branded with a leading operator positioned to capitalise market share from Brighton's thriving education sector. During the third quarter of 2018, the 101 key, all-suite Capella Bangkok will be launched followed by the highly anticipated completion and transfer of Four Seasons Hotel and Private Residences Bangkok; with each asset individually setting new industry benchmarks for scale, offering and value globally.

Our ambition has always been a single-minded approach to lead the market for real estate development and we have been working consciously towards shaping our company around this vision. The completion of Chao Phraya Estate is an important milestone in this trajectory, which places us in a very lucrative position in the market. Not only will we realise a revenue injection of over THB 20 billion, we will also have all project components fully paid off from day one. The hotels, along with other assets we have initiated during our short history, will contribute and strengthen our company's diverse portfolio of recurring income assets that create a solid foundation for future expansion.

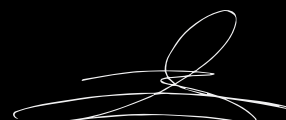
I would like to take this opportunity to extend my sincere gratitude to the Board of Directors for their ongoing contribution, our employees for their skill and dedicated efforts and most importantly, to our valued customers and shareholders for their unconditional support.

We are fully committed to the execution of our strategy, as we continue to build towards our transition into a strong, secure and robust company.

Yours faithfully,



Vikrom Koompirochana  
Chairman



Ben Taechaubol  
Chief Executive Officer

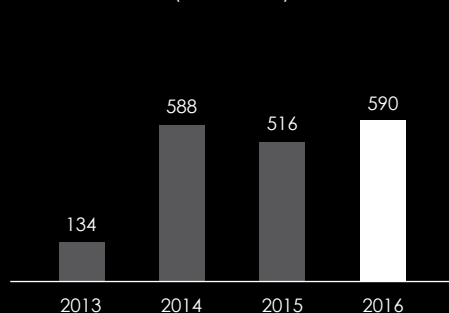
# 2016 FINANCIAL HIGHLIGHTS

UNIT : BAHT MILLION	2013	2014	2015	2016
<b>FINANCIAL POSITION</b>				
Total Assets	5,262	7,912	10,141	12,667
Total Liabilities	845	2,907	4,225	6,694
Total Shareholders' Equity	4,417	5,005	5,916	5,973
<b>OPERATING RESULTS</b>				
Total Revenue	134	588	516	590
Revenues from Sale of Condominium	119	546	479	352
Cost of Condominium sale	89	411	320	219
Gross Profit	30	135	159	133
Profit from Discontinued Operations	6	205	36	-
Net Profit (Loss) For The Year	(85)	65	(457)	(276)
<b>RATIOS</b>				
Gross Profit Margin (%)	25.2	24.8	33.3	37.8
Book Value Per Share (Baht / Share)	0.6	0.7	0.8	0.8
Debt to Equity Ratio (Times)	0.2	0.6	0.8	1.1
Interest - Bearing Debt to Equity Ratio (Times)	0.2	0.5	0.6	0.8
Return on Equity Ratios (%)	(3.7)	1.4	(8.8)	(6.0)

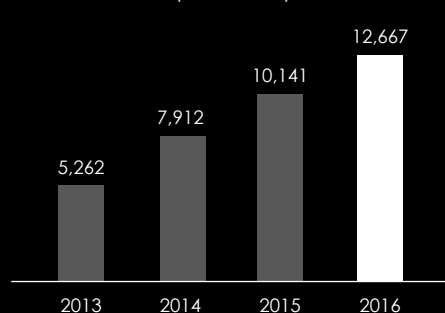


## SIGNIFICANT FINANCIAL INFORMATION COMPARISON FOR THE YEAR 2013-2016

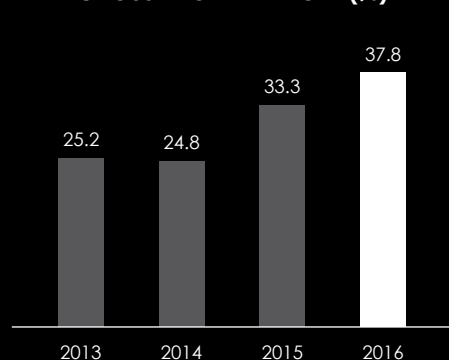
**TOTAL REVENUE**  
(Baht Million)



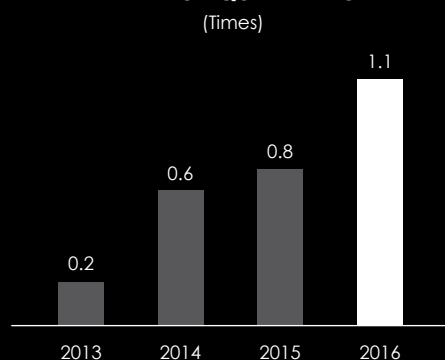
**TOTAL ASSETS**  
(Baht Million)



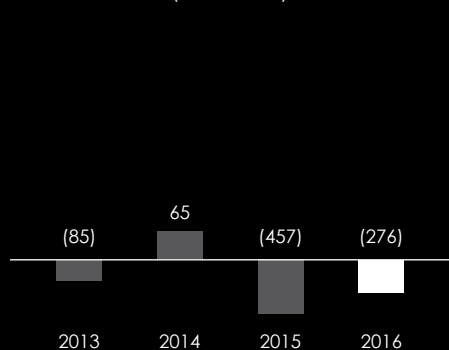
**GROSS PROFIT MARGIN (%)**



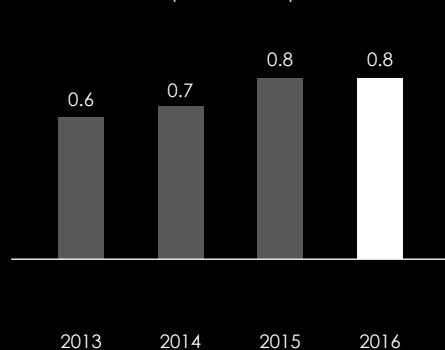
**DEBT TO EQUITY RATIO**  
(Times)



**NET PROFIT (LOSS) FOR THE YEAR**  
(Baht Million)



**BOOK VALUE PER SHARE**  
(Baht / Share)



# BOARD OF DIRECTORS



01  
**Mr. SADAWUT  
TAECHAUBOL**

Vice Chairman of the Board of Directors

02  
**Mr. VIKROM  
KOOMPIROCHANA**

Independent Director  
Chairman of the Board of Directors

03  
**Mr. BEN TAECHAUBOL**

Director  
Member of the Nomination and  
Compensation Committee  
Chairman of the Investment  
Committee  
Chief Executive Officer

04  
**Air Chief Marshal  
PERMKIAT LAVANAMAL**

Independent Director

05  
**Mr. HSU-FENG SHUEH**

Independent Director  
Member of the Audit Committee

06  
**Mr. SUBHAKORN  
BHALAKULA**

Independent Director  
Chairman of the Audit Committee  
Chairman of the Nomination and  
Compensation Committee



07  
**Mr. YIU SING TSE**

Director

08  
**Mr. GAVINTORN  
ATTHAKOR**

Independent Director

09  
**Pol. Maj.Gen.  
ITTIPOL  
ITTISARNRONNACHAI**

Independent Director

10  
**Pol. Lt. Gen.  
WERAPONG  
CHUENPAGDEE**

Independent Director

Member of the Audit Committee

Member of the Nomination and  
Compensation Committee

11  
**Ms. JAELE ANG  
KER TJIA**

Director

12  
**Mr. JIRASAK  
PONGHATHAIKUL**

Director

# EXECUTIVE MANAGEMENT

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01  
**Ms. JARIYAKORN  
SODATHUNYAPHAT**

Executive Director  
- Sales Division

02  
**Mr. KOBCHAI  
CHITCURESAKULCHON**

Director  
- Accounts & Finance Division

03  
**Mr. BEN TAECHAUBOL**  
Chief Executive Officer

04  
**Mrs. VATINEE  
CHATURONGKUL**

Director  
- Projects Division

05  
**Mr. SUTTINATH  
JITTICHARUNGLAP**

Executive Director  
- Operations Division

06  
**Ms. KITIMA  
KRITIYACHOTIPAKORN**

Executive Director  
- Sales Division



07  
**Mr. CHATCHAI  
CHORDOKRAK**

Executive Director  
- Accounts & Finance Division

08  
**Ms. PATRA  
KANTASIRIBITAKS**

Executive Director  
- Investment Division

09  
**Mr. VARAKORN  
TECHAMONTRIKUL**

Executive Director  
- Development Division

10  
**Ms. KWANRUDEE  
MANEEWONGWATTHANA**

Executive Director  
- Marketing Division

11  
**Mr. BUNDIT  
KANLAYANARAT**

Director  
- Projects Division

12  
**Ms. KHALIUN  
SUKHBAATAR**

Director  
- Customer Relations Management

# 2016 AT A GLANCE

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## CGD TRANSITIONS FROM MAI TO SET

**SEPTEMBER 2014**

CGD strengthens its position in the market and gains access to capital by moving from the Market for Alternative Investment (MAI) to the Stock Exchange of Thailand (SET).



## THE OFFICIAL LAUNCH OF CHAO PHRAYA ESTATE

**JANUARY 2015**

CGD unveils the THB 32 billion super-luxury, mixed-use development titled Chao Phraya Estate. The flagship development features 3 iconic properties; Four Seasons Private Residences Bangkok at Chao Phraya River and two world-class hotels; Four Seasons Hotel Bangkok and Capella Bangkok.

## FOUR SEASONS PRIVATE RESIDENCES BANGKOK LAUNCHES THE GOURMET DINNER 2016

**FEBRUARY 2016**

Four Seasons Private Residences at Chao Phraya River welcomes the Gourmet Dinner 2016 by flying in Chef Loris Pistillo, Italian Chef at Boccacino at Four Seasons Hotel Seoul, to host his signature degustation menu for VIP guests.

## CGD LAUNCHES THAILAND'S FIRST INTERNATIONAL REIT (MIT)

**DECEMBER 2015**

CGD launches Thailand's first fully subscribed international Real Estate Investment Trust (REIT) listed as MFC Industrial Real Estate Investment Trust (MIT) for Anchorage Point, a Data Centre located in London, United Kingdom.



## CGD BRANCHES OUT TO EDUCATION SECTOR ACQUIRING A SCHOOL IN BRIGHTON, UK

**JULY 2016**

CGD signs agreement valued at GBP 18 million to invest in Ovingdean Hall, a freehold education asset located in Brighton, United Kingdom with an existing 16-year lease agreement. The deal represents CGD's first acquisition and penetration into the education sector.

During September of 2016, CGD secures GBP 9 million financial support from Arbuthnot Bank after acquiring Ovingdean Hall, signifying strong value proposition of the property.



## FOUR SEASONS PRIVATE RESIDENCES BANGKOK ACHIEVES OVER THB 420 MILLION IN SALES IN TAIPEI

**AUGUST 2016**

CGD announces its impressive sales performance for iconic Four Seasons Private Residences Bangkok at Chao Phraya River, amounting up to THB 420 million at Farglory Financial Centre in Taipei.



## CGD AWARDS KAMA WITH FAÇADE CONTRACT OF FOUR SEASONS PRIVATE RESIDENCES BANGKOK

**AUGUST 2016**

CGD awards the overall façade contract to KAMA Venture Co., Ltd. (subsidiary arm of KSG) to undertake the entire façade works of Four Seasons Private Residences Bangkok at Chao Phraya River.





**CGD ANNOUNCES  
PROJECT FINANCING  
OF USD 375 MILLION  
THROUGH CHINA PING  
AN BANK FOR  
CHAO PHRAYA ESTATE**

**AUGUST 2016**

CGD and partner BCEG secure USD 375 million project financing through China Ping An Bank. The agreement will ensure the timely, successful completion of the Chao Phraya Estate to the highest specifications.



**FOUR SEASONS PRIVATE  
RESIDENCES BANGKOK  
ACHIEVES OVER  
THB 312 MILLION  
IN SALES DURING  
OVERSEAS EXHIBITION  
IN HONG KONG**

**SEPTEMBER 2016**

CGD accomplishes over THB 312 million in accumulated sales during a private exhibition at Four Seasons Hotel Hong Kong.



**CGD AWARDS MITSUBISHI  
WITH ELEVATOR  
CONTRACTS FOR  
FOUR SEASONS HOTEL  
& PRIVATE RESIDENCES  
BANGKOK**

**NOVEMBER 2016**

CGD awards Mitsubishi Elevator (Thailand) Co., Ltd. to undertake the overall supply, installation and maintenance of elevators for the ultra-luxury for Four Seasons Hotel & Private Residences Bangkok at Chao Phraya River.





### CGD SUCESSFULLY LAUNCHES PHASE 4 OF ELEMENTS SRINAKARIN

**FEBRUARY 2017**

CGD launches Phase 4 of Elements Srinakarin, comprising best-in-class 338 fully-furnished units ready for sale.



### CGD COMMEMORATES THE OFFICIAL TOP-OFF CEREMONY OF CAPELLA BANGKOK

**MARCH 2017**

CGD commemorates the topping-off ceremony to mark the ultra-luxury, Capella Hotel Group expansion to Chao Phraya Estate in Bangkok.



### CONSTRUCTION OF THE 73-STOREY, FOUR SEASONS PRIVATE RESIDENCES BANGKOK REACHES LEVEL 30

**MARCH 2017**

CGD announces construction update for Four Seasons Private Residences Bangkok to reach level 30, the project is on schedule for its completion in 2018.

## OUR APPROACH THE COUNTRY GROUP DIFFERENCE

Value creation is our top priority. We are putting together strategies, capabilities and an inspired team to establish a strong organisation that will transition Country Group Development into a real estate company of the next generation.

Our four-year strategy which we launched two years ago has brought us focus and visibility, anchoring our ambitions to become one of the most efficient and distinct real estate companies in the market. In a climate where traditional business models of achieving profitability through volume for real estate developers are tested; we had an opportunity to design a new approach, one that would enable risk adverse, sustainable and long-term growth for our stakeholders.

During this short period, we've taken a vital step forward in our progression as our strategy unfolds. Taking shape will be the fruition of our value creation blueprint. A diverse portfolio of core revenue producing anchor assets and quick turnaround investment properties designed to perform against the ever-changing marketplace.

As we continue to build momentum and gain significant advantages in highly competitive environments, we will carry on and adapt our existing business model to new innovations and grow alongside our interests in emerging sectors. Our core driver lies the Country Group Difference; our ability to seek alternatives and break free from conventional confinements in order to accelerate growth and achieve our profound vision.



## OUR PLATFORMS

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### DEVELOPMENT

Country Group Development seeks and realizes opportunities to create value, with a proven track record of delivering bold and complex asset transformations that result in world class products.

Value creation with quality is our cornerstone principle, so too are integration, innovation and an international outlook - these are our watchwords and blueprints for creating inspired built environments.

Another Country Group Development point of difference is our people. We take pride in having assembled a lean, high-performance team full of engaged, multi-talented and adaptable professionals, remunerated and incentivised for success - able to think beyond borders and across sectors to identify opportunities first.

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## INVESTMENT

Deal flow, innovation and sector focus underpin our investment strategies. We utilize Country Group synergies to pinpoint off-market opportunities and have the ability to access capital structures and exits with alacrity.

We see property in terms of pure investment opportunities, providing we can stay true to our ethos of creating value and assuring quality. Our approach to investment is also twofold: we strive to realize quick returns and capital gains, but more importantly, we look for strategies that are structured to secure a recurring income component that will continue to perform year after year.

This might take the shape of a bold dive into an emerging sector, such as our purchase of Anchorage Point, a data centre in London's docklands, and our subsequent issuing of Thailand's first Real Estate Investment Trust (REIT). Or it might encompass acquiring and improving assets in hospitals and health care, senior living, education, technological industries or any other facets in sunrise sectors.

# PROJECTS

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## CHAO PHRAYA ESTATE



**FOUR SEASONS**  
PRIVATE RESIDENCES  
BANGKOK AT CHAO PHRAYA RIVER  
A COUNTRY GROUP DEVELOPMENT



**FOUR SEASONS**  
HOTEL  
BANGKOK AT CHAO PHRAYA RIVER



**CAPELLA™**  
BANGKOK

**E L E M E N T S**  
SRINAKARIN

**ANCHORAGE  
POINT**

**OVINGDEAN**

# CHAO PHRAYA ESTATE



## DEVELOPMENTS

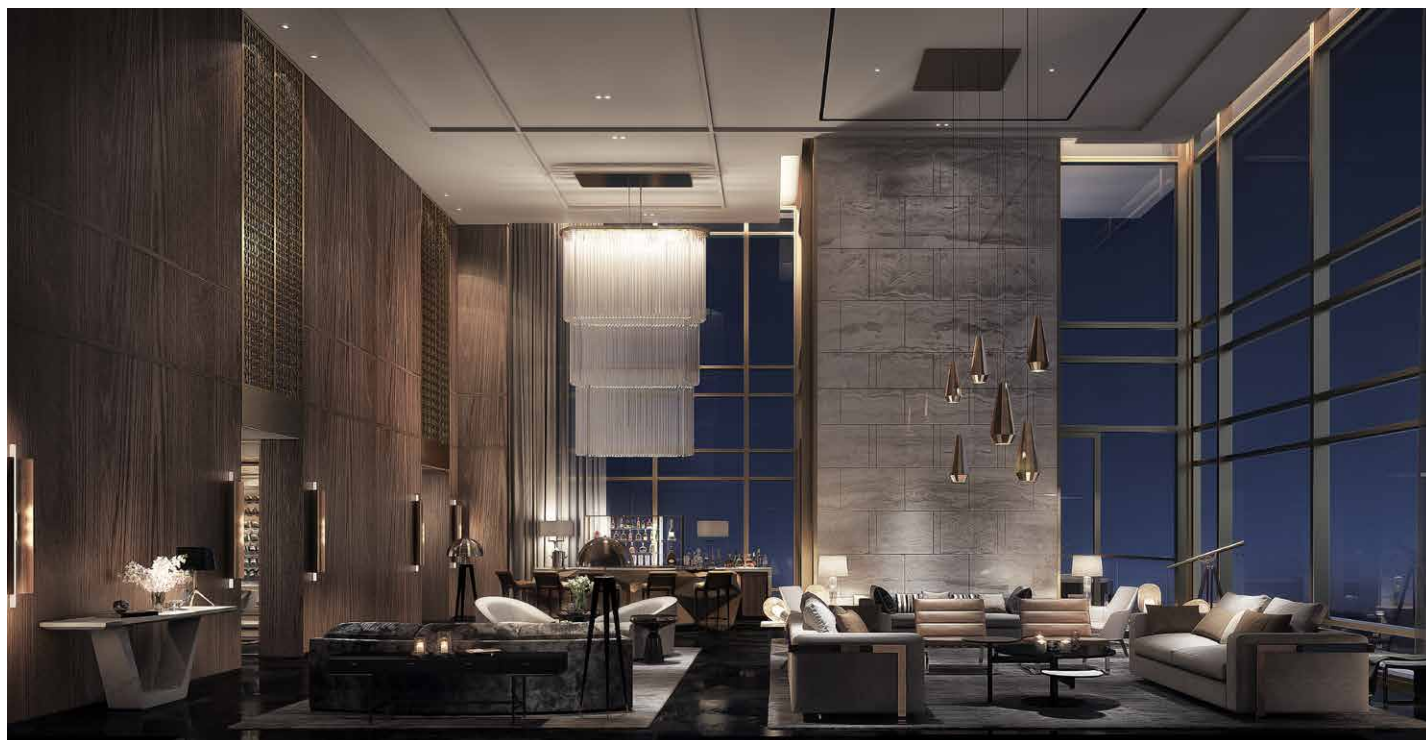
### CHAO PHRAYA ESTATE

Mixed-use development; including a super luxury 73-storey residential tower: Four Seasons Private Residences Bangkok at Chao Phraya River, and two world-class hotels: Four Seasons Hotel Bangkok at Chao Phraya River and Capella Bangkok.





**FOUR SEASONS**  
PRIVATE RESIDENCES  
BANGKOK AT CHAO PHRAYA RIVER  
A COUNTRY GROUP DEVELOPMENT



DEVELOPMENTS

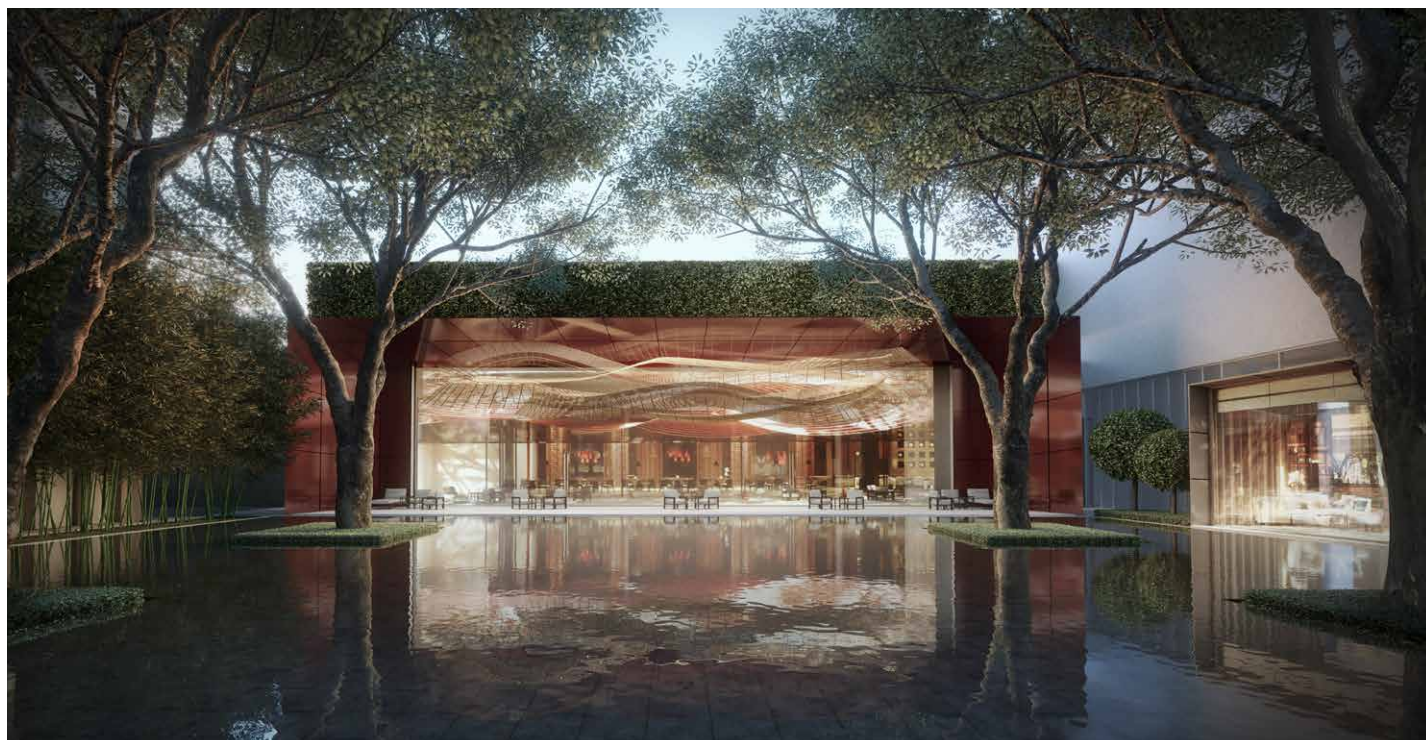
**FOUR SEASONS PRIVATE RESIDENCES  
BANGKOK AT CHAO PHRAYA RIVER**

Sector:	Residential (Super Luxury)
Location:	Thailand
Project description:	Strategically positioned at the heart of Chao Phraya Estate, this premier 73-storey residential tower is designed to elevate waterfront living to new heights; Drawing inspiration from its spectacular waterfront location, it features unobstructed panoramic river and city views across all 355 residences, as well as enhanced services from its two neighboring world-class hotels.





**FOUR SEASONS**  
HOTEL  
BANGKOK AT CHAO PHRAYA RIVER



DEVELOPMENTS

**FOUR SEASONS HOTEL**  
**BANGKOK AT CHAO PHRAYA RIVER**

Sector: Hospitality

Location: Thailand

Project description: This architecturally notable, cascade-structured luxury hotel redefines the urban resort experience with unexpected serenities and multi-sensory pleasures. Sprawling over 9 acres, with 312-rooms and facilities of unmatched scale and seamless integration into the natural waterfront landscape, Four Seasons Hotel Bangkok at Chao Phraya River surpasses the traditional room with a view, by allowing its guests to fully inhabit the view. The entirety of the hotel grounds are uniquely arranged around a series of calming green courtyards, each different, with serenity and water features prominent in every design. From the exceptionally large rooms to the restaurants to the magnificent 1,400 sq.m Grand Ballroom, a panoramic river view takes centre stage.



CAPELLA™  
BANGKOK



## DEVELOPMENTS

### CAPELLA BANGKOK

Sector: Hospitality

Location: Thailand

Project description: Founded by legendary hotelier Horst Schulze, Capella Bangkok is a super luxury, low-rise hotel facing the river with 101 exclusive suites that unify top luxury with a sense of intimacy. Not just Bangkok's only riverfront suites hotel, but a total rethinking of the luxury experience through individual suite design, an iconic ballroom catering to the city's most prestigious events, and an expansive waterfront landscape that occupies nearly a quarter of the total property. With seven villas poised right on the river, including a one-of-a-kind Presidential River Villa, Capella Bangkok will offer a rarified kind of space and atmosphere that seems impossible within a city CBD.



# E L E M E N T S

## S R I N A K A R I N



### DEVELOPMENTS

## ELEMENTS SRINAKARIN

Sector: Residential (Mid Tier)

Location: Thailand

Project description: Elements Srinakarin was conceived as a refreshingly uncompromising offering for middle-income buyers. Elements Srinakarin placed residents within walking distance of three malls, as well as a short travel from major universities, hospitals, and the new Airport Link train line, which connects to Bangkok's two other mass transit lines. Through innovative design and layout, Country Group Development managed to increase build density while increasing green space to levels normally reserved for larger estates.

## ANCHORAGE POINT



### INVESTMENTS

## ANCHORAGE POINT

Sector: Industrial Data Centre

Location: United Kingdom

Project description: The historical value of data centres and the projected future trends of data-storage needs for multiple industries, measured against the constraints that limit effective data-storage creation, suggest that prime-located data storage centres may be one of the fastest value-growth segments of real estate in the medium and long term. Country Group Development took the opportunity to secure Anchorage Point, a 2,300 square metre data centre with a 33-year freehold lease and an existing tenant in an off-market transaction for its key location in London; one of the top five areas in Greater EU for both demand and connectivity to the most centralised part of the regional communications infrastructure.

*As of December 2015, Country Group Development has exited and sold the investment to MFC Industrial Real Estate Investment Trust (MIT), Thailand's first international Real Estate Investment Trust (REIT).*



# OVINGDEAN



## INVESTMENTS

### OVINGDEAN HALL

Sector:	Education
Location:	United Kingdom
Project description:	With fundamentally attractive characteristics, the global education sector portrays trends with strong demand and lucrative returns. In 2016, Country Group Development breached the education sector for the first time by acquiring a school located in Brighton, United Kingdom, with long-term geared income and possible value add opportunities around the existing 16-year lease agreement. The free-hold asset comprises a 20.24-acre campus, providing offices, accommodation, educational and recreational facilities for up to 450 students.

## ECONOMIC ANALYSIS

## THAILAND MACRO-ECONOMY

As the calendar year ends, global economic growth saw weak international trade and subdued investments. Although expected to recover in 2017, unusually heightened uncertainty about policy direction in major economies may cast a shadow on future expectations.

In 2016 advanced economies experienced a subdued outlook following U.K.'s vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, impacts of trade between the United Kingdom and the European Nation remain unclear.

Meanwhile, growth in emerging economies is projected to continue to rise. With the recovery in commodity prices, a more balanced outlook is expected amongst exporters and importers. China's growth is projected to moderate to 6.5% in 2017 reflecting soft external demand and heightened uncertainty about global trade. With slow global growth, it is expected that developing Asia will contribute up to 60% of world growth. The World Bank predicts that world economic growth will pick up to 2.7% in 2017, with President Elect Donald Trump, the US manufacturing is likely to rebound, contributing to a mild pickup in growth.<sup>1</sup>

Thailand is located in a region with bright growth prospects; the country has made remarkable progress in social and economic development, progressing from a low-income to upper-middle income country in less than a generation. According to the National Economic and Social Development Board (NESDB), the country grew slightly at 3.2% in 2016, with over-expected growth during 1H of the year, as supported by government spending on public investment and the strong tourism sector.

Thailand saw moderate activity with subdued private investments and stagnant manufactured goods. In addition, the passing of His Majesty King Bhumibol Adulyadej in

October, saw a brief dip in consumer sentiment; following an official year-long mourning period, resulting in low consumption in Q4. However, recent indicators suggest an uptick in exports with activity increasing 1.4% Y-o-Y during November. Political affairs remain stable with King Vajiralongkorn's request to amend the military draft constitution, which is expected to delay the elections planned for 2017 to 2018. As temporary factors wane off, the EIC and the World Bank forecast mild GDP growth in 2017-2018.<sup>2</sup>

High household debt remains the key obstacle to growth in private consumption, decreasing 2.3%. Consumption trends reflect a worrisome trend for domestic spending of low-income individuals as they face constraints particularly with reduced demand for labour and high levels of household debt. Rising number of unemployment figures and slow growth in average wage signifies the broader impacts from the international economic slowdown. However, Q2 saw an uptick in private consumption as construction and transfers of property accelerated.

Private investment in early 2016 has yet to recover, investments stalled by 0.5% Y-o-Y in all sectors throughout the year.<sup>3</sup> Government stimulus packages, local business sentiment, and Foreign Direct Investments (FDI) are the key drivers of private investment. Therefore, without government disbursements, demand for investment remains subdued.<sup>1</sup> On the other hand, the recovery in the service sector was a silver lining and key driver that spurred private investments, led by construction, tourism, retail and wholesale trading. The service sector saw an overall growth of 5.6% Y-o-Y, it is expected that construction and property sectors will grow with support from government infrastructure and policies to enlarge capacity and boost growth in the future.<sup>3</sup>

Recent global investment policies had limited ability to stimulate other foreign investments falling by 26% Y-o-Y, however numbers are expected to show a more positive trend as demand is expected to recover in 2017, which is likely to result in the restoring of private investment.<sup>3</sup>

**CAPITAL EXPENDITURE TO DEPRECIATION RATIO**

(Unit : Times)



Source: EIC analysis based on data from Bloomberg.

Thai exports contribute to approximately 70% of National GDP with roughly 40% of the population employed in agriculture. Exports declined by an overall 2.7% Y-o-Y as a result of low oil prices and slow global economy. However recovery of agricultural product prices is expected to benefit from multiple support measures such as rubber farmers and agricultural sector enhancement programs by the Bank of Agriculture and Agriculture Cooperatives, where we should see positive income and consumption of the agricultural sector in 2017.

Thailand's tourism sector continues to be one of the main driving forces for Thailand's economy with Tourism now rivaling manufacturing in economic importance with revenue accounting for roughly 11% of GDP. 2016's record-high visitor arrivals helped drive a 14.9% rise in service exports

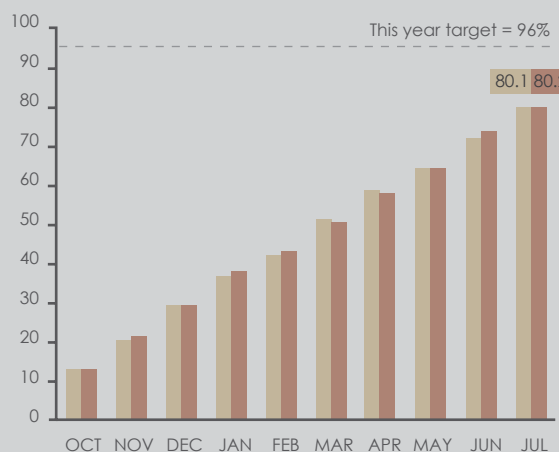
and it is expected to continue to expand 1.5% in 2017, supported by higher oil prices and increasing demand for consumer products in neighbouring countries.

Government spending remains the core driver for the Thai economy this year, with disbursements of the government budget for the 2016 fiscal year showing good progress with funds injected towards ongoing projects to develop water management and road transportation systems, along with investments by state-owned enterprises. Throughout the year, government stimulus has released a total of 20 measures which include; direct subsidies, investment projects, and soft loans in attempts to boost the economy. The annual budget for fiscal year 2017 includes a total expenditure of THB 2.73 trillion, an increase of 0.5% Y-o-Y from the previous fiscal year.

**DISBURSEMENT OF TOTAL BUDGET**

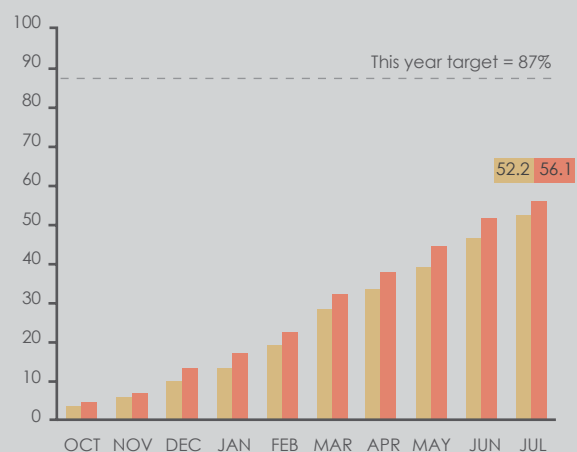
Unit : % of the total budget

Fiscal year 2015 Fiscal year 2016

**DISBURSEMENT OF INVESTMENT BUDGET**

Unit : % of the total budget

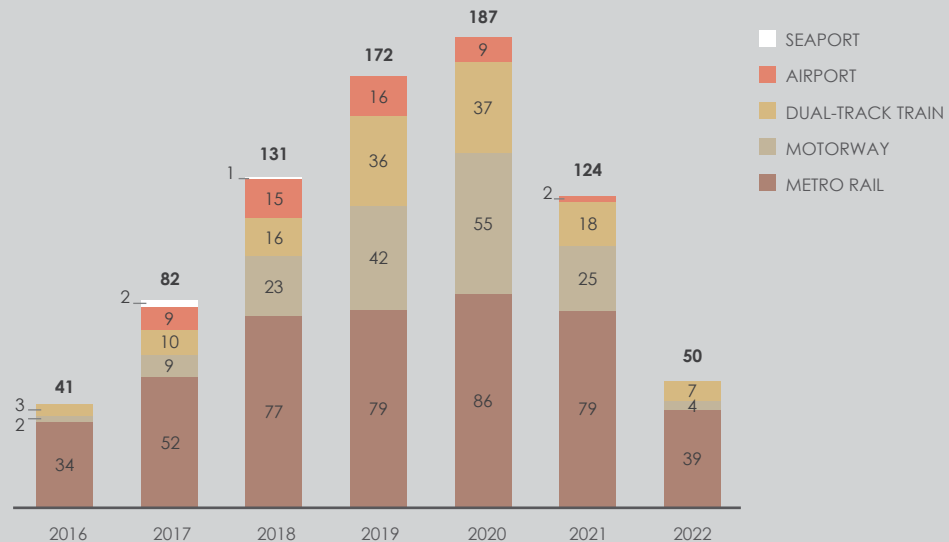
Fiscal year 2015 Fiscal year 2016



Source: EIC analysis based on data from Ministry of Finance.

**PROJECT OF INVESTMENT IN MEGAPROJECTS\***

(Unit : billion THB)



\*The projection excludes high-speed railway projects EIC analysis based on data from the Ministry of Transport.

As Thailand's economy continues to be stirred by government's policy of ambitious reforms; more government investment in megaprojects will likely provide an additional boost to government spending. Disbursements are expected from an on-going construction of large infrastructure projects in Thailand such as (1) the three yellow, orange and pink Mass Rapid Transit rail lines, (2) the State Railway of Thailand Red Line (3) The Mass Rapid Transit Green Rail Line to serve Bangkok Metropolitan Region, (4) Pattaya-Mataphut Motorway (5) Laem Chabang Seaport within the Eastern Economic Corridor (EEC) (6) Bang Pa-In – Nakhon Ratchasima Motorway. These projects account for over THB 80 billion investment value in 2017.

In June 2016, the Cabinet approved the Eastern Economic Corridor Development project aimed to develop Thailand's Eastern Seaboard into a leading economic zone in ASEAN.<sup>4</sup> The EEC Development project will be implemented in three eastern provinces, specifically Chonburi, Rayong,

and Chachoengsao, where each province will be divided into three areas which include, the industrial, infrastructure development, and urban development zone.

Today, the Eastern Seaboard Region contributes to 20% of Thailand's GDP and has been the region's powerhouse for manufacturing and trade for over thirty years,<sup>4</sup> with the main contributors being the industrial sector, growing at a rate of 68.32%. There is currently over USD 50 billion in investments, more than 32 Industrial Estates and 5,000 industrial plants in the region. Equipped with railway networks as well as ports and industrial estates, it is reported that the area has become Thailand's major industrial production base and is well-known among investors all over the world.

The economic plan is expected to directly boost foreign direct investments, up to USD 43 billion and create over 100,000 jobs a year in manufacturing and service industry by 2020.

## SOURCE :

- (1) "Global Economy in 2017: Hope and Uncertainty." *Global Economy in 2017 : Hope and Uncertainty*. The World Bank, 15 Feb. 2017. Web. 8 Mar. 2017.  
 (2) Yunawee Oinong, and Pinnipa Boosang. "EIC expects Thailand's GDP growth in 2017 to improve, despite a temporary softening in 4Q 2016." *SCB Economic Intelligence Center* (2017): n. pag. SCB. Web. 8 Mar. 2017.  
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## ECONOMIC ANALYSIS

## BANGKOK CONDOMINIUM MARKET

Bangkok is the third most populous city in ASEAN, with a population of over 9 million people and expected to reach 11 million by 2025. The country's rapid development and growth in new residential and office buildings have been supported by Bangkok's attractive business opportunities and an increase in inbound tourism. Today, the districts of Bangkok see a jungle filled with high-rise buildings. Among the most dynamic of districts are those on the riverside and along main transportation links of Sukhumvit, Silom, and Sathorn, creating an alluring contrast from the backdrop of Thailand's old city temples and monuments.

In 2016, Bangkok's condominium market portrayed continued positive long-term outlook, driven by an overall mild growth in Thailand's economy. Bangkok's resilient real estate market is on a slight upward trend with new condominium launches and values rising, pushed by local and foreign demand. Despite a slow start to the year as a result of uncertainties and rising household debts, surveys portray an increase in consumer confidence, following an economic recovery towards 2H of 2016.

The year saw several key themes supporting the property market, including an increase in domestic and overseas confidence; high demand in the luxury segments coupled with developer's successful promotional campaigns and the introduction of new government policies and infrastructure projects.<sup>6</sup>

With an existing oversupply of condominiums in the low-mid tier segment, most developers continued to focus on transferring completed units and clear built-unsold inventory. However, following the implementation of government policies, positive consumer sentiment and an increase in spending power have fed through to the property market, indicating a slow but encouraging start to 2016. Obstacles regarding land scarcity and rising land prices in the

CBD and City Fringe areas resulted in 75% of new launches of condominium supply were focused in Bangkok's peripheral areas, along mass transit lines during 1H 2016.<sup>1</sup> A most notable surge in supply occurred in Q4, 2016, following the passing of His Majesty King Bhumibol Adulyadej on 13 October. Developers halted all marketing activities and postponed new launches to December just before the festive season. A total of 16,000 units were launched in Q4, 92% higher than in Q3, a number considered the largest in the past 2-3 years, a number that reinforces developer's confidence in the property market in Bangkok during difficult times.<sup>2</sup> In comparison, just over 1,240 units were launched in the inner-city areas with most being Grade A developments as developers attempt to justify prices, which factor in land costs.

As the property market sector continues to show confidence throughout the year, the average take-up rate for all condominiums increased from 78.8% at the end of 2015, to 80.4% during 1H 2016 with approximately 326,900 units out of 406,000 units condominiums sold.<sup>1</sup> Leading factors supporting the rise include the kick-off of government infrastructures, successful marketing promotions from developers', and the Cabinet's temporary reduction of real estate transfer and mortgage registration fees, effective from October 2015 to April 2016. While demand for condos and purchasing power in the mass market was slower than expected, the luxury market has emerged as the sector to watch, setting record-high prices and receiving high absorption rates year-after-year, which has lead several developers to focus on increasing their luxury portfolios.<sup>3</sup>

Thailand's real estate prices continue to climb each quarter in every location, accredited to the dominating force of the high-end sector, with land prices in the City Fringe and Peripheral area, along mass

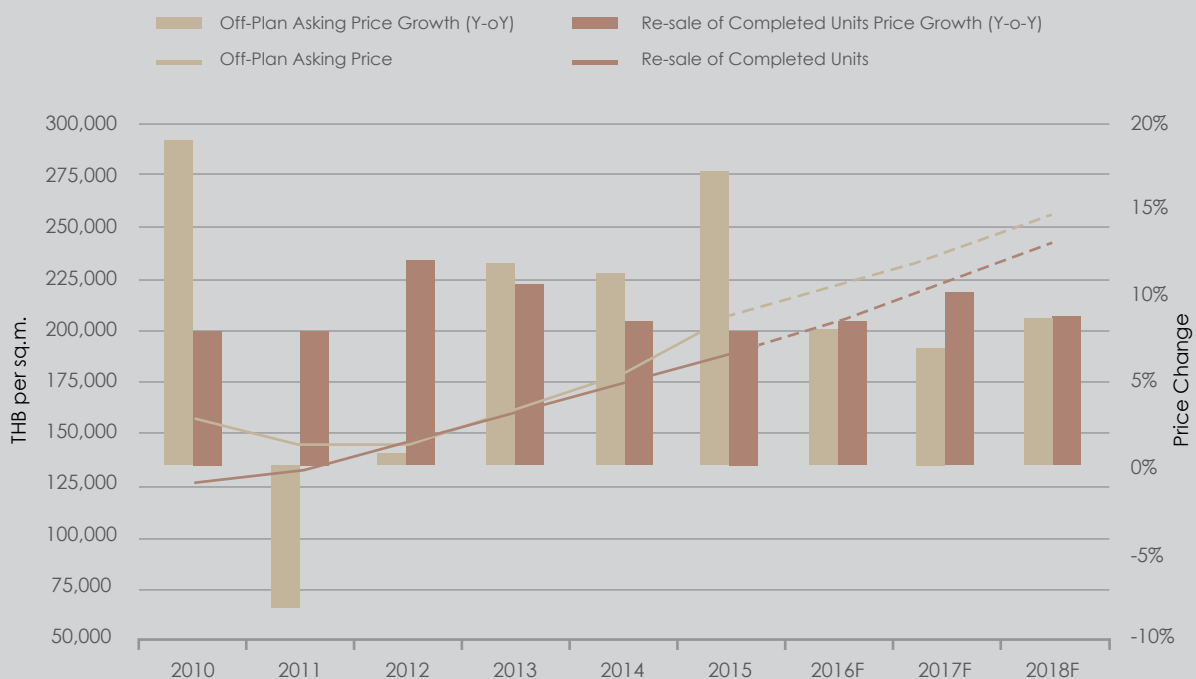
<sup>1</sup>City Fringe - Areas of Bangkok such as Ratchada-Ladphrao area and both sides of Ratchadapisek Road, beginning of Ladphrao close to mass transit stations and Phahonyothin rd.

<sup>2</sup>Peripheral area - Areas located on late Sukhumvit on both sides of the road beyond Soi 63 stretching to Bang Na intersection, Thonburi side of Chao Phraya River, Srinakarin, Chaengwattana, Kaset-Navamin and Petchkasem among others.

transit routes seeing the highest jump at 4% from approximately THB 133,800 per sq.m and THB 76,300 per sq.m respectively. The asking price for land in CBD continues to remain incredibly high at THB 2.4-3 million per sq.w, driving up the cost of selling price of condominiums in the CBD to increase by 3% from approximately THB 217,100 per sq.m in 2015 to over THB 225,000 per sq.m in 1H, 2016.<sup>1</sup> This trend is expected to continue

in 2017 with a 5-10% annual price increase subjected to location and project concept.<sup>2</sup> Prices for newly launched downtown condominiums will continue to increase as only a few vendors are willing to sell land in prime areas. It is expected that intense competition among developers will continue to drive up prices for newly launched condominium projects in the future.<sup>6</sup>

**AVERAGE ASKING PRICES OF OFF-PLAN PROJECTS AND RE-SALE PRICES OF COMPLETED FREEHOLD PROJECTS  
(FOR PROJECTS PRICES MORE THAN THB 120,000 PER SQ.M.), 2010 - 2018F**



Source: CBRE REsearch, Q4 2015

Although accounting for less than 5% of supply, the super-luxury and luxury condominium market has recently commanded the spotlight and has continued to outperform the overall condominium market. Thailand's luxury real estate market continues to expand and diversify, with a continued demand from both foreign and local investors.

Luxury condominiums which represent the top 6% of the Bangkok condominium market are typically priced between THB 10-15 million. Prices and demand in the luxury segment increased from THB 226,300 per sq.m to THB 242,300 per sq.m and enjoyed a 3.8%

increase Y-o-Y in the accumulated sold rate. Meanwhile, the selling price of new supply in the super-luxury segment which represents the top 1% of Bangkok's condominium market skyrocketed with prices continuing to increase to THB 303,200 per sq.m in Q4, 2015, to THB 320,000 per sq.m in 1H 2016. It is predicted that selling prices for super-luxury and luxury condominiums will continue to rise, in correlation to the increase in demand, cost of land and additional projects in the pipeline.

As Bangkok's real estate prices continue to climb in the CBD, developers and hoteliers alike have returned to its river roots on the

Chao Phraya to capitalise on demand from the availability of prime real estate with breathtaking views. With several mega-projects along the banks of the Chao Phraya River, perceptions of the river have transformed with demand and land prices hovering at THB 150,000-200,000 (USD 4,200-5,600) compared to THB 50,000 (USD 1,400) in 2015.<sup>4</sup> Often referred to the city's final development frontier, riverside land remains attractive as ever with the BTS Skytrain Gold Line expected to drive locators to the area in 2017. By 2018, it is expected that a series of upscale property developments amounting to more than THB 200 billion (USD 5.5 billion) will have been completed around the waterway.<sup>4</sup>

Although domestic demand accounts for the majority of Bangkok's condominium market, foreigners have fast become the target for developers. The promising property market, a weakening baht, attractive luxury prices, low property taxes and the integration of the ASEAN Economic Community, has made Thailand an appealing investment for foreign buyers, especially in the luxury property sector with prices above THB 10 MB.<sup>5</sup> The 2H of 2016 saw a great interest for upper-market condominiums in Bangkok's CBD from neighboring Asian and Middle-Eastern countries receiving high reservation rates prior to official launches. In Central Bangkok, approximately 20% of high-end condo buyers are foreign, among which Hong Kongers and Singaporeans are top consumers.

This has lead Thai developers to successfully generate substantial sales in neighbouring markets. In 2016, Country Group Development PCL., announced sales performance for Four Seasons Private Residences Bangkok at Chao Phraya River to exceed expectations with over THB 732 million closing sales revenue following two recent private overseas exhibitions in Hong Kong and Taiwan. Thus highlighting the fact that the overseas market is an integral part of Thai developer's marketing strategies.<sup>6</sup>

Thailand has exponentially high potential for growth in the property sector. In 2017, Bangkok's overall land prices are expected to rise by 10-30%, higher than that between 2015-2016. This will continue to drive the average price of condominiums in Greater Bangkok to increase by 6-7%, with the highest growth anticipated in the inner-city areas as a result of land scarcity and government mass transit expansion plans. Condominiums with the right product specifications, good prices, and located near mass-transit systems in inner-city areas predicted to reap the most benefits. Property consultant CBRE expects the luxury sector in Bangkok to continue to outperform mid-lower end projects in 2017, with affluent buyers seeking for projects located in Bangkok's prime residential areas such as the Chao Phraya River, Sathorn, Sukhumvit and Central Lumpini.<sup>7</sup>

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# ECONOMIC ANALYSIS

## BANGKOK HOTEL MARKET

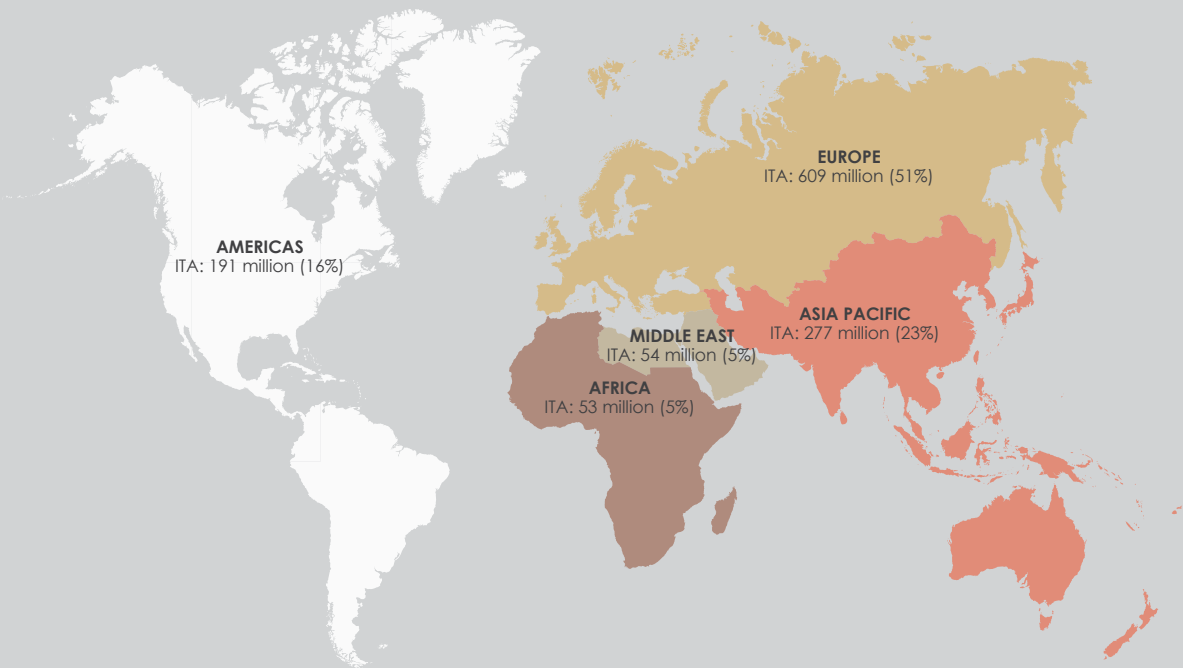
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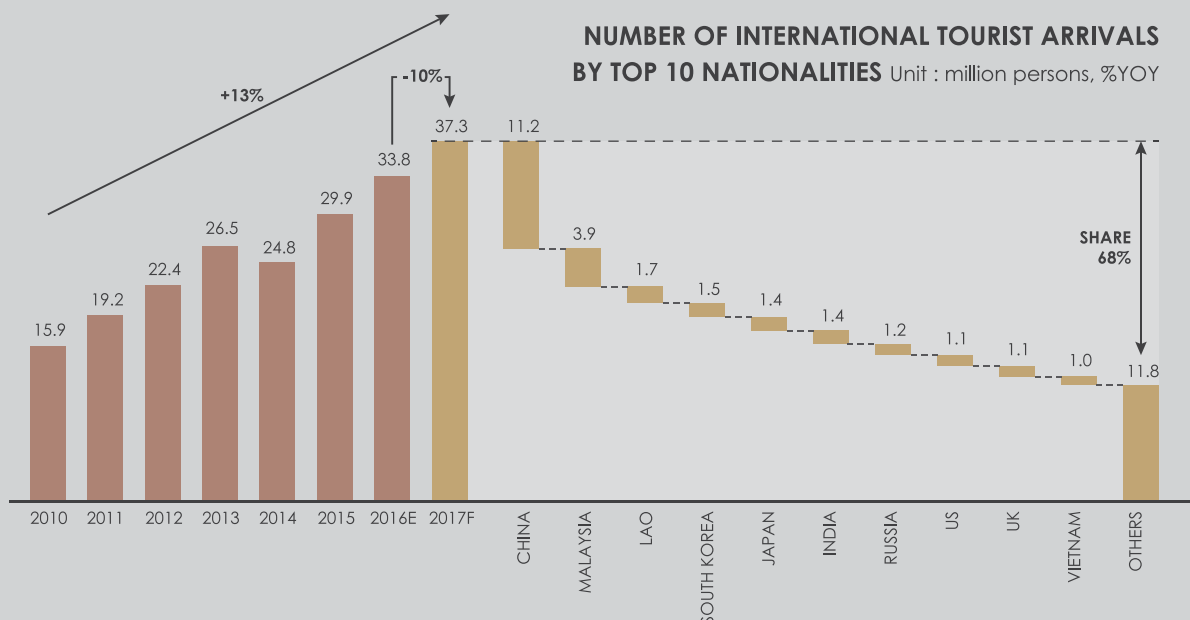
Thailand's diverse and unique charm has earned the country a reputation for having one of the most vibrant tourism industries in the world. Since the 1990's, Thailand has continued to attract visitors and investors across the globe and has since earned a status as the tourism hub of the ASEAN region. Although Thailand faces occasional economic and political challenges, the economy is incredibly robust; bouncing back within months after weathering economic diversities, earning the kingdom the name 'Teflon Thailand'. After setting new records in the number of tourist arrivals as well as visitor spending in 2015, Thailand's hospitality industry continues to look bright in the coming years. The tourism industry continues to remain the key driver for Thailand's economic growth and holds a leading position in the hospitality industry. Together with an improving economy, government stimulus packages and expansions of Bangkok airports, the hotel and hospitality sector in the land of smiles is looking increasingly positive.<sup>1</sup>

In a recent study by US News and World Report, Thailand was named one of the best countries to travel to, and has received countless awards among the international community.<sup>2</sup> The country is known as

a magnet for vacationers with 90% of visitors being leisure travelers, far above the 50% average worldwide.<sup>3</sup> It is expected that within the near future, Thailand will be ranked among the top ten, one of only two Asian countries in the list, along with China. These positive perceptions of Thailand among the international community have aided the country to be a top destination to visit in 2016, where total international arrivals reached the 30 million mark for the first time, lifting tourism's share of GDP to 11% and is expected to reach 37 million by 2017.<sup>3</sup>

The Thai Authority of Tourism (TAT) has expressed confidence that the growth momentum of 2016 will continue onto 2017, with the government shifting to focus less on the number of visitor arrivals and more on attracting quality tourists. This shift from "quantity" to "quality" is accounted as a new chapter in Thai tourism; measured by visitor expenditure, the average length of stay and overall quality of visitor experience.<sup>4</sup> Thailand expects to achieve an increase in annual revenue growth of 8% or around THB 2.41 trillion by 2017 (USD 68 billion) with THB 1.56 trillion (USD 44 billion) coming from international markets versus THB 850 billion (USD 24 billion) from domestic travel.<sup>4</sup>





Mainland Chinese visitors continue to be the largest source market to Bangkok. This year Chinese tourists have seen a 29% growth Y-o-Y, with about 2.6 million arrivals and spending of THB 74.8 billion (USD 2.14 billion), followed by Malaysia and Russia. Overall Thailand saw strong growth supported by all key regions; 17% growth from East Asian nations, 16% growth from American nations, and 11% growth from European nations.<sup>5</sup> To further promote consumer spending, the government has implemented new incentives to boost tourism, such as the waiving of tourist visa fees for visitors between December 2016 to February 2017, and the extension of Thai public holidays during high season to encourage domestic travel and consumption. Furthermore, in efforts to boost health and medical tourism, the government has extended long-stay visas for foreigners over 50 years of age, from 1 to 10 years.

Thailand has explored several initiatives to sustain competitiveness and achieve long-term progress such as airport expansions and attracting international medical healthcare. Suvarnabhumi and Don Muang in Bangkok, Hat Yai, Chiang Mai, Chiang Rai and Phuket - which together handle 90% of traffic in the country have already undergone expansions to cope with soaring number of arrivals.<sup>5</sup> The Airport Authority of Thailand has since begun the phase two expansion of Suvarnabhumi International airport to increase capacity from 45 million to 60 million passengers by 2020, construction is set to complete by 2019. Meanwhile, Don Muang Airport has planned to finish the renovation of the existing passenger terminals in 2022, expecting to serve 40 million from the current 28 million passengers.<sup>6</sup>

Research from Economic Intelligence Centre (EIC) portrays that Thailand has become Southeast Asia's leading hub for international healthcare services, claiming a 30% share of the Asia-Pacific medical tourism market, as a result of cheaper healthcare costs, renowned service quality and internationally recognized healthcare standards. Within the next five years, the number of foreign patients is expected to grow 9% per annum. Medical tourism has become increasingly important during recent years as it requires patients to stay in the country for longer periods of time. Medical tourists also spend at a higher average per head as they typically seek high-quality accommodations, amenities, food and transportation. In 2015, the market for medical tourism in Thailand was valued at USD 852 million and growing at an impressive rate of 20% during the previous five years.

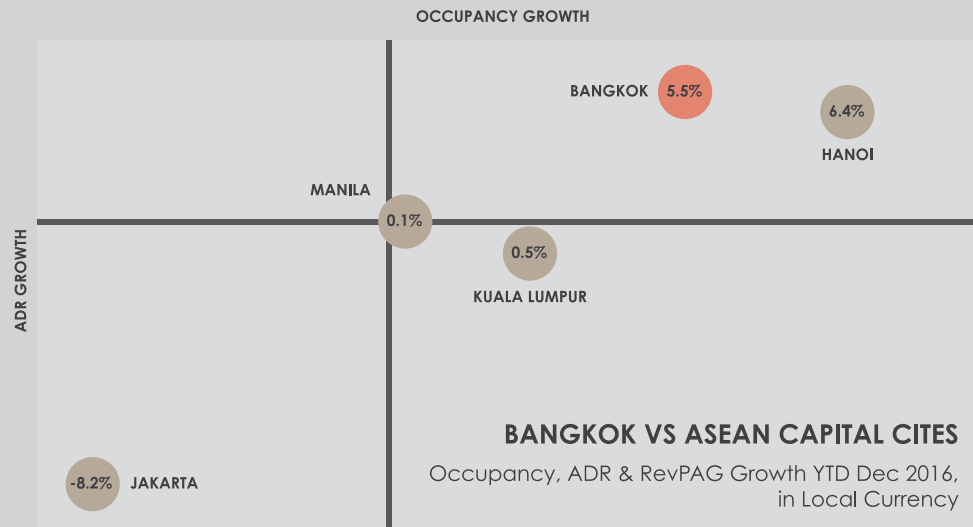
Bangkok's new supply and additional rooms will continue to accommodate travellers both in the mass and luxury markets. Although the market has reported relatively slow supply growth, it has regained momentum in recent years, 2016 alone saw over 1,952 rooms enter the market, indicating an increase of 0.8%. Several international and local developers have announced expansion plans, including Marriott and Accor Hotel Group. It is expected that this number will substantially grow at a more rapid pace, with a particular emphasis on the luxury market, where 40% of hotels set to open within the next 4 years being in the upscale segment along Sukhumvit and the Riverside areas with 1,941 keys, a total of 29% of total hotel supply.<sup>6</sup>

Thailand turned a second straight year with performance growth, a key indicator of

success in the hotel industry, continuing its recovery from a period of political instability in 2014. According to Smith Travel Research (STR Global), Thailand enjoyed healthy gains in each three key performing measurements; occupancy rates +4.6% to 83.6%, bringing the average up to 75% (2.6% increase from 2015) and an Average Daily Rate +1.4% to THB 5,954, and Revenue Per Available Room (RevPAR) also rose 1% to THB 3,617, highlighting the fact that Thailand's occupancy and ADR are among the strongest in the region.

For the first time on record, Thailand recorded 48 nights with occupancy rates above 85.0% within the first three months of the year with ADR during occupied nights 20.5% higher than nights with occupancy below 85.0%, this was in the highest quarterly RevPAR STR Global has ever benchmarked in Thailand.<sup>8</sup>

In the short term, Thailand's tourism industry will continue to expand by relying on existing markets, however, the industry must take action on a variety of improvements



and adapt to challenges, disruptions, and potential threats that could hinder growth. In the case of the traditional hotel industry, Airbnb has become a significant player in the global accommodation sector, resulting in hotels becoming faced with increased competition. However, research shows that effects of Airbnb are more apparent in the 2-3 star segments, where consumers are price sensitive. In comparison, the luxury hotel sector, where branding and experience are of most utmost importance, have so far proved immune to the ad hoc market.<sup>8</sup>

Overall, it is expected that the hotel market in Bangkok will continue to offer conditions for further growth opportunities. Although current global economic conditions could hinder progress in the short term, it is forecasted that hotel supply will continue to grow at an increasing rate, especially in

the mid to luxury hotel range. Experts predict a continued upward trend in ADR and RevPAR, driven by an increase in occupancy levels in the light of growing hotel demand. New initiatives taken by the TAT, to attract more visitors from untapped markets and focus on structural changes to diversify the tourism market is expected to boost demand.

On the supply side, 5,000 hotel keys is expected to be completed by 2017 which further brings supply up by 14%, a slow but positive growth for industry. There could be a possibility of demand growth exceeding supply, allowing room rates to rise, although there seems to be no slowdown in new hotel construction starts due to more investors seeing tourism as being a vital key growth driver for Thailand.<sup>5</sup>

SOURCE :

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## ECONOMIC ANALYSIS

## GLOBAL DATA CENTRE MARKET

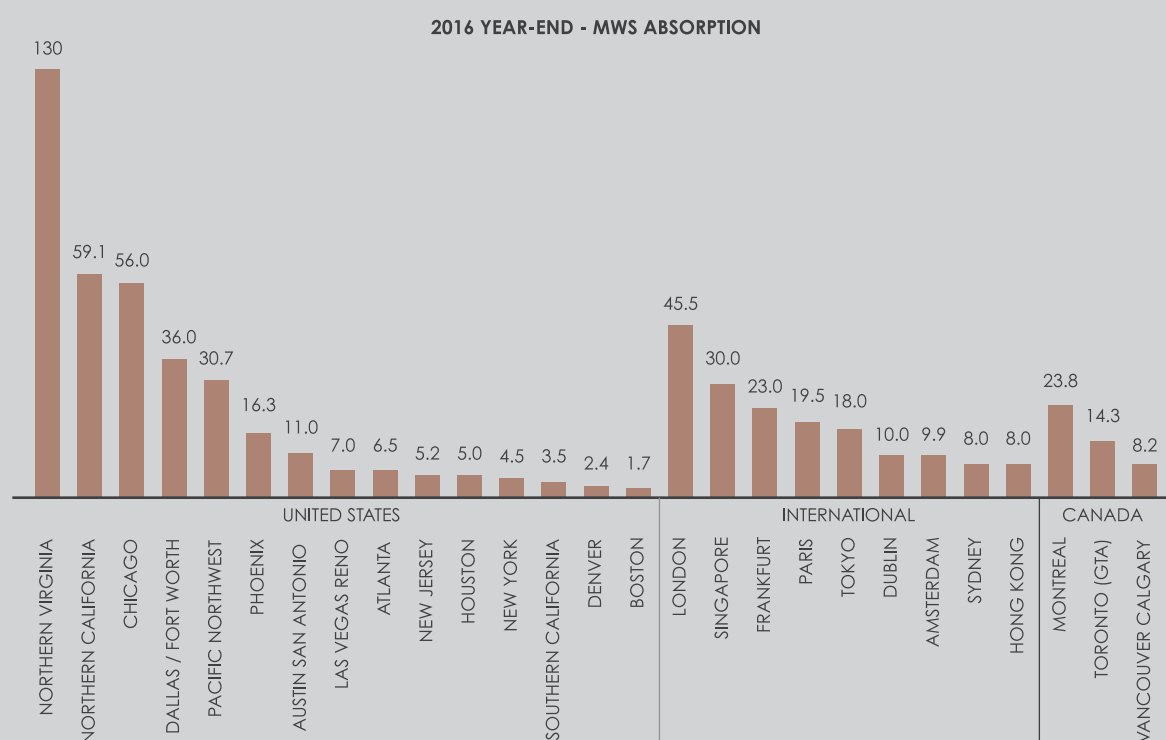
Today's data centre landscape is changing fast, with leading providers and users striving to stay competitive amidst rapid regulatory, technological, and environmental change. As the new digital age emerges and users spread out across locations, the industry continues to grow vigorously along with the demand for data storage.

During 2016, the data centre market thrived regardless of the pace of macroeconomic growth. Demand for cloud technology grew strongly as more corporates integrate cloud solutions into their overall IT architecture. Big providers shifted gears toward building out fewer but larger campuses in order to spread infrastructure and ultimately lower cost of delivery and accommodate the intense demand for server space to support cloud and digital content-driven demand.

Evolving data sovereignty laws are also redrawing the map, creating and expanding new markets globally. The Big Six data centre

provider companies, including Equinix, Digital Realty, DuPont Fabros Technology, CoreSite Realty, CyrusOne, and QTS, are expanding internationally more rapidly than in the past to locations with needs driven by data sovereignty laws as well as emerging markets. Globally, the multi-tenant data centre market is expected to rise at a compound annual growth rate (CAGR) of 12.1% between 2015 and 2018. The cloud managed services market size is estimated to grow at a CAGR of 16.6% from USD 35.54 billion in 2016 to USD 76.73 billion in 2021. Meanwhile, top cloud providers are expected to pull in a collective of USD 120 billion by 2020, representing a CAGR of 61.3% from USD 11.2 billion in 2015.

The UK data centre market is expected to grow by 8-10% in line with recent trends in 2017, potentially due to resurgence in demand for data centre space from more traditional corporate sectors. London is the data centre capital of Europe and the third-largest data centre industry in the world





- representing around 80% of the total UK capacity and 44% of total capacity across major European markets. Judging by recent trends, this dominance looks unlikely to change and the effect following Brexit on London's digital ecosystem is anticipated to be minimal. The recent Equinix announcement of a data centre acquisition in Slough from IO for an undisclosed price can be viewed as a vote of confidence for London remaining a major global financial centre despite Brexit vote. As for data protection regulation, replicating the EU framework will be integral when ensuring the free flow of data across borders. Further ahead, the continued growth of demand for cloud services from corporate

sectors will strengthen London's digital ecosystem, maintaining its dominance as a European data centre destination.

Recent trends also see traditional real estate investment trust (REIT) investors turn to data centre REITs for higher adjusted funds from operations (AFFO) growth. Data centre REITs continue to report solid earnings while boasting an impressive return on investment (RoI) compared to that from other asset types. In addition, the sector is levered to exponential data growth and less dependent upon GDP, job growth and consumer confidence; hence, continues to outperform the more traditional REIT sectors.

SOURCE :

- (1) Strong Demand, Smart Growth. Data Center Outlook JLL (2016): 1-27. Web. 10 Mar 2017.
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## ECONOMIC ANALYSIS

# EDUCATION SECTOR

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International education has been a growing universal trend over the last 10 years, the sector now generates an estimated USD 34.4 billion in 2013, up USD 20 billion in 2009, while educating close to 3.5 million students in 238 countries across the world. With fundamentally attractive characteristics, this premium product, driven by expanding middle classes, holds strong underlying demand, and is resilient to negative macroeconomic trends. It has become evident that the international school market is no longer a small market, catering to niche groups, rather the sector is now big business and has been recognised by a broad range of investors, suppliers, and providers.<sup>1</sup>

While the market is hugely diverse, the commonality that constitutes an international school is that they offer a curriculum - national or international - different to that of the host country and that the school's curriculum should emphasize international themes and global citizenship, as well a multinational make-up of the student and faculty body. Traditionally, international schools served the children of expatriate workers and diplomats in which local education system was less appropriate. Through the course of the millennium, that reality has been turned on its head, with local children, generally from wealthy families, accounting for almost 80% of total enrollments. Today, it is the aspirational and growing middle classes of developing economies that are the key drivers of growth within the sector, transforming the market from a largely non-profit model to one that is predominantly operating with a bottom line.<sup>2</sup>

As the number of international schools rise, large respectable operators have stepped in to aid in the development of schools, covering several key markets across the world. According to a the New 2016 Global Report published by ISC Research, a UK-based organization dedicated to analyzing, researching and tracking developments in the international school market, in the past five years, supply for English-medium K-12 international school markets increased by an impressive 41.5% representing a total of

8,257 schools. During that same period, the number of students attending international schools has risen over 4.3 million, indicating a 45.9% growth.<sup>1</sup> ISC Research predicts that by 2026, the K-12 international school market will reach 16,000 schools, educating over 8.75 million students and generating a total fee income of USD 89 billion.<sup>2</sup>






Although international education is a growing global trend, Asia is leading the way. Asia, which includes Western Asia and the Middle East, is the largest market for international education and has seen the greatest growth in students with 55.7% increase during the five-year period. The continent holds the biggest market share with 54% of all international schools, representing 4,448 international schools and 60% of all students at 2.55 million. In addition, the United Arab Emirates (UAE) and China lead in terms of the highest number of schools and students, UAE with 548 schools and 564,200 students and China with 547 and 265,400 respectively. Reports have predicted that the Asia-Pacific region will have as many as 7,000 international schools to cater up to 5 million students by 2024.

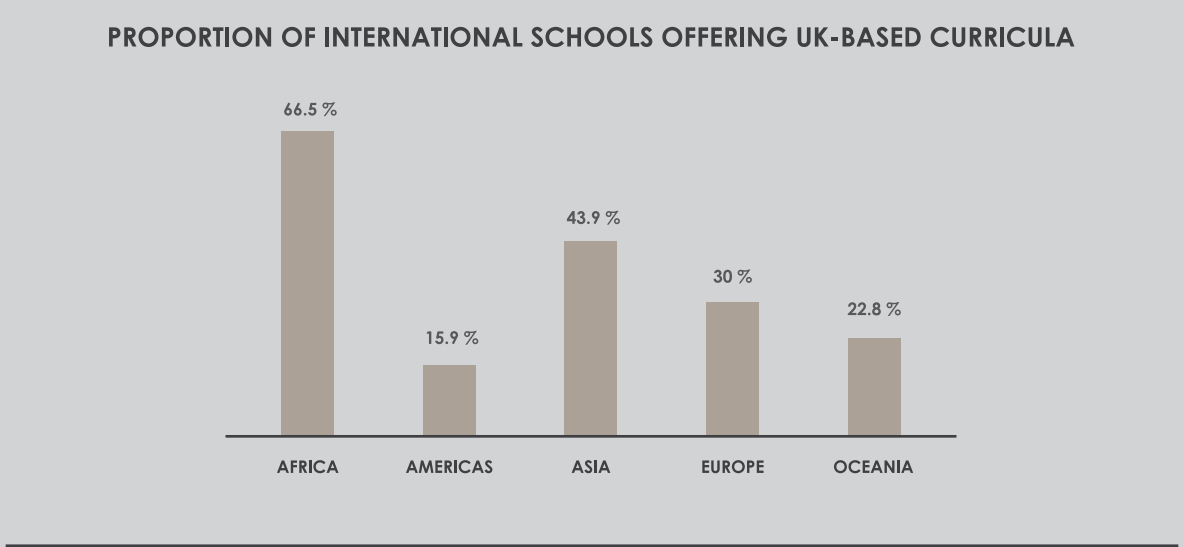
The lucrative aspect within the education sector lies within the annual fee income for K-12 international school market, which has increased by 45.9% over the last five years to USD 39 billion as a result of huge market expansion, the outsized growth in fee income is suggestive of a market where demand outstrip supply, with enrollment dominated by the 5 richest percent of non-English speaking local families.<sup>4</sup>

The dominance of English as the language of business and the renowned status of the English Education system has been a key contributor to the rise of international education. Although the international curricula such as the International Baccalaureate and the International Primary Curriculum continue to gain strength, the British education curricula consistently remains one of the most popular options for a vast number of international schools around the world.<sup>3</sup> UK's education market has paved the way for

education services and has been a major contributor to England's national wealth and economic development, receiving an influx of foreign students year-on-year. A number of prestigious UK independent schools have already established themselves internationally such as Harrow, Shrewsbury, Dulwich and Wellington College.<sup>4</sup>

The rising number of students studying at fee-paying international schools in their home country portrays that parents are inclined to enable their children to follow a Western style of learning in the English language in order to obtain globally recognised qualifications, and secure a place at the most reputable Universities.<sup>1</sup>

THE INTERNATIONAL SCHOOLS MARKET IN ASIA					
	 SCHOOL	 STUDENTS	 STAFF	 AVERAGE ANNUAL FEE (USD)	 FEE INCOME (USD)
CURRENT	4,448	2,555,000	238,900	8,380	20.6 BILLION
% OF GLOBAL	53.9%	60%	58.8%	-	53.2%



The English-medium international school market in Thailand is set to expand in conjunction with the establishment of the ASEAN Economic community, and with continued government recognition of growth prospects and economic value of international schools to the country.<sup>5</sup> According to ISC Research, Thailand ranks 8<sup>th</sup> place in Asia, by 'Number of International Schools', representing 178 English-medium international schools, with over 7,300 teachers in Thailand and educating over 65,000 international students. Bangkok dominated the market with 106 international schools,

especially in the premium international school sector.

Thailand is home to several top-tier international schools, which are considered among the best, key vendors include; International School of Bangkok (ISB), Ruam Rudee International School (RIS), and Bangkok Patana School (BPS). Other well established high profile international schools in Thailand include the New International School of Thailand (NIST) and British independent schools of Harrow and Shrewsbury. These schools are almost always in high demand

and charge extremely high fees. Such establishments were accredited to producing students that were among the top scorers in 2014, even more so than their Japanese, Singaporean, Finnish, Swiss and American counterparts.<sup>6</sup>

Aside from demand for schooling among expatriates living in the country, recent changes in demography have impacted the K-12 education market in Thailand extensively, wealthy local families have increasingly sought out places in Thailand's premium international schools in efforts to seek opportunities for higher education. Almost half of Thailand's international schools follow (all or in part) the National Curriculum of England and approximately 30% deliver a US-style curriculum. 14% deliver one or more of the International Baccalaureate programs (the IB Primary Years Programme, the IB Middle Years Programme, and the IB Diploma Programme).<sup>7</sup>

According to the International School Association of Thailand (ISAT), premium international school fees can typically range from THB 478,000 to over THB 870,000 a year; this number excludes registration, building management and a host of other costs, with

price points directly linked to recruiting and retaining teachers, facilities, and resources.<sup>7</sup>

As the popularity of international school rise, one of the biggest challenges and concerns will be hiring enough qualified teachers and leaders to educate children. Demand for places in schools with predominantly Western teachers equipped with respected qualifications is a key criterion for many parents, one that will pose difficulty to attain. ISC research predicts that in 10 years, the number of teachers required to supply global demand will be 780,000; double the number of full-time staff employed in the sector today.

In comparison, over the past seven years, Thailand has witnessed a slight increase in supply, where experts suggest challenges such as political unrests has caused expat teachers reluctant to pursue careers in the country. Nevertheless, the success and reputation of Thailand's international education sector has raised hopes that the country could become AEC's international education hub, suggesting continued government support towards the international school sector.<sup>8</sup>

#### SOURCE :

- (1) "Report reveals rapid rise in international schools." John Catts InternationalSchoolSearch.com 23 June 2016: n. pag. Print.
- (2) "The Booming International Schools Sector." WENR World Education News & Reviews, Ed. Nick Clark. WES, 8 July 2015. Web. 8 Mar 2017.
- (3) "A British brand abroad: the developing international schools market." Croner-i. Wolters Kluwer, 10 Aug 2015. Web. 8 Mar 2017.
- (4) Kerdchuen, Wanant. "Scholars and dollars | International Schools are flourishing across Asia but upholding standards remains a challenge in every country." Bangkokpost.com. Bangkok Post, 04 May 2015. Web. 8 Mar 2017.
- (5) Wanchupela, Rose Marie. "A History of International Schools in Thailand." Preparing For The Future 3 (2007): n. pag. Thai-American Business. Web. 8 Mar 2017.
- (6) "A world of educational opportunity." Bangkokpost.com. Bangkok Post, 25 Feb 2015. Web. 10 Mar 2017.
- (7) "Cost of Quality." Asia Focus. Bangkok Post, 04 May 2015. Web. 10 Mar 2017.
- (8) "New data on international schools suggests continued strong growth." ICEF MONITOR (2014): n. pag. Web. 10 Mar 2017.



# WATERFRONT LIVING AT ITS FINEST

In the heart of Bangkok, overlooking the majestic Chao Phraya River, rises the first waterfront Four Seasons Private Residences in Asia.

An iconic 73-story residential tower standing over more than 14 acres of prime land, Four Seasons Private Residences Bangkok at Chao Phraya River is designed to become the most exclusive residential address; where luxury and legendary Four Seasons service combine to create a lifestyle unlike any other.



DISCLAIMER: Chao Phraya Estate Project (the "Project") is a project of Landmark Holdings Company Limited (the "Company") which has its registered office at Level 20, Ploenchit Tower, 688 Ploenchit Rd, Bangkok, 10330 Thailand with its registered capital of Thai Baht 147 million (fully paid up). Mr. Ben Tachasud is an authorized director of the Company. The location of the Project is on the land title deed No. 2504, with total area of 55 Rai 2 Ngan 69 Square. We released from Country Group Development Public Company Limited where it leases from the Crown Property Bureau for an initial term of 25 years, with 2 renewal options which are subject to terms and conditions thereunder. The land and private residence are not encumbered with financial institute. The Project consists of two hotels, and one private residence (73 storey, having approximately 355 units), totaling three towers sharing certain infrastructure associated with the below-grade structure of the building. Expenses and taxes will be paid by unit owners. An Environmental Impact Assessment report for the Project has been approved by the Office of Natural Resources and Environmental Policy and Planning as per letter number ToSor 10065/10759 dated 9 December 2011. The Project has been awarded a construction permit from the Bangkok Metropolitan Administration as per letter number Go for 0807/Go 844 dated 10 September 2014. Project construction has begun and is currently expected to be completed by the end of 2018, although this remains subject to change. Remarks: i) Information in the disclaimer is subject to further changes and/or amendments; and ii) The illustrations in the AD are simulated and to be used for advertisement purpose only.

Four Seasons Private Residences Bangkok at Chao Phraya River are not owned, developed or sold by Four Seasons Hotels Limited or its affiliates (Four Seasons). The developer uses the Four Seasons trademarks and tradenames under a license from Four Seasons Hotels and Resorts Asia Pacific Pte Ltd. The marks "FOUR SEASONS," "FOUR SEASONS HOTELS AND RESORTS," any combination thereof and the Tree Design are registered trademarks of Four Seasons Hotels Limited in Canada and USA, and of Four Seasons Hotels (Barbados) Ltd. elsewhere.



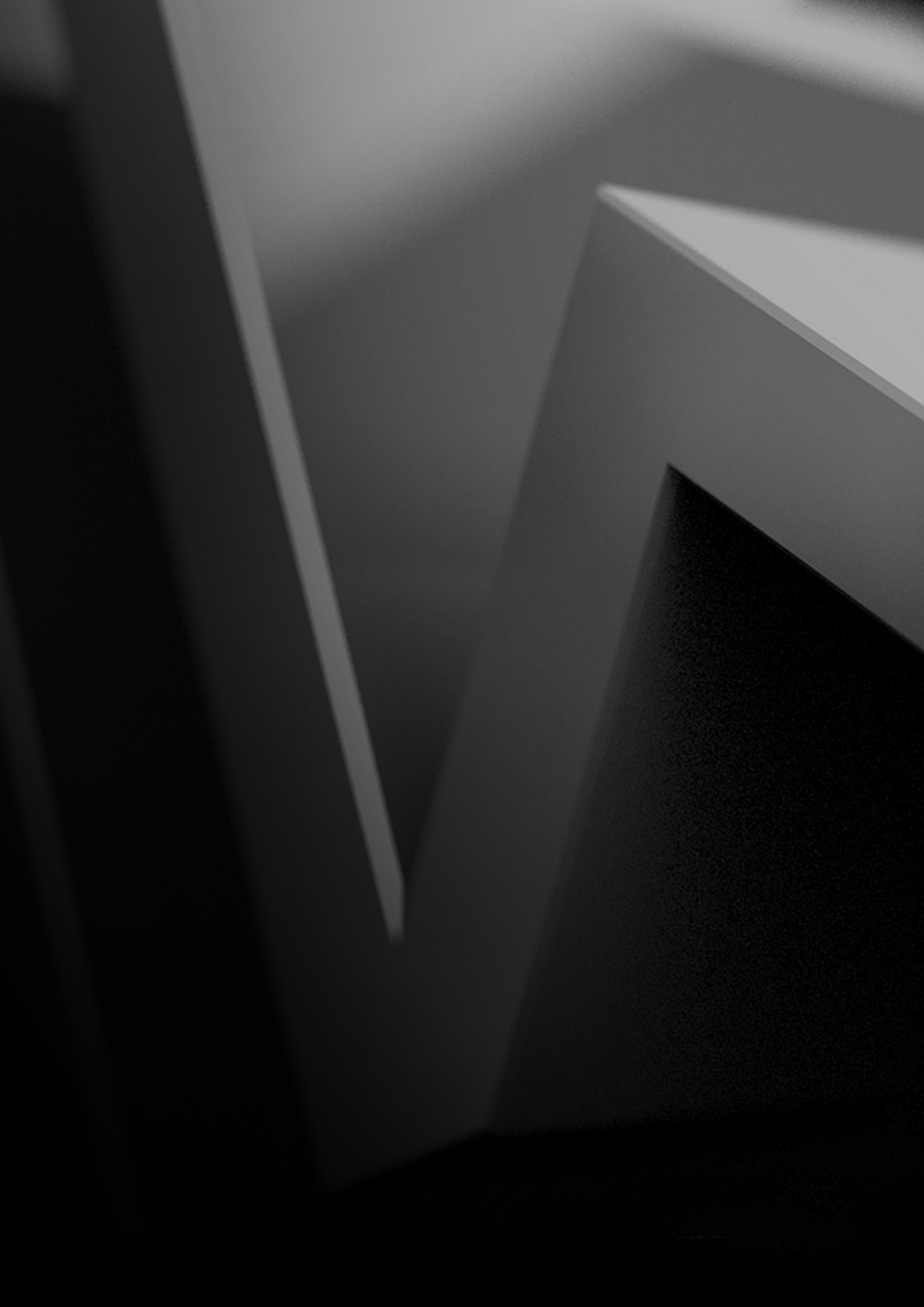


FOUR SEASONS

PRIVATE RESIDENCES

BANGKOK AT CHAO PHRAYA RIVER

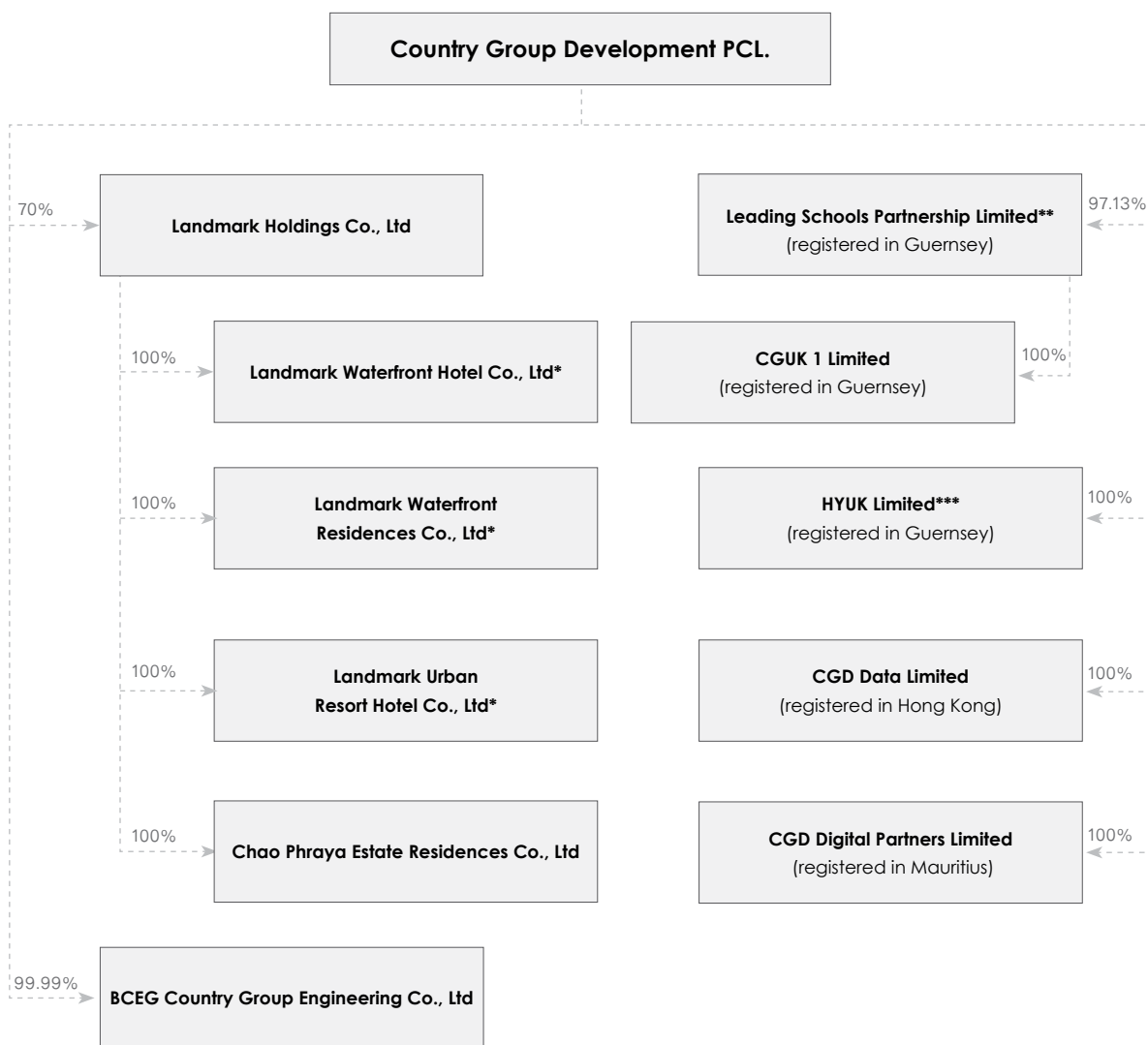
A COUNTRY GROUP DEVELOPMENT





# SHAREHOLDER STRUCTURE

The Shareholder Structure as of December 31, 2016 is as follows;



## Remark

\*The 3 subsidiaries have registered the dissolution with the Ministry of Commerce on December 30, 2014. Currently, all these subsidiaries are in the process of liquidation.

\*\* Leading Schools Partnership Limited is established on August 26, 2016.

\*\*\* HYUK Limited is established on October 27, 2016.

# GENERAL INFORMATION AND OTHER IMPORTANT INFORMATION

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## 1. General information of the Company

Company name	: Country Group Development Public Company Limited
Symbol	: CGD
Address	: 898 Ploenchit Tower, 20 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Registration No.	: 0107538000177 (Bor Mor Jor 540)
Type of business	: Holding company and property development
Registered capital	: Baht 10,814,953,771 consisting of 10,814,953,771 ordinary shares with a par value of Baht 1 per share (as at December 31, 2016)
Paid-up capital	: Baht 7,336,295,227 consisting of 7,336,295,227 ordinary shares with a par value of Baht 1 per share (as at December 31, 2016)
Outstanding bond	: The Company has outstanding of short-term bill of exchange not over 270 days total amount of Million Baht 1,500 and outstanding of long-term debt total amount of Million Baht 1,150 (as at December 31, 2016)
Website	: <a href="http://www.cgd.co.th">www.cgd.co.th</a>
Branch	: -None -
Investor Relations Section	: Tel: 0-2658-7888 ext. 146 Fax: 0-2658-7880 and E-mail: <a href="mailto:info_ir@cgd.co.th">info_ir@cgd.co.th</a> .
Contact	: Tel: 0-2658-7888 Fax: 0-2658-7880

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## 2. General information of the Subsidiaries

Company name	: Landmark Holdings Company Limited
Type of business	: Trading, rent and real estate operations and holding company
Address	: 898 Ploenchit Tower, 20 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Registered and paid-up capital	: Million Baht 210.00 consisting of 21,000,000 ordinary shares with a par value of Baht 10 per share (as at December 31, 2016)
Contact	: Tel: 0-2658-7888 Fax: 0-2658-7880
% of shareholding	: 70.00% of paid-up capital

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Company name : Landmark Waterfront Hotel Company Limited\*  
 Type of business : Hotel, restaurant and shop  
 Address : 898 Ploenchit Tower, 20<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Registered and paid-up capital : Million Baht 50.00  
 consisting of 1,000,000 ordinary shares  
 with a par value of Baht 50 per share  
 Contact : Tel: 0-2658-7888 Fax: 0-2658-7880  
 % of shareholding : 70.00% of paid-up capital  
 (The Company holds shares indirectly through Landmark Holdings Company Limited)

**\* Note**

The subsidiary has registered the dissolution with the Ministry of Commerce on December 30, 2014. Currently, it is in the process of liquidation.

Company name : Landmark Waterfront Residences Company Limited\*  
 Type of business : Real estate  
 Address : 898 Ploenchit Tower, 20<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Registered and paid-up capital : Million Baht 50.00  
 consisting of 1,000,000 ordinary shares  
 with a par value of Baht 50 per share  
 Contact : Tel: 0-2658-7888 Fax: 0-2658-7880  
 % of shareholding : 70.00% of paid-up capital  
 (The Company holds shares indirectly through Landmark Holdings Company Limited)

**\* Note**

The subsidiary has registered the dissolution with the Ministry of Commerce on December 30, 2014. Currently, it is in the process of liquidation.

Company name : Landmark Urban Resort Hotel Company Limited\*  
 Type of business : Hotel, restaurant and shop  
 Address : 898 Ploenchit Tower, 20<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Registered and paid-up capital : Million Baht 50.00  
 consisting of 1,000,000 ordinary shares  
 with a par value of Baht 50 per share  
 Contact : Tel: 0-2658-7888 Fax: 0-2658-7880  
 % of shareholding : 70.00% of paid-up capital  
 (The Company holds shares indirectly through Landmark Holdings Company Limited)

**\* Note**

The subsidiary has registered the dissolution with the Ministry of Commerce on December 30, 2014. Currently, it is in the process of liquidation.

Company name : Chao Phraya Estate Residences Company Limited  
 Type of business : Real estate management of Chao Phraya Estate Project  
 Address : 898 Ploenchit Tower, 20<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Registered capital : Baht 131,193,880  
 consisting of 6,690,900 preference share with a par value of Baht 10 per share and 6,428,488 ordinary shares with a par value of Baht 10 per share  
 Paid-up capital : Baht 32,805,970 (paid up Baht 2.5 per share)  
 Contact : Tel: 0-2658-7888 Fax: 0-2658-7880  
 % of shareholding : 70.00% of paid-up capital  
 (The Company holds shares indirectly through Landmark Holdings Company Limited)

Company name : BCEG Country Group Engineering Company Limited  
 Type of business : Construction and building maintenance  
 Address : 898 Ploenchit Tower, 20<sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Registered and paid-up capital : Million Baht 1.00 consisting of 100,000 ordinary shares with a par value of Baht 10 per share  
 Contact : Tel: 0-2658-7888 Fax: 0-2658-7880  
 % of shareholding : 99.99% of paid-up capital

Company name : CGD Data Limited,  
 registered in Hong Kong Special Administrative Region of the People's Republic of China  
 Type of business : Holding company  
 Address : Suite 3004 Universal Trade CTR, 3-5A Arbuthnot Road, Central, Hong Kong  
 Registered and paid-up capital : HKD 139,009,673  
 consisting of 139,009,673 ordinary shares with a par value of HKD 1 per share  
 % of shareholding : 100% of paid-up capital

Company name : CGD Digital Partners Limited,  
 registered in Mauritius  
 Type of business : Holding company  
 Address : 8<sup>th</sup> Floor, Medine Mews, La Chaussee Street, Port Louis, Mauritius  
 Registered and paid-up capital : USD 17,912,281  
 consisting of 17,912,281 ordinary shares with a par value of USD 1 per share  
 % of shareholding : 100% of paid-up capital

Company name : CGUK 1 Limited,  
 registered in Guernsey  
 Type of business : Real estate  
 Address : Anson Court, La Route des Camps, St Martin, Guernsey,  
 GY4 6AD  
 Registered and paid-up capital : GBP 5,000,000  
 consisting of 5,000,000 ordinary shares  
 with a par value of GBP 1 per share  
 % of shareholding : 97.13% of paid-up capital  
 (The Company holds shares indirectly through  
 Leading Schools Partnership Limited)

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Company name : Leading Schools Partnership Limited,  
 registered in Guernsey  
 Type of business : Holding company  
 Address : Anson Court, La Route des Camps, St Martin, Guernsey,  
 GY4 6AD  
 Registered and paid-up capital : GBP 5,000,000  
 consisting of 5,000,000 ordinary shares  
 with a par value of GBP 1 per share  
 % of shareholding : 97.13% of paid-up capital

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Company name : HYUK Limited,  
 registered in Guernsey  
 Type of business : Real estate  
 Address : Anson Court, La Route des Camps, St Martin, Guernsey,  
 GY4 6AD  
 Registered and paid-up capital : GBP 1 consisting of 1 ordinary shares  
 with a par value of GBP 1 per share  
 % of shareholding : 100.00% of paid-up capital

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## 2. Other reference persons

Securities Registrar : Thailand Securities Depository Company Limited  
 93 Ratchadapisek Road, Din Daeng, Din Daeng,  
 Bangkok 10400  
 Tel: 0-2009-9000 Fax: 0-2009-9991  
  
 Auditor : Ms. Nisakorn Songmanee  
 Certified Public Accountant Registration No. 5035  
 Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.  
 AIA Sathorn Tower building, floor 23-27,  
 11/1 South Sathorn Road, Yannawa, Sathorn  
 Bangkok 10120  
 Tel: 0-2034-0000 Fax: 0-2034-0100

# SHAREHOLDING AND MANAGEMENT STRUCTURES

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## 1. BOARD OF DIRECTORS

The Company's Board of Directors consists of 12 members who possess qualifications in accordance with the Public Limited Company Act B.E. 2535(1992) section 68 and the related notifications issued by the Office of the Securities and Exchange Commission. Of the total board members, 7 are independent directors.

No.	Name of directors	Position
1	Mr. Vikrom Koompirochana	Independent Director and Chairman of the Board of Directors
2	Mr. Sadawut Taechaubol	Vice Chairman of the Board of Directors
3	Mr. Subhakorn Bhalakula	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee
4	Pol. Lt. Gen. Werapong Chuenpagdee	Independent Director, member of the Audit Committee and member of the Nomination and Compensation Committee
5	Mr. Hsu-Feng Shueh	Independent Director and member of the Audit Committee
6	Mr. Gavintorn Atthakor	Independent Director
7	Air Chief Marshal Permkiat Lavanamal	Independent Director
8	Pol. Maj. Gen Ittipol Ittisarnronnachai	Independent Director
9	Mr. Ben Taechaubol	Director, member of the Nomination and Compensation Committee, Chairman of the Investment Committee and Chief Executive Officer
10	Mr. Jirasak Ponghathaikul	Director
11	Ms. Jaelle Ang Ker Tjia	Director
12	Mr. Yiu Sing Tse	Director



Details of the attendance of the Board of Director Meeting and the Sub-Committee meeting year 2016 between January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016 are as following:

No.	Name of Director	No. of Board of Directors Meetings attended	No. of Audit Committee Meetings attended	No. of Compensation Committee Meetings attended
1	Mr. Vikrom Koompirochana	11/11	-	-
2	Mr. Sadawut Taechaubol	11/11	-	-
3	Mr. Subhakorn Bhalakula	10/11	8/8	2/2
4	Pol. Lt. Gen. Werapong Chuenpagdee	7/11	5/8	1/2
5	Mr. Hsu-Feng Shueh	10/11	7/8	-
6	Mr. Gavintorn Atthakor	5/11	-	-
7	Air Chief Marshal Permkiat Lavanamal	9/11	-	-
8	Pol. Maj. Gen Ittipol Ittisarnronnachai	6/11	-	-
9	Mr. Ben Taechaubol	11/11	-	2/2
10	Mr. Jirasak Ponghathaikul	7/11	-	-
11	Ms. Jaelle Ang Ker Tjia	5/11	-	-
12	Mr. Yiu Sing Tse	6/11	-	-

#### Authorized Directors

Authorized Signatures of Directors which can bind the Company are that Mr. Ben Taechaubol or Mr. Sadawut Taechaubol gives signature and affixing the Company's seal.

#### Authorities and Responsibilities of the Board of Directors

1. Establish and enforce corporate governance guideline and business ethic, as well as being a good role model.
2. Govern the operation of CGD in accordance with laws and regulations, objectives, article of association, shareholders' meeting resolution, as well as corporate governance guideline and business ethic.
3. Cooperate with the Management Team to formulate and develop the vision, mission, and value of the Company.
4. Evaluate and discuss the Company's strategic plan proposed by the Management Team, and approve all key issues concerning the Company's direction and policy, annual operating budget, capital expenditure, debt creation, human resource management, and operating target.
5. Access conflict of interest issue with diligence, transparency, and objectivity.
6. Set up a clear and appropriate operating procedure, a transparent and effective internal control system, and a sufficient risk management system.
7. Oversee the auditing process from both internal and external auditors and make sure that they do their jobs effectively.
8. Oversee the appropriateness and accuracy of information disclosure to all stakeholders.
9. Empower the Company's Chief Executive Officer with authority to conduct the business under an approved budget and evaluate the performance according to the business plan.
10. Monitor the Company's operation and development and ensure that it meets its objectives, and abides by all laws, regulations, and policies.

11. Establish a policy on the Company-wide risk management and assign Management Team to implement and report to the Board of Directors regularly. In addition, review and assess the effectiveness of the policy at least annually.
12. Appraise the performance of the Company's Directors, Chief Executive Officer, as well as supervise the effectiveness of the performance appraisal process of high-level management.

## 2. MANAGERMENTS

As of 28 February 2017, there are 8 executives who are according to the definition of the office of Securities and Exchange Commission as follows:

No.	Name	Position
1	Mr. Ben Taechaubol	Chief Executive Officer
2	Mr. Ben Taechaubol	Executive Director – Projects Division (Acting)
3	Mr. Chatchai Chordokrak	Executive Director – Accounts & Finance Division
4	Mr. Suttinath Jitticharunglap	Executive Director – Operation Division
5	Ms. Kitima Kritiyachotipakorn	Executive Director – Sale Division
6	Ms. Jariyakorn Sodathanyapat	Executive Director – Sale Division
7	Ms. Kwanrudee Maneewongwatthana	Executive Director – Marketing Division
8	Mr. Varakorn Techamontrikul	Executive Director – Development Division
9	Ms. Patra Kantasiribitaks	Executive Director – Investment Division

**Note:**

1. Ms. Patra Kantasiribitaks was appointed as executive director in charge of the Investment Division on 16 May 2016.
2. Mr. Suttinath Jitticharunglap was appointed as executive director in charge of the Operation Division on 1 February 2017.

### Authorities and Responsibilities of Chief Executive Office

1. Supervise the operation of the Management Team, and subsidiaries and affiliated companies in accordance with the Company's policies, business plan, and budget approved by the Board of Directors and/or other sub-committees, as well as the company's objectives, regulations, orders and resolutions of the shareholders and/or the Board of Directors and other subcommittees, and also in accordance to the SET's corporate governance guideline.
2. Delegate and/or designate representatives to work on Chief Executive Officer's behalf on specific tasks within the scope allowed by law, article association of the Company, and orders or resolutions of the Board of Directors.
3. Follow up and evaluate the performance of the Company on a regular basis in order to anticipate any risks, both internal and external that may arise, and improve the Company's efficiency.
4. Consider entering into business agreements and other contracts that benefit the Company and establish procedure and process for such agreements and contracts.
5. Evaluate the Company's performance and make recommendation on interim or annual dividend payments for the Board of Directors' approval.
6. Allocate pension payment, bonus, or other benefits, which have already been approved by the Board of Directors, to permanent or temporary employees, and staffs.
7. Authorize the Company's transaction in accordance with the approval authority:
  - a. Any transaction in relation to assets or personal services or any related party transaction whose value does not exceeding one million baht or 0.03% of the net tangible assets (NTA), whichever is higher.

- b. Any transaction in relation to financial assistance given to related individuals or businesses, whose value does not exceeding 100 million baht or 3% of the net tangible assets (NTA), whichever is higher.
  - c. Request for approval in relation to purchases of computers, furniture or office equipment, among others, to be used for business operations, whose transaction value does not exceeding 10 million baht each time.
  - d. Approval in relation to getting rid of assets or writing off bad debts or selling assets with no salvage value, whose size does not exceed 10 million baht.
8. Perform other acts as assigned by the Board of Directors.

### 3. COMPANY SECRETARY

The Board of Directors has appointed Mr. Chatchai Chordokrak as Company Secretary. He has suitable knowledge, experience and responsibility to perform this function with aim to make things done in line with rules & regulations and corporate governance.

#### **Scope of Authority of Company Secretary**

1. Organizing meetings of the Board of Directors and Shareholders in compliance with corporate governance, the Stock Exchange of Thailand Act and the Public Limited Company Act B.E. 2535 (1992).
2. Disclosing the Company's information in compliance with the requirements imposed by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and other related authorities.
3. Giving basic advice to the Board of Directors and the management on the compliance with requirements imposed by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission Also monitor introduction of new rules applicable to the Company.
4. Preparing and storing key documents and records including, among others, director register, notifications of the Board of Directors' meetings letters, minutes of the Board of Directors' meetings, the Company's annual reports, notifications of shareholders meetings, minutes of the shareholders' meeting, and reports issued by directors and executives in relation to conflicts of interest.
5. Monitoring the implementation of the Board of Directors' activities, ensuring that they are implemented effectively, efficiently, and in the best interests of the Company.
6. Coordinating subsequent actions in accordance with the resolutions adopted at the meetings of the Board of Directors and the shareholders meetings.
7. Performing other duties as assigned by the Board of Directors.

## 4. REMUNERATION OF DIRECTORS AND MANAGEMENT

### 1) Monetary remuneration

#### (a) Remuneration of Directors

The monetary remuneration provided to the Board of Directors from January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2016 amounted to Baht 4,560,000. This included monthly compensation and bonuses for the directors, the details are as following:

No.	Name	Position	Amount (Baht)
1	Mr. Vikrom Koompirochana	Independent Director and Chairman of the Board of Directors	600,000
2	Mr. Sadawut Taechaubol	Vice Chairman of the Board of Directors	360,000
3	Mr. Subhakorn Bhalakula	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee	480,000
4	Pol. Lt. Gen. Werapong Chuenpagdee	Independent Director, member of the Audit Committee and member of the Nomination and Compensation Committee	420,000
5	Mr. Hsu-Feng Shueh	Independent Director and member of the Audit Committee	420,000
6	Mr. Gavintorn Atthakor	Independent Director	360,000
7	Air Chief Marshal Permkiat Lavanamal	Independent Director	360,000
8	Pol. Maj. Gen Ittipol Ittisarnronnachai	Independent Director	360,000
9	Mr. Ben Taechaubol	Director, member of the Nomination and Compensation Committee, Chairman of the Investment Committee and Chief Executive Officer	240,000
10	Mr. Jirasak Ponghathaikul	Director	360,000
11	Ms. Jaelle Ang Ker Tjia	Director	240,000
12	Mr. Yiu Sing Tse	Director	360,000

**Notes:**

- Members of the Audit Committee received remuneration at a higher rate than that of other directors.
- No compensation was provided to members of the Nomination and Remuneration Committee.

#### (b) Remuneration of Management

In 2016, as at December, the Company paid remuneration to the management in salary, bonus and Incentive in the amount of Baht 36,612,604.

### 2) Other types of remuneration

#### (a) Contributions to Provident Fund

In 2016, as at December, the Company made contributions worth Baht 1,009,675 to the Provident Fund for directors who also served as employees and senior executives of the Company and its subsidiaries.

## 5. PERSONAL

**(1) Number of employees** (not including the management according to the definition of the office of Securities and Exchange Commission)

Employees classified by division as of 31 December 2016 are as following:

No.	Division	Number of Employees
1	Chief Executive Officer	1
2	Compliance	1
3	Internal Audit	2
4	Development Division	4
5	Projects Division	11
6	Sale Division	15
7	Marketing Division	6
8	Operation Division	33
9	Investment Division	1
10	Accounts & Finance Division	8
<b>Total Number of Employees</b>		<b>82</b>

In this connection, the Company had never been in legal dispute with its employees.

**(2) Remuneration of employees** (not including the executive as define by SEC)

The total compensation worth Baht 67,666,507 provided to employees in 2016 included salaries, bonuses, overtime, allowances, welfare benefits, special compensation and contributions to the Provident Fund.

Remuneration	Amount (Baht)
Salaries and Bonuses	60,694,170
Overtime, allowances, and welfare benefits	5,370,731
Contributions to Provident Fund	1,601,606
<b>Total</b>	<b>67,666,507</b>

**(3) Human resource development policy**

The Company recognizes the importance of its staff since they serve as very valuable resources and a key mechanism to make the Company successful. As a result, it has adopted a policy aiming at developing its staff so that they not only can perform their duties in a professional manner and carry out their existing assignments most efficiently but also are in a state of preparedness and have potential for accommodating the Company's future business expansion. Emphasis is also placed on ensuring that the Company's staffs are capable of using information technology and modern knowledge in an appropriate manner. In this connection, the Company facilitates the learning of its staff and continuously transforms itself into a learning organization. In particular, it provides its staff with opportunities to develop their skills and broaden their knowledge on a regular basis through internal and external training programs.

Recently, it has organized an internal training activity for its staff to gain a good understanding of its business and expectations. Other objectives of the training are to build positive attitudes in the workplace and to motivate staff. Moreover, as part of its efforts to enhance the skills of its staff continuously, the Company has made arrangements for them to attend various training courses related to business operations.

## MAJOR SHAREHOLDERS

Top ten major shareholders of the Company as of 17 March 2017 are as the following;

No.	Name	Number of share	% of Total shares
1	Mr. Sadawut Taechaubol	1,275,000,000	17.38
2	Mr. Ben Taechaubol	1,025,693,333	13.98
3	Country Group Holdings Public Company Limited	684,223,700	9.33
4	Mr. Tommy Taechaubol	468,867,000	6.39
5	Mr. Jirasak Ponghathaikul	268,548,385	3.66
6	Mr. Songchai Achariyahiranchai	182,740,400	2.49
7	ABN AMRO NOMINEES SINGAPORE PTE LTD	166,025,700	2.26
8	Thai NVDR Company Limited	161,803,021	2.20
9	Mr. Samrueng Manoonphol	157,302,500	2.14
10	CREDIT SUISSE AG, HONG KONG BRANCH	142,000,000	1.94

**Source:** Shareholder report dated 17 March 2017 prepared by Thailand Securities Depository Co., Ltd.

## DIVIDEND POLICY

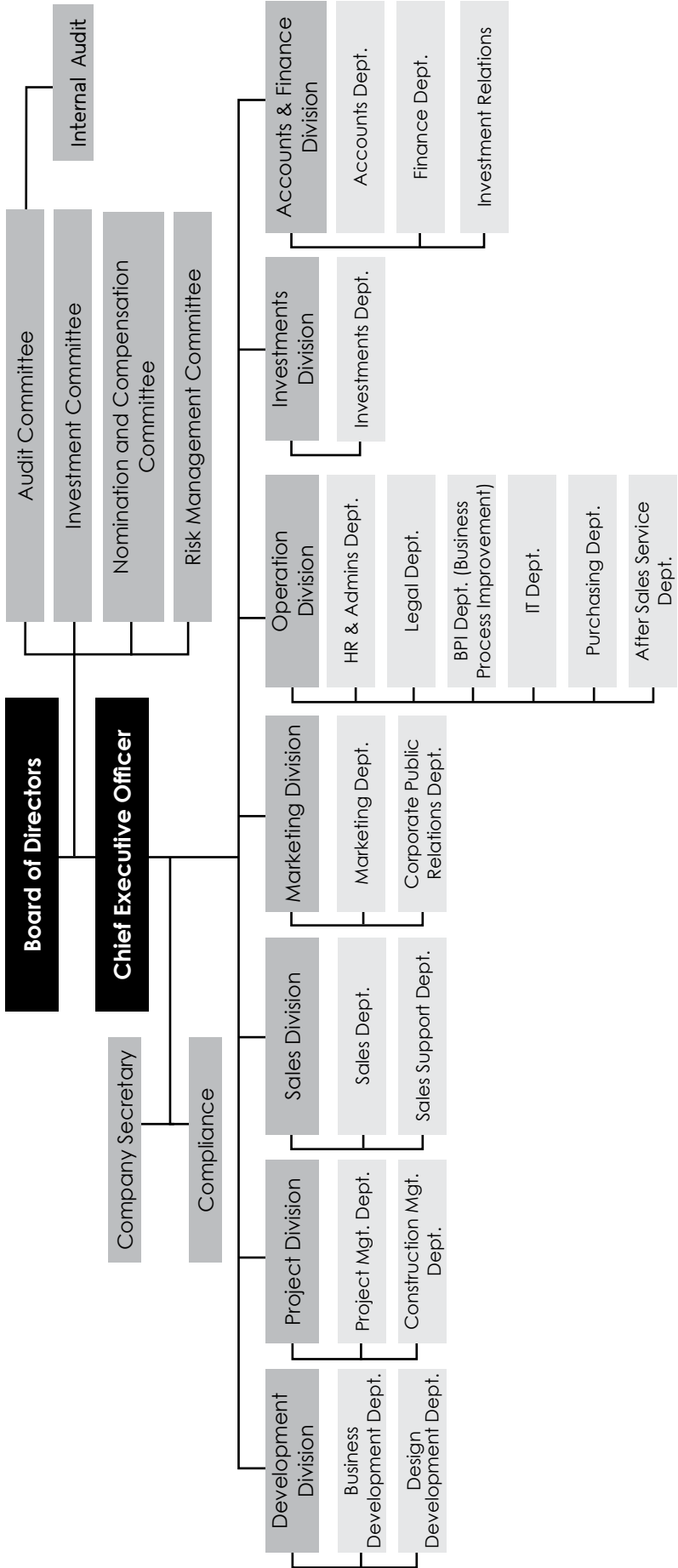
The Company has dividend payout ratio of at least 50% of net profit of the Company only (unconsolidated basis) in which net profit is after deducting corporate tax, legal reserve and other reserves. However, the Company may pay dividend less than mentioned above if necessity i.e. more working capital required, aggressive expansion plan, or else. The Board resolution on dividend payment is needed to propose to shareholders' meeting for approval, except interim dividend in which Board can go ahead and report to shareholders later.

The Company's subsidiaries also has dividend payout ratio of at least 50% of net profit after deducting corporate tax, legal reserve and other reserves. There are another four factors, cash flow analysis, financial status, liquidity and expansion plan, taking into account on how much dividend to pay.



# ORGANIZATION STRUCTURE

The Organization Structure as of December 31, 2016 is as follows;



# BOARD OF DIRECTORS BIOGRAPHIES

## Mr. VIKROM KOOMPIROCHANA

### CHAIRMAN OF THE BOARD OF DIRECTOR INDEPENDENT DIRECTOR

**Age:** 70

**Education:**

- PH.D. and Master Degree in History of International Relations, Michigan State University, USA
- PH.D. (Honorary degree) Humanities Schiller International University, United Kingdom
- Bachelor of Arts, Chulalongkorn University

**Training**

- Director Accreditation Program (DAP) 63/2007, Thai Institute of Directors Association (IOD)
- Certificate of hi-level Management Program 14/2012, Capital Market Academy
- Anti-Corruption for Executive Program 7/2013, Thai Institute of Directors Association (IOD)
- Successful Formulation & Execution of Strategy (SFE) 22/2014, Thai Institute of Directors Association (IOD)
- Role of the Chairman Program 39/2016, Thai Institute of Directors Association
- Advanced Audit Committee Program 23/2016, Thai Institute of Directors Association 23/2559 IOD

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Chairman of the Board of Director and Independent Director 2006 - Present

MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED

- Independent Director 2014 - Present
- Member of the Audit Committee
- Member of the Nomination and Compensation committee
- Chairman of Risk Management Committee 2015 - Present

BANGCHAK PETROLEUM PUBLIC COMPANY LIMITED

- Director 2013 - Present
- Chairman of the Corporate Governance Committee
- Member of the Executive Committee 2014 - 2016

THE SECURITIES AND EXCHANGE COMMISSION

- Director 2012 – 2016
- Member of the Audit Committee
- Member of the Nomination and Compensation Committee

SPORT AND RECREATION ENTERPRISES COMPANY LIMITED

- Chairman of the Board of Director 2010 – Present

OISHI GROUP PUBLIC COMPANY LIMITED

- Independent Director 2007 – Present
- Chairman of the Audit Committee
- Chairman of the Nomination and Remuneration Committee
- Member of Corporate Governance Committee 2014 – Present

BRITISH CHAMBER OF COMMERCE, THAILAND

- Honorary Advisor 2007 – Present

MINISTRY OF FOREIGN AFFAIRS

- Ambassador of Thailand to the United Kingdom of Great Ireland 2003 – 2006
- Ambassador of Thailand to Ireland

# Mr. SADAWUT TAECHAUBOL

## VICE CHAIRMAN OF THE BOARD OF DIRECTOR

**Age:** 65

**Education:**

- Bachelor of Art in Political Science, Ramkhamhaeng University
- Certificate of Commerce, Davis School, Brighton, UK
- Honorable Degree (Business Administration), Kensington University, California, USA

**Training**

- Director Accreditation Program (DAP) 66/2007, Thai Institute of Directors Association (IOD)
- Certificate of hi-level Management Program 12/2011, Capital Market Academy
- Certificate of Hi-Level Management at Energy Science 7/2016, Thailand Energy Academy
- Corporate Governance for Capital Market Intermediaries ( CGI ) Class 14/2016

**Percent of shareholding:** 17.38

**Relation:** Father of Mr. Ben Taechaubol

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Vice Chairman of the Board of Director 2010 - Present

PADAENG INDUSTRY PUBLIC COMPANY LIMITED

- Director and Chairman of the Executive Committee 2015 - Present

EDP ENTERPRISE COMPANY LIMITED

- Director 2015 - Present

ASIA ZONE VENTURE COMPANY LIMITED

- Director 2015 - Present

BBT ENTERPRISE COMPANY LIMITED

- Director 2015 - Present

COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED

- Chairman 2014 - Present
- Chairman of the Executive Board of Directors

TRADE AND RELATIONSHIP PROMOTION BETWEEN CHINA AND  
INTERNATIONAL CLUB (ORGANIZATION OF PEOPLE'S REPUBLIC OF CHINA)

- Executive Director 2013 - Present

MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED

- Director 2012 - Present
- Chairman of the Executive Committee

THAI INDUSTRY AND TRADE ASSOCIATION

- Chairman 2010 - Present

SIN SIAN YER PAO COMPANY LIMITED

- Chairman 2010 - Present

PROFIT VENTURES COMPANY LIMITED

- Director 2006 - Present

BAAN RAI TAECHAUBOL COMPANY LIMITED

- Director 2006 - Present

BANGKOK DEVELOPMENT COMPANY LIMITED

- Director 2005 - Present

COUNTRY GROUP COMPANY LIMITED

- Chairman 1994 - Present

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

- Director 2009 - Jan 2017
- Chairman of the Executive Committee

# Mr. BEN TAECHAUBOL

**DIRECTOR**  
**MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE**  
**CHAIRMAN OF THE INVESTMENT COMMITTEE**  
**CHIEF EXECUTIVE OFFICER**

**Age:** 38

**Education:**

- Master Degree in Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Law (LLB), University of New South Wales, Sydney, Australia
- Bachelor of Commerce (BCOM), University of New South Wales, Sydney, Australia

**Training**

- Director Certification Program (DCP) 123/2009, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** 13.98

**Relation:** Son of Mr. Sadawut Taechaubol

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Director 2009 - Present

LANDMARK HOLDING COMPANY LIMITED

- Director 2013 - Present

CHAO PHRAYA ESTATE RESIDENCES COMPANY LIMITED

- Director 2014 - Present

BCEG COUNTRY GROUP ENGINEERING COMPANY LIMITED

- Director 2013 - Present

CGD DATA COMPANY LIMITED

- Director 2013 - Present

CGD DIGITAL PARTNER COMPANY LIMITED

- Director 2013 - Present

MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED

- Executive Director 2008 - 2010

BAAN RAI TAECHAUBOL COMPANY LIMITED

- Director 2006 - 2010

PROFIT VENTURE COMPANY LIMITED

- Director 2006 - 2010

LANDMARK DEVELOPMENT GROUP COMPANY LIMITED

- Director 2006 - 2010

COUNTRY GROUP COMPANY LIMITED

- Director 2005 - 2010

ASIA ZONE VENTURE COMPANY LIMITED

- Director 2005 - 2010

BANGKOK DEVELOPMENT COMPANY LIMITED

- Director 2005 - 2010

EDP ENTERPRISES COMPANY LIMITED

- Director 2005 - 2010

# Mr. SUBHAKORN BHALAKULA

**CHAIRMAN OF THE AUDIT COMMITTEE**  
**CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE**  
**INDEPENDENT DIRECTOR**

**Age:** 59

**Education:**

- Master Degree in Public Law, Ramkhamhaeng University
- Bachelor Degree in Law, Thammasat University

**Training**

- Director Accreditation Program (DAP) 19/2004, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) 69/2006, Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP) 16/2007, Thai Institute of Directors Association (IOD)
- Role of The Compensation Committee (RCC) 13/2011, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Chairman of the Audit Committee 2006 - Present
- Chairman of the Nomination and Compensation committee
- Independent Director

KRUNGTHAI LEGAL SERVICES COMPANY LIMITED

- Managing Director 2014 - Present

ASSUMPTION ASSOCIATION

- Director and Vice President 2000 - Present

A-HOST COMPANY LIMITED

- Independent Director 2006 - 2013
- Chairman of the Audit Committee

LIVE INCORPORATION PUBLIC COMPANY LIMITED

- Chairman 2005 - 2015
- Chairman of the Audit Committee
- Chairman of the Nomination Committee

PLAM & BIRD FARM COMPANY LIMITED

- Managing Director 1997 - 2013

RELATING BUSINESS COMPANY LIMITED

- Director 1996 - 2013

BAN KOH RIM NAM COMPANY LIMITED

- Director 1994 - 2013

THAINEX COMPANY LIMITED

- Managing Director 1989 - 2013

# POL. LT. GEN. WERAPONG CHUENPAGDEE

## MEMBER OF THE AUDIT COMMITTEE

## MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

## INDEPENDENT DIRECTOR

**Age:** 59

**Education:**

- Master Degree, National Institute of Development Administration
- Master of Public Administration, Chulalongkorn University
- Bachelor of Public Administration, Royal Police Cadet Academy

**Training**

- Director Accreditation Program (DAP) 86/2010, Thai Institute of Directors Association (IOD)
- Role of The Compensation Committee (RCC) 13/2011, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Member of the Audit Committee 2009 - Present
- Member of the Nomination and Compensation Committee
- Independent Director

COUNTRY GROUP HOLDINGS PUBLIC COMPANY LIMITED

- Member of the Audit Committee 2014 - Present

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

- Director 2011 - 2016

FOO SIN MINING INDUSTRY COMPANY LIMITED

- Director 2014 - Present

THAI HUA RUBBER PUBLIC COMPANY LIMITED

- Independent Director 2011 - Present
- Chairman of the Audit Committee

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

- Independent Director 2015 - Present
- Member of the Audit Committee

STREGA PUBLIC COMPANY LIMITED

- Chairman of the Board of Director 2017 - Present

THE ROYAL THAI POLICE

- Assistant Commissioner-General 2016 - Present
- Commissioner, Commissioner of provincial police region 9 2015 - 2016
- Commissioner, Commissioner of provincial police region 7 2014 - 2015
- Deputy Commissioner, Commissioner of provincial police region 4 2013 - 2014
- Deputy Commissioner, office of the Police Commission 2012 - 2013
- Deputy Commissioner, Commissioner of provincial police region 8 2011 - 2012

POR KAEW ENGINEERING COMPANY LIMITED

- Legal and Management Advisor 2011 - 2013



## Mr. HSU-FENG SHUEH

### MEMBER OF THE AUDIT COMMITTEE INDEPENDENT DIRECTOR

**Age:** 49

**Education:**

- Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree in Science in Electrical Engineering, The Cooper Union, USA

**Training**

- Director Certification Program (DCP) 123/2009, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Member of the Audit Committee 2008 - Present
- Independent Director

MARGINAL COMPANY LIMITED

- Deputy Managing Director 2005 - Present

## AIR CHIEF MARSHAL PERMKIAT LAVANAMAL

### INDEPENDENT DIRECTOR

**Age:** 64

**Education:**

- Master Degree, National Institute of Development Administration
- Bachelor of Science Program, Royal Thai Air Force Academy

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Independent Director 2013 - Present

ROYAL THAI AIR FORCE

- Deputy Commander-in-Chief 2012 - 2013
- Chief of Air Staff 2011 - 2012
- Deputy Chief of Air Staff 2009 - 2011
- Assistance Chief of Air Staff, Support Services Department 2008 - 2009

# Mr. GAVINTORN ATTHAKOR

## INDEPENDENT DIRECTOR

**Age:** 42

**Education:**

- Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree in Mechanical Engineering with Business Management (Hons), University of Sussex Brighton, United Kingdom

**Training**

- Director Certification Program (DCP) 123/2009, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Independent Director 2009 - Present

ARTLINK COMPANY LIMITED

- Director 2002 - Present

PROF. BUNCHANA – THANPHUYING SAE ATTHAKOR FOUNDATION FOR EDUCATION

- Vice-President 1999 - Present

PRUDENTIAL LIFE ASSURANCE (THAILAND) PUBLIC COMPANY LIMITED

- Director 2011 - Present

ECCO 360 COMPANY LIMITED

- Chairman of Board of Director 2010 - 2015

OZONE TECHNOLOGY COMPANY LIMITED

- Managing Director 2006 - 2010

## POL. MAJ. GEN. ITTIPOL ITTISARNRONNACHAI

### INDEPENDENT DIRECTOR

**Age:** 50

**Education:**

- Master of Public Administration, Kentucky State University, USA
- Bachelor of Public Administration, Royal Police Cadet Academy (Nor Lor Tor. 43)

**Training**

- Training Course on Administrative Justice for Executives (Bor Yor Por. 6), The Administrative Court
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives (Por Por Ror. 13), King Prajadhipok's Institute
- Supervisory Criminal Investigation Course, International Law Enforcement Academy, USA

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Independent Director 2015 - Present

THE ROYAL THAI POLICE

- Commander of Nakhon Pathom Provincial Police 2016 - 2016
- Commander of Nakhon Nayok Provincial Police 2014 - 2016
- Commander of General Staff Division, Office of Logistics 2013 - 2014
- Deputy Commander, Investigation Division, Immigration Bureau 2011 - 2013
- Deputy Commander, Immigration Division 5, Immigration Bureau 2009 - 2011

## Mr. JIRASAK PONGHATHAIKUL

### DIRECTOR

**Age:** 46

**Education:**

- Bachelor Degree in Business Administration, Bangkok University

**Training**

- Director Accreditation Program (DAP) 89/2011, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** 3.66

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Director 2010 - Present

## Ms. JAELE ANG KER TJIA

### DIRECTOR

**Age:** 36

**Education:**

- Master Degree in Business Administration, Imperial College London
- Bachelor Degree in Architecture, University College London

**Percent of shareholding:** 0.36

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Director 2013 - Present
- Executive Director – Development Division 2013 - 2016
- Director – Development Division 2010 - 2013

THE GREAT ROOM

- Chief Executive Officer 2016 - Present

CAPITAL H PRIVATE LTD

- Director 2015 - Present

CREDIT SUISSE

- Business development 2009

CITIGROUP

- Strategy, Merger & Acquisitions 2008 - 2015

## Mr. YIU SING TSE

### DIRECTOR

**Age:** 33

**Education:**

- Bachelor of Business, Marketing and Advertising, University of Technology, Sydney, Australia

**Percent of shareholding:** 1.94

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Director 2015 - Present

CAMPFIRE

- Founder and Director 2015 - Present

PROVIDORE GLOBAL AUSTRALIA

- Founder and Director 2011 - Present

LANDCORP

- Founder and Director 2010 - Present

BUILDCORP

- Founder and Director 2010 - Present

ANCARDI, HONG KONG

- Founder 2008 - Present

WANG KAI DEVELOPMENT

- Founder and Director 2007 - Present

# MANAGEMENT BIOGRAPHIES

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## Mr. BEN TAECHAUBOL

### DIRECTOR

### MEMBER OF THE NOMINATION AND COMPENSATION COMMITTEE

### CHAIRMAN OF THE INVESTMENT COMMITTEE

### CHIEF EXECUTIVE OFFICER

**Age:** 38

**Education:**

- Master Degree in Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Law (LLB), University of New South Wales, Sydney, Australia
- Bachelor of Commerce (BCOM), University of New South Wales, Sydney, Australia

**Training**

- Director Certification Program (DCP) 123/2009, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** 13.98

**Relation:** Son of Mr. Sadawut Taechaubol

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Director 2009 - Present

LANDMARK HOLDING COMPANY LIMITED

- Director 2013 - Present

CHAO PHRAYA ESTATE RESIDENCES COMPANY LIMITED

- Director 2014 - Present

BCEG COUNTRY GROUP ENGINEERING COMPANY LIMITED

- Director 2013 - Present

CGD DATA COMPANY LIMITED

- Director 2013 - Present

CGD DIGITAL PARTNER COMPANY LIMITED

- Director 2013 - Present

MFC ASSET MANAGEMENT PUBLIC COMPANY LIMITED

- Executive Director 2008 - 2010

BAAN RAI TAECHAUBOL COMPANY LIMITED

- Director 2006 - 2010

PROFIT VENTURE COMPANY LIMITED

- Director 2006 - 2010

LANDMARK DEVELOPMENT GROUP COMPANY LIMITED

- Director 2006 - 2010

COUNTRY GROUP COMPANY LIMITED

- Director 2005 - 2010

ASIA ZONE VENTURE COMPANY LIMITED

- Director 2005 - 2010

BANGKOK DEVELOPMENT COMPANY LIMITED

- Director 2005 - 2010

EDP ENTERPRISES COMPANY LIMITED

- Director 2005 - 2010

## Mr. CHATCHAI CHORDOKRAK

**COMPANY SECRETARY**  
**EXECUTIVE DIRECTOR – ACCOUNTS & FINANCE DIVISION**  
**MEMBER OF THE INVESTMENT COMMITTEE**

**Age:** 33

**Education:**

- Master Degree on Business Administration, Mahidol University
- Bachelor Degree on Business Administration, Assumption University

**Training**

- Company Secretary Program(CSP) 67/2015, Thai Institute of Directors Association (IOD)
- Company Reporting Program (CRP) 14/2016, Thai Institute of Directors Association (IOD)

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Accounts & Finance Division 2012 - Present

CGD DATA LIMITED

- Director 2014 - Present

CGD DIGITAL PARTNER LIMITED

- Director 2014 - Present

AUSIRIS COMPANY LIMITED

- Director of Account & Finance 2009 - 2012

## Ms. JARIYAKORN SODATHANYAPAT

**EXECUTIVE DIRECTOR – SALES DIVISION**

**Age:** 58

**Education:**

- Bachelors of Management, Bangkok University

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Sales Division 2013 - Present

THAI FACTORY DEVELOPMENT PUBLIC COMPANY LIMITED

- Assistance Managing Director 2007 - 2012

## Ms. KITIMA KRITIYACHOTIPAKORN

### EXECUTIVE DIRECTOR – SALES DIVISION

**Age:** 44

**Education:**

- Master of Science in Real Estate, Thammasart University
- Master of Business Administration, University Of Baltimore, USA

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Sales Division

2014 - Present

MINOR INTERNATIONAL PUBLIC COMPANY LIMITED

- Director of Sales and Marketing

2006 - 2014

GOLDENLAND PROPERTY DEVELOPMENT PUBLIC COMPANY LIMITED

- Marketing and PR Manager - CBD Sales and Marketing

2002 - 2005

## Ms. KWANRUDEE MANEEWONGWATTHANA

### EXECUTIVE DIRECTOR – MARKETING DIVISION

**Age:** 40

**Education:**

- Master of Science in Communications, Fort Hays State University, USA
- Bachelor of Arts (Communication Arts), Chulalongkorn University, Thailand

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Marketing Division

2013 - Present

RAIMON LAND PUBLIC COMPANY LIMITED

- Senior Deputy Director - Communications Department

2006 - 2013



## Mr. SUTTINATH JITTICHARUNGLAP

### EXECUTIVE DIRECTOR – OPERATION DIVISION

**Age:** 41

**Education:**

- Master Degree in Management, Srinakharinwirot University

**Percent of shareholding:** 0.0098

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Operations Division
- Director - Accounts & Finance Division

2017 - Present

2014 - 2016

TMB BANK PUBLIC COMPANY LIMITED

- Vice President - Financial Planning and Analysis

2008 - 2014

## Mr. VARAKORN TACHAMONTRIKUL

### EXECUTIVE DIRECTOR – DEVELOPMENT DIVISION

**Age:** 38

**Education:**

- Master Degree of Architecture, Savannah College of Art and Design, USA
- Bachelor Degree in Architecture, Chulalongkorn University

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Development Division
- Director - Development Division

2016 - Present

2014 - 2016

AP (THAILAND) PUBLIC COMPANY LIMITED

- Director - Design and Development Division

2012 - 2014

SMALLWOOD, REYNOLDS, STEWART, STEWART, AND ASSOCIATES ATLANTA, GA, USA

- Senior Architect

2006 - 2012

# Ms. PATRA KANTASIRIBITAKS

## EXECUTIVE DIRECTOR – INVESTMENT DIVISION

**Age:** 33

**Education:**

- Bachelor Degree of Commerce, University of Melbourne, Australia

**Percent of shareholding:** None

**Relation:** None

**Work Experience for the past 5 years:**

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED

- Executive Director - Investment Division 2016 - Present

WINVESTMENT CO., LTD.

- Vice President - Investment and Project 2014 - 2016

CAPITAL ADVISORY CO., LTD.

- Executive - Investment and Project Management 2012 - 2014

MACQUARIE SECURITIES (THAILAND) LIMITED

- Executive - Investment Banking 2007 - 2011

SCB SECURITIES CO., LTD.

- Analyst - Equity Capital Market 2006 - 2007

# BUSINESS OPERATION

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## POLICIES AND BUSINESS OPERATIONS OVERVIEW

### Company's history

Country Group Development Public Company Limited ("the Company") was established on 8 June 1982 as a limited company whose name was Diana Department Store Company Limited, operating department stores and retail businesses. In July, 2006 the name was changed to Dragon One Public Company Limited where the nature of the business was also changed to a holding company. The company was listed on the Market for Alternative Investment (MAI) on 25 June 2007. Following that, changes were made to the shareholding and management structure of the Company, with Mr. Ben Techaubol becoming a major shareholder and serving as a director. In addition, its business objectives were also changed to allow the Company to expand into the real estate sector. In this connection, the name of the Company was changed to Country Group Development Public Company Limited in May 2010.

In January 2011, the Company acquired all assets and liabilities of Landmark Development Group Company Limited (LDG), through a transaction known as an 'Entire Business Transfer (EBT)'. Due to the fact that the size of the transaction was larger than 100% of the size of the acquirer, the transaction was considered a backdoor listing. In May 2013, the acquisition and transfers of LDG's business was complete, with Mr. Vikrom Koompirochana appointed Chairman of the Board of Directors and Mr. Ben Techaubol as Chief Executive Officer. In this connection,

Mr. Ben Techaubol's group became a major shareholder holding 4,153,680,028 shares or 67.13% of the Company's paid-up capital. Later, the Company was delisted from MAI and became listed on the Stock Exchange of Thailand (SET) with its shares being approved to begin trading on 30 September, 2014.

### NATURE OF BUSINESS

The company and its subsidiaries operate as a Real estate company which can be divided into 2 parts:

#### Real Estate Development Business

- Real estate development projects are as follow: the Elements Srinakarin, and Four Seasons Private Residences Bangkok at Chao Phraya River which operated by Country Group Development Public Company Limited and Landmark Holdings Limited.
- Hotel property development projects are as follow: Capella Hotel Bangkok, and Four Seasons Hotel Bangkok at Chao Phraya River.

#### Real Estate Investment Business

- CGUK 1 Limited, a subsidiary of the company through its 97.13%-owned subsidiary Leading Schools Partnership Limited, acquired a property for investment purpose in 2016. The property which located in Brighton, United Kingdom, consisted of land, buildings and other facilities thereon. It was leased to a lessee that used the property for providing educational services, under a long-term lease agreement with a remaining term of about 16 years.

## Revenue Structure

### Revenue Structure of the Company

Revenue (Baht Million)	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Revenues from sale of condominium	546.38	87.49	479.37	77.72	351.56	41.23
Service income	6.67	1.07	2.18	0.35	1.11	0.13
Interest income	34.37	5.50	88.72	14.39	116.02	13.61
Dividend income	-	-	-	-	233.69	27.41
Gain from currency forward transaction	-	-	2.52	0.41	42.57	5.00
Gain on exchange rate	-	-	-	-	63.39	7.43
Gain on sale of temporary investments	4.76	0.76	2.34	0.38	3.34	0.39
Gain on remeasuring temporary investments	21.83	3.50	2.70	0.44	0.01	-
Gain on sale of investment in available-for-sale securities	-	-	4.34	0.70	-	-
Other income	10.47	1.68	34.60	5.61	40.96	4.80
<b>Total Revenues</b>	<b>624.48</b>	<b>100.00</b>	<b>616.77</b>	<b>100.00</b>	<b>852.65</b>	<b>100.00</b>

### Revenue Structure of the Company and Subsidiaries

Revenue (Baht Million)	Operated by	2014		2015		2016	
		Amount	%	Amount	%	Amount	%
Continued Operation							
Revenues from sale of condominium	CGD	546.38	92.87	479.37	92.89	351.56	59.58
Service income	CGD	6.67	1.13	2.18	0.42	1.11	0.19
Rental income from investment property	CGUK1	-	-	-	-	27.00	4.58
Interest income	CGD	2.06	0.35	0.68	0.14	1.62	0.28
	LH	0.09	0.02	0.46	0.08	0.56	0.09
	LURH	-	-	0.18	0.04	0.18	0.03
	LWR	-	-	0.19	0.04	0.19	0.03
	LWH	-	-	0.17	0.04	0.17	0.03
	CER	-	-	0.12	0.02	0.12	0.02
	CGUK1	-	-	-	-	0.05	0.01
Dividend income	CGD	-	-	-	-	8.78	1.49
	CGDDP	-	-	-	-	80.81	13.69
Gain on remeasuring fair value of investment property.	CGUK1	-	-	-	-	7.56	1.28
Gain from currency forward transaction	CGD	-	-	2.52	0.49	42.57	7.21
Gain (loss) on exchange rate	CGD	(0.39)	(0.07)	(26.26)	(5.09)	63.39	10.74
	LH	0.17	0.03	35.49	6.88	(11.24)	(1.90)
	LURH	0.41	0.07	-	-	-	-
	HK	-	-	0.04	0.01	(0.03)	(0.01)

Revenue (Baht Million)	Operated by	2014		2015		2016	
		Amount	%	Amount	%	Amount	%
Gain on sale of temporary investments	CGD	4.77	0.81	2.35	0.46	4.00	0.68
	LH	2.25	0.38	0.64	0.12	-	-
Gain on remeasuring temporary investments	CGD	21.83	3.71	2.70	0.52	0.01	-
	LH	0.13	0.02	1.37	0.27	-	-
Gain on sale of investment in available-for-sale securities	CGD	-	-	4.34	0.84	-	-
Other income	CGD	3.72	0.63	7.60	1.47	10.31	1.75
	LH	0.21	0.04	1.90	0.36	1.13	0.19
	LWR	0.06	0.01	-	-	-	-
	BCEG	-	-	-	-	0.22	0.04
<b>Total Revenues</b>		<b>588.36</b>	<b>100.00</b>	<b>516.04</b>	<b>100.00</b>	<b>590.07</b>	<b>100.00</b>

Revenue (Baht Million)	Operated by	2014		2015		2016	
		Amount	%	Amount	%	Amount	%
Discontinued Operations							
Rental income from investment property	APUK	79.30	32.23	91.59	99.89	-	-
Interest income	APUK	0.07	0.02	-	-	-	-
Other income	APUK	-	-	0.10	0.11	-	-
Gain on exchange rate	APUK	-	-	-	-	-	-
Gain on fair value revaluation of investment property	APUK	166.71	67.75	-	-	-	-
Total Revenues		246.08	100.00	91.69	100.00	-	-

On 14 December 2015, the Company sold its equity stake in APUK Ltd. to MFC Industrial Real Estate Investment Trust (REIT). In compliance with the Thai Financial Reporting Standard No. 5 (Revised 2014) on "Non-current Assets Held for Sale and Discontinued Operations", the Company presented the item relating to the business operation of the subsidiary as profit from discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

## Products and Services

Emphasis is placed on real estate business operated by the Company and its subsidiaries. Having adopted two-pronged strategy, the Group approaches real estate business as both development and investment.

### A. Development

The company has developed 2 projects with the following details.

#### 1. Elements Srinakarin Project

##### Project Description

Developer	Country Group Development Public Company Limited
Type	Residential
Location	Soi Supparphong 1, Yak 6 Nong Born, Pravate district, Bangkok, Thailand
Land Area	13-0-89 rai (5.23 acres)
Salable Area	45,000 sq m
Project details	Eight-storey condominium, seven buildings offering each of 1-2 bedrooms type total 1,059 units
Key Selling Point	The project is located on Srinakarin Road and just opposite to Secon Square Department Store. There are a lot of facilities provided to the clients including large size of swimming pool, fitness studio, large open space (garden) and convenience shops.
Target Customer	Middle income buyers. Average income higher than Baht 35,000 per month
Selling price	Approximately Baht 60,000 per sq m
Project value	Approximately Baht 2,700 million
Construction Period	The construction was fully completed.

## 2. Chao Phraya Estate Project

Chao Phraya Estate is a mixed-used development project which is located on Charoenkrung 64 Road, Yannawa District, Bangkok. After signing a long-term lease agreement with the Crown Property Bureau, the Company sublet the land to Landmark Holdings Co., Ltd. which is responsible for developing the project. In this connection, the lease agreement is already registered with the Land Department.

### Project Description

Developer	Landmark Holdings Company Limited
Type	Mixed-use development
Location	Charoen Krung 64 Road, Yannawa District, Bangkok
Land Area	35-2-68 rai (14.2 acres)
Land ownership	25-year lease agreement
Project components	1. Four Seasons Private Residences Bangkok at Chao Phraya River 2. Capella Hotel Bangkok 3. Four Seasons Hotel Bangkok at Chao Phraya River
Construction Period	The construction started on year 2014, expected will be completed on year 2018



## 2.1 Four Seasons Private Residences Bangkok at Chao Phraya River

Four Seasons Private Residences Bangkok at Chao Phraya River features a super-luxury 73-storey branded residence consisting of 355 units. The project itself is an integral part of Chao Phraya Estate offering quality and services of international standards, catered towards high-net-worth individuals with discerning taste. The project is located on the waterfront of Charoen Krung Road, a prime location adjacent to the majestic Chao Phraya River. The location offers convenient access to the Saphan Taksin BTS skytrain station and the expressway as well. Furthermore, the company has signed an agreement with well-known hotel operator, Four Seasons Hotels, to manage the property.

Project details	<p>A super-luxury 73-storey residential tower total 355 unit consists of</p> <ul style="list-style-type: none"> <li>• 2 Bedrooms total 251 units</li> <li>• 3 Bedrooms total 73 units</li> <li>• 4 Bedrooms and Penthouse total 31 units</li> </ul>
Key Selling Points	<ul style="list-style-type: none"> <li>• The super-luxury project with international standard that provides the residents with a sense of luxury.</li> <li>• The project is perfectly located a prime location of Charoen Krung Road which adjacent to Chao Phraya River, this allow residents to enjoy a spectacular views of the river. The location also offer an ease of access to public transport since the project is only 800 meters away from Saphan Taksin BTS Skytrain Station and good connectivity to other area via an expressway which located only 2 kilometers away from the project.</li> <li>• The project features outstanding, modern and beautiful architecture with strong emphasis being placed on luxury interior design which uses high quality materials. Noteworthy are also the project's unique area arrangements and efficient use of available space.</li> <li>• Residents can use services and facilities available at the hotels which are located in the same area of the project.</li> <li>• The project will be managed by Four Seasons Hotels, whom got an extensive experience in operating world class hotel chains.</li> </ul>
Salable area	Approximately 64,000 sq m
Price per sq m	Approximately Baht 300,000 per sq m
Project Value	Approximately Baht 19,000 million
Target Customers	Elite groups of Thai and foreign customers

## 2.2 Capella Hotel Bangkok

Capella Bangkok is a super luxury low-rise hotel offering 101 exclusive suites which spread on 4,280 square wah of land. Emphasis will be placed on elegant designs and decorations for every interior component, which includes materials, furniture decorations as well as lighting with focus on warm colors to create a cozy atmosphere. The hotel places emphasis on the luxury and the service quality. With only 101 rooms available, the hotel staff can service all guests. Also available are other services such as food and beverages service, banquet service, conference service. In addition, a fitness center, a swimming pool and a spa are made available to the guests.

Type	Super Luxury Hotels
No. of Units	101 suites
Key Selling Point	<ul style="list-style-type: none"> <li>• Super luxury, all-suite riverfront hotel.</li> <li>• Bangkok's first private riverfront villas</li> <li>• The project features outstanding, modern and beautiful architecture with strong emphasis being placed on luxury interior design which uses high quality materials. Noteworthy are also the project's unique area arrangements and efficient use of available space.</li> </ul>
Target Customer	Local and foreign business people and tourists

## 2.3 Four Seasons Hotel Bangkok at Chao Phraya River

Four Seasons Hotel Bangkok at Chao Phraya River is an luxury urban resort hotel with 312 guest rooms. It is constructed on a total land area of 22 rai (9 acres). The designs and decorations of the hotel make use of urban resort concepts with a seamless integration into the natural waterfront landscape. As well, the hotel also offers several restaurants, meeting rooms, banquet hall, and riverfront grand ballroom.

Type	Luxury Urban Resort Hotel
No. of Units	312 rooms
Key Selling Points	<ul style="list-style-type: none"> <li>• Urban resort design style with series of calming green courtyards.</li> <li>• 22 rai (9 acres) have been allocated for Four Seasons Hotel, with over 200-meters river frontage</li> <li>• The project features outstanding, modern and beautiful architecture with strong emphasis being placed on luxury interior design which uses high quality materials. Noteworthy are also the project's unique area arrangements and efficient use of available space.</li> <li>• Offering largest riverfront grand ballroom in Bangkok with the size of 1,400 square meters.</li> </ul>
Target Customers	Local and foreign business people and tourists

**B. Investment**

**The company has 1 investment property project with the following details.**

**1. Ovingdean Hall**

On July 1, 2016 the company acquired Ovingdean Hall through CGUK 1 Limited, a subsidiary company. The asset comprises of a group of buildings providing; offices, accommodation, educational and recreational facilities, which located on 20.24 acres (approx. 881,654 square feet) of land in Brighton, United Kingdom. It was leased to a tenant that used the property for providing educational services, under a long-term lease agreement with a remaining term of about 16 years.

Project's detail	Land and buildings which lease to school operator.
Location	Ovingdean Hall, Greenways, Ovingdean, Brighton, United Kingdom.
Rental area	881,654 square feet
Occupancy Rate	100 %
Remaining lease duration	The lease contract's term will end in year 2032.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## 1. FINANCIAL STATEMENTS

### 1. Financial statements

Country Group Development Public Company Limited (CGD) has been operating businesses related to real estate development and real estate investment, both domestic and overseas, since 2010. As regards the real estate development, the Company has successfully launched Four Seasons Private Residences Bangkok at Chao Phraya River, which was a mixed-used development project located on the side of Chao Phraya River. In this connection, the project has been very well received and widely recognized since its launch in January 2015. It breaks records on several fronts of Thailand's real estate development business, which include prices and record sales value via an overseas roadshow, among others. Importantly, Four Seasons Private Residences Bangkok at Chao Phraya River has now served as a new standard for super luxury residential projects in Asia. These achievements have a positive impact on the prices of the remaining units. As a result, the Company will be able to generate very high revenue in the future. Since the launch of Four Seasons Private Residences Bangkok at Chao Phraya River in January 2015, the Company has continued receiving presales reservation for the project. In relation to Elements Srinakarin, the Company successfully completed the project construction during the latter part of 2015. In addition, a number of available units were sold and transferred continuously throughout the year 2016. They served as main sources of the Company's revenue both in 2015 and 2016. With regard to the investment in 2016, CGUK 1 Limited, a subsidiary of the company through its 97.13%-owned subsidiary Leading Schools Partnership Limited, acquired a property for investment purpose. The property which located in Brighton, United Kingdom, consisted of land, buildings and other facilities thereon. It was leased to a lessee that used the property for providing educational services, under a long-term lease agreement with a remaining term approximately 16 years. It is expected that the investment will generate recurring income for the group.

On 28 February 2014, the Company purchased, through its subsidiary APUK Ltd., the assets of Anchorage Point, a data center with a net area of 14,446 square feet and full occupancy, which was located in London, United Kingdom. The Company considered that the investment in the assets with good potential could generate consistent and steady returns for investors. Later on 14 December 2015, the Company divested all stakes in APUK Ltd. (registered in Guernsey) which was a subsidiary in which the Company invested through its wholly-owned subsidiary CGD Digital Partners Limited, to MFC Industrial Real Estate Investment Trust (REIT). Therefore, in compliance with the Thai Financial Reporting Standard No. 5 (Revised 2014) on "Non-current Assets Held for Sale and Discontinued Operations", the Company presented the item relating to the business operation of the subsidiary as profit from discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

## 2. OPERATING RESULTS

### 1. Continued operations

#### Revenues

Total revenues of the Company and its subsidiaries in 2014 and 2015 amounted to 588.4 million baht and 516.0 million baht respectively, representing a decrease of 12.3 percent. On the other hand, total revenues in 2015 and 2016 amounted to 516.0 million baht and 590.2 million baht respectively, representing an increase of 14.4 percent. Majority of the Company's revenues derived from ownership transferred of condominium units. In particular, revenues from units transferred in 2014 and 2015 accounted for 92.9 percent of total revenues. On the other hand, revenue from sale of condominium in 2015 and 2016 accounted for 92.9 percent and 59.6 percent of total revenues respectively. Other revenues included dividend income, rental income from investment property, and gains from currency forward transactions, among others.

- revenue from sale of condominium

The Company started recognizes revenue from sale of condominium of Elements Srinakarin since the 4<sup>th</sup> quarter of the year 2013. For the year ended December 31, 2016 the Company recognized revenue from ownership transfer of Elements Srinakarin for phase 1-3 amounted to 351.6 million baht decreased by 26.7 percent when compared to the year 2015. This resulting from the Company did not launch the 4<sup>th</sup> phase which is the last phase of the project while the construction was finished since the 4<sup>th</sup> quarter of the year 2015. Now the Company launches the 4<sup>th</sup> phase and expects to start the ownership transfer and recognize income in the 2<sup>nd</sup> quarter of the year 2017

- Other revenues

Other revenues of the Company and its subsidiaries in 2015 and 2016 amounted to 36.6 million baht and 238.6 million baht respectively, representing an increase of 202 million baht or 551.9 percent on a year-over-year (YOY) basis. Most of other revenues were dividend income which amounted to 89.6 million baht. On the other hand, gains from currency forward transaction amounted to 42.6 million baht and gains in foreign exchange rate amounted to 52.1 million baht. CGUK 1 Limited, the Company's subsidiary which made investments through the Company's 97.13 percent-owned subsidiary Leading Schools Partnership Limited, started recognizing rental income from investment property, which located in Brighton, United Kingdom. The property was leased to a lessee that used the property for providing educational services, under a long-term lease agreement with a remaining term of about 16 years. As a result, rental income in 2016 increased by the whole amount of 27 million baht from a year earlier.

## Expenditure

Total expenses of the Company and its subsidiaries in 2014 and 2015 amounted to 624.3 million baht and 867.5 million baht respectively, representing a 39.0 percent increase. In addition, total expenditure for the years ended 31 December 2015 and 2016 amounted to 867.5 million baht and 738.8 million baht respectively, representing a 14.9 percent decrease. Majority of expenses were attributable to cost of condominium sales which accounted 69.8 percent and 62.0 percent of total revenues in 2014 and 2015 respectively. On the other hand, cost of condominium sales for the years ended

31 December 2015 and 2016 accounted for 62.0 percent and 37.0 percent of total revenues respectively. The remaining expenses were selling and administrative expenses as well as remuneration of directors.

- Cost of condominium sales

For the years ended 31 December 2014 and 2015, the Company's cost of condominium sales amounted to 410.9 million baht and 319.7 million baht respectively. The cost of condominium sales accounted for 69.8 percent and 62.0 percent of total revenues in 2014 and 2015 respectively. These represented a gross profit margin of 24.8 percent and 33.3 percent of the condominium sales.

For the years ended 31 December 2015 and 2016, the Company's cost of condominium sales amounted to 319.7 million baht and 218.5 million baht respectively. The cost accounted for 62.0 percent of the condominium sales in 2015 and 37.0 percent in 2016 respectively, while the related gross profit margin accounted for 33.3 percent and 37.9 percent of condominium sales.

- Selling expenses

Selling expenses comprised of sales commissions, marketing expenses, promotion expenses, expenses related to ownership transfers and other expenses. For the years ended 31 December 2014 and 31 December 2015, selling expenses of the Company and its subsidiaries amounted to 50.5 million baht and 329.4 million baht respectively, representing an increase of 278.9 million baht or 552.3 percent. Most of the additional expenses could be attributable to the selling expenses of Four Seasons Private Residences Bangkok at Chao Phraya River whose sales commenced in 2015.

For the years ended 31 December 2015 and 2016, selling expenses of the Company and its subsidiaries amounted to 329.4 million baht and 273.9 million baht respectively, representing a decrease of 55.5 million baht or 16.9 percent. Most of the decrease could be attributable to the selling expenditure of Four Seasons Private Residences Bangkok at Chao Phraya River which has been opened for presale reservation since 2015. While the project continued organizing its marketing activities in 2016, the selling expenditure decreased. Since the project was launched in 2015, therefore, the expenses for its marketing activities during launch period in 2015 were higher than those in 2016.

- Administrative expenses

Administrative expenses were composed of salaries, utility bills, specific business taxes, depreciation, miscellaneous expenses and other expenses. For the years ended 31 December 2014 and 2015, administrative expenses of the Company and its subsidiaries amounted to 133.6 million baht and 158.4 million baht respectively, representing an increase of 24.8 million baht or 18.6 percent. Most of the additional administrative expenses included personnel expenses, utility bills and specific business taxes. In this connection, the increase in administrative expenses was mainly due to increase in the Company's new projects which were developing.

For the years ended 31 December 2015 and 2016, administrative expenses of the Company and its subsidiaries amounted to 158.4 million baht and 203.9 million baht respectively, representing an increase of 45.5 million baht or 28.7 percent. The increase was mainly due to the Group's advisory fees which increased by about 61.7 million baht, of which 43.8 million baht were advisory fees of CGD Digital Partners Limited, the wholly owned subsidiary. Other administrative expenses worth 24.7 million baht were expenditure incurred prior to execution of the transaction related to acquisition of overseas assets by the Company's subsidiary CGUK 1 Limited, in which the Company invested through its 97.13 percent-owned subsidiary Leading Schools Partnership Limited. However, the administrative expenses decreased by 13.4 million baht, mainly due to the decrease in the fees for establishing the REIT as a result of the disposal of APUK Ltd. in 2015. There was no such transaction in 2016.

- Financial costs

For the years ended 31 December 2014 and 2015, financial costs of the Company and its subsidiaries amounted to 109.9 million baht and 165.0 million baht respectively, representing an increase of 55.1 million baht or 50.1 percent. The increase was mainly due to that fact that in September 2015, the Company issued debentures worth 1,000 million baht with a term of 2.5 years and debentures worth 150 million baht with a term of 3 years. The proceeds from debentures were used for financing the construction and management of the on-going development projects. These included the Chao Phraya Estate Project whose development was progressing well and in line with the established construction plan, as well as Elements Srinakarin whose construction was completed in 2015.

For the years ended 31 December 2015 and 2016, financial costs of the Company and its subsidiaries amounted to 165.0 million baht and 205.2 million baht respectively, representing an increase of 40.2 million baht or 24.4 percent. The increase was mainly due to the fact that the Company issued additional bills of exchange for the Company's working capital and business expansion. As well, an overseas subsidiary of the Company got a loan from an overseas financial institution in order to buy a property for investment purpose. As a result, the financial costs increased.

- Income tax revenue (expenditure)

For the years ended 31 December 2014 and 2015, income tax revenue of the Company and its subsidiaries amounted to 5.9 million baht and 0.7 million baht respectively, representing a decrease of 5.2 million baht or 88.1 percent. This was mainly due to the fact that deferred tax asset of the Company, which was related to temporary differences, was lower than in 2014.

For the year ended 31 December 2015, income tax revenue of the Company and its subsidiaries amounted to 0.7 million baht. On the other hand, for the year ended 31 December 2016, income tax expenses of the Company and its subsidiaries amounted to 2.0 million baht. This represented an increase of 2.7 million baht or 385.7 percent in terms of income tax expenses, mainly because of the increase in the income tax of CGUK 1 Limited, in which the Company invested through its 97.13 percent-owned subsidiary Leading Schools Partnership Limited. In this connection, CGUK 1 Limited started receiving rental fees for its investment property in 2016, as mentioned above.

- Net profit (loss) from continued operations

For the years ended 31 December 2014 and 2015, net loss from continued operations of the Company and its subsidiaries amounted to 139.9 million baht and 515.7 million baht respectively, representing an increase of 375.8 million baht or 268.6 percent. This was mainly due to the significant increase of selling expenses related to Four Seasons Private Residences Bangkok at Chao Phraya, which was a part of the Chao Phraya Estate Project.

For the years ended 31 December 2015 and 2016, net loss from continued operations of the Company and its subsidiaries amounted to 515.7 million baht and 355.8 million baht respectively, representing a decrease of 159.9 million baht or 31.0 percent. This was

mainly due to the significant increase in other income which included rental income from investment property, dividend income as well as gain from currency forward transaction, as mentioned above.

## 2. Discontinued operations

### Profit from discontinued operations

At the Extraordinary General Meeting of Shareholders No. 1/2015 held on 21 August 2015, shareholders adopted a resolution approving divestment of all the Company's stakes in APUK Ltd. (registered in Guernsey) which was a subsidiary in which the Company invested through its wholly-owned subsidiary CGD Digital Partners Limited, to MFC Industrial Real Estate Investment Trust (REIT). Later, on 14 December 2015, CGD Digital Partners Limited sold all stakes in APUK Ltd. As a result, the Company had no control over the subsidiary since the date of sale.

In this connection, the subsidiary's profit from the discontinued operations for the year ended 31 December 2014 and 31 December 2015 amounted to 204.8 million baht and 35.9 million baht respectively.

## 3. FINANCIAL POSITION

### Assets

As at 31 December 2014 and 2015, total assets of the Company and its subsidiaries amounted to 7,911.8 million baht and 10,141.4 million baht respectively, representing an increase of 2,229.6 million baht or 28.2 percent. Significant assets included the following: temporary investments, trade and other receivables, land and costs of projects under construction and utilities, prepaid deposits for construction, investment property, land, building and equipment, leasehold, and goodwill, among others.

As at 31 December 2016, total asset of the Company and its subsidiaries amounted to 12,667.2 million baht, representing an increase of 2,525.8 million baht or 24.9 percent when compared with the total assets as at 31 December 2015.

### Current assets

As at 31 December 2014 and 2015, current assets of the Company and its subsidiaries amounted to 2,144.2 million baht and 4,430.2 million baht respectively. In this connection,

they accounted for 27.1 percent and 43.7 percent in of the total assets in 2014 and 2015 respectively.

As at 31 December 2016, current assets of the Company and its subsidiaries amounted to 4,731.7 million baht, accounting for 37.4 percent of the total assets. The related significant details were as follows:

- Temporary investments

As at 31 December 2014, 2015 and 2016, temporary investments of the Company and its subsidiaries amounted to 312.7 million baht, 829.2 million baht and 0.8 million baht respectively, which accounted for 3.9 percent of total assets in 2014, 8.9 percent in 2015 and 0 percent in 2016. In this connection, the temporary investments of the Company and its subsidiaries in 2015 increased significantly from a year earlier. This was mainly due to company's strategy to utilize an excess liquidity by investing in assets with high liquidity but low risks. The objective was to get returns in short-term investments. However, in 2016 the construction of the Chao Phraya Estate Project was progressing well. The Company and its subsidiaries needed a lot of cash and considered to sell the temporary investments. As a result, as at 31 December 2016, the temporary investments decreased by 828.4 million baht or 99.9 percent, when compared with those as at 31 December 2015.

- Trade and other receivables

As at 31 December 2014 and 2015, trade and other receivables of the Company and its subsidiaries amounted to 111.6 million baht and 714.0 million baht respectively, which accounted for 1.4 percent and 7.0 percent of total asset in 2014 and 2015 respectively. Balance as of 31 December 2015 representing a significant increase of 602.4 million baht or 539.8 percent. This was mainly due to the increase in the prepaid deposits for the construction of the Chao Phraya Estate Project, which paid to contractors in advance.

As at 31 December 2016, trade and other receivables of the Company and its subsidiaries amounted to 1,498.4 million baht, which accounted for 11.8 percent of the total assets, representing an increase of 784.4 million baht when compared with those as at 31 December 2015. This was mainly to due to the increase in the prepaid deposits worth 328.7 million baht which paid to contractors of the Chao Phraya Estate Project in advance. In addition, other receivables of other companies increased by 456.1 million baht.



Landmark Holdings Co., Ltd. in which the Company held a 70 percent stake received financial support from an overseas financial institution for financing the total construction costs of the Chao Phraya Estate Project. In this connection, the subsidiary was able to get reimbursements for the construction costs that had been paid prior to the financial support. As at 31 December 2016, the outstanding balance which had not been reimbursed amounted to 449.6 million baht.

- Land and costs of projects under construction and utilities

As at 31 December 2014 and 2015, land and costs of projects under construction and utilities amounted to 1,159.1 million baht and 1,523.1 million baht respectively, which accounted for 14.7 percent and 15.0 percent of total assets respectively, representing an increase of 364 million baht or 31.4 percent. This was mainly due to not only the increase of 128.4 million in land and costs of projects under construction and utilities in relation to Elements Srinakarin, and also the increase of 235.6 million baht in land and costs of project under construction and utilities in relation to Four Seasons Private Residences Bangkok at Chao Phraya River, which is part of the Chao Phraya Estate Project.

As at 31 December 2016, land and costs of projects under construction and utilities of the Company and its subsidiaries amounted to 2,028.0 million baht, which accounted for 16.0 percent of total assets, representing an increase of 504.9 million baht or 33.1 percent from a year earlier. This was mainly due to the increase of land and costs of projects under construction and utilities of Four Seasons Private Residences Bangkok at Chao Phraya River, which is part of the Chao Phraya Estate Project.

### Non-current assets

- Deposits at bank used as collateral

As at 31 December 2015 and 2016, deposits at bank used as collateral amounted to 0.2 million baht and 801.4 million baht respectively, which accounted for 0 percent and 6.3 percent of total assets respectively, representing a significant increase of 801.2 million baht or 400,600 percent. This was mainly due to the increase in bank deposits to use as collateral for construction payments which in line with the construction agreement related to the Chao Phraya Estate Project. In this connection, Landmark Holdings Co., Ltd. in which the Company held a 70 percent

stake received financial support during the year 2016.

- Prepaid deposits for construction

As at 31 December 2014 and 2015, prepaid deposits for construction amounted to 8.9 million baht and 708.3 million baht respectively, which accounted for 0.1 percent and 7.0 percent of total assets respectively, representing a significant increase of 699.4 million baht or 7,858.4 percent. This was mainly due to the increase in prepaid deposits for construction, which paid in advance to contractors in relation to the construction of Capella Hotel Bangkok and Four Seasons Hotel Bangkok at Chao Phraya River, which are part of the Chao Phraya Estate Project.

As at 31 December 2016, prepaid deposits for construction amounted to 863.3 million baht, which accounted for 6.8 percent of total assets, representing a significant increase of 155.0 million baht or 21.9 percent from a year earlier. This was mainly due to the increase of prepaid deposits for construction, which were paid to contractors in advance for the construction of Capella Hotel Bangkok and Four Seasons Hotel Bangkok at Chao Phraya River. The hotels are part of the Chao Phraya Estate Project.

- Investment property

As at 31 December 2014, investment property amounted to 1,276.1 million baht, which accounted for 16.1 percent of total assets. There was no investment property at the end of 2015 due to divestiture from APUK Ltd., which was a subsidiary of the Company, during the year 2015.

As at 31 December 2016, investment property amounted to 842.7 million baht, which accounted for 6.7 percent of total assets, representing an increase by the whole amount from the year 2015. In 2016, CGUK 1 Limited, a subsidiary in which the Company invested through its 97.13 percent-owned subsidiary Leading Schools Partnership Limited, acquired an investment property, which located in Brighton, United Kingdom, consisted of land, buildings and other facilities thereon. It was leased to a lessee that used the property for providing educational services, under a long-term lease agreement with a remaining term of about 16 years.

- Building and equipment

As at 31 December 2014, 2015, and 2016, building and equipment amounted to 570.9 million baht, 844.2 million baht and 1,240.3

million baht respectively, which accounted for 7.2 percent, 8.3 percent and 9.8 percent of total assets respectively. The annual increase was mainly due to the recognition of the construction costs of Capella Hotel Bangkok and Four Seasons Hotel Bangkok, which were part of the Chao Phraya Estate Project.

- Leasehold

As at 31 December 2014, 2015 and 2016, leasehold amounted to 100 million baht, which accounted for 1.3 percent, 1.0 percent and 0.8 percent of total assets respectively. The leasehold was composed of advance payments, compensation, transfer fees and rental during construction and land development.

- Goodwill

As at 31 December 2014, 2015 and 2016, goodwill amounted to 3,614.4 million baht, which accounted for 45.7 percent, 35.6 percent and 28.5 percent of total assets respectively. The goodwill arose as a result of the reverse acquisition and the calculation of costs relating to acquisition. The Company possessed a fair value of equity instruments, which served as clearer supporting evidence since it was a company listed on the Stock Exchange of Thailand. As a result, the fair value of Country Group Development Public Company Limited's equity instruments before acquisition was used as a base for calculating costs relating to the acquisition. The amount of the acquisition costs which exceeded the amount of the acquiree's stake at fair value was stated as goodwill.

- Other non-current assets

As at 31 December 2014, 2015 and 2016, other non-current assets amounted to 13.7 million baht, 25.5 million baht and 66.1 million baht respectively, which accounted for 0.2 percent, 0.3 percent and 0.5 percent of total assets respectively. Most of the other non-current assets were composed of security deposits and prepaid expenses, which increased in line with the increase in business transactions of the Company and its subsidiaries.

## Liabilities

As at 31 December 2014 and 2015, total liabilities of the Company and its subsidiaries amounted to 2,906.5 million baht and 4,224.7 million baht respectively, representing an increase of 1,318.2 million baht or 45.4 percent. Majority of liabilities are trade and

other payables, deposits and advance from customers, bills of exchange, long-term debentures that were due within one year, as well as long-term loans and long-term debentures.

As at 31 December 2016, total liabilities of the Company and its subsidiaries amounted to 6,694.4 million baht, representing an increase of 2,469.7 million baht or 58.5 percent from a year earlier.

## Current liabilities

As at 31 December 2015, current liabilities of the Company and its subsidiaries increased by 2,233.5 million baht or 270.7 percent from a year earlier. This was mainly due to the fact that the Company and its subsidiaries received reservation deposits from customers for condominium units of Elements Srinakarin and Four Seasons Private Residences Bangkok at Chao Phraya River. In addition, the Company issued short-term bills of exchange by private placement with an interest rate of 6.0-8.0 percent per annum. The objective was to increase liquidity for business expansion and investment in new projects. As well, since the long-term debentures which were issued in 2014 were due for redemption in 2016, the Company classified these debentures worth 1,500 million baht as long-term debentures due within one year as current liabilities, on 31 December 2015. Earlier as at 31 December 2014, they were classified as non-current liabilities.

As at 31 December 2016, current liabilities of the Company and its subsidiaries increased by 184.2 million baht or 6.0 percent from a year earlier. This was mainly due to the fact that the Company received additional reservation deposits worth 712.8 million baht from customers for condominium units of Four Seasons Private Residences Bangkok at Chao Phraya River, and also from issuance of short-term bills of exchange worth 1,100 million baht. However, trade and other payables decreased by 115.3 million baht, mainly due to the fact that the Company paid for the construction costs of the Chao Phraya Estate Project during the year 2016. In addition, the Company received financial support from an overseas financial institution for payment of the construction costs. The increase in other current liabilities was due to the fact that the debenture amount of 1,500 million baht which were due for redemption was lower than the increases in the reservation deposits received from customers and issuance of short-term bills of exchange.

### Non-current liabilities

As at 31 December 2015, non-current liabilities of the Company and its subsidiaries decreased by 915.3 million baht or 44.0 percent from a year earlier. This was mainly due to the fact that long-term debentures worth 1,500 million baht would be due for redemption in 2016. As a result, the debentures were classified as current liabilities as at 31 December 2015. In addition, the Company divested from APUK Ltd. As a result, the long-term loans which were extended to APUK Ltd. decreased by the whole amount of 576.5 million baht. Although the company issued additional long-term debentures worth 1,150 million baht during 2015 to increase liquidity for business expansion of the Company and its subsidiaries. The issuance of debentures still lower than the above decreases in non-current liabilities, therefore, non-current liabilities decreased.

As at 31 December 2016, non-current liabilities of the Company and its subsidiaries increased by 2,285.3 million baht or 196 percent from a year earlier. This was mainly due to the fact that Landmark Holdings Co., Ltd., a subsidiary of the Company, received financial support for the Chao Phraya Estate Project. In this connection, all the loans would be repaid within four years after the first drawdown. During the year 2016, the subsidiary drew down 1,563.79 million baht to pay for construction costs. Meanwhile, long-term construction payables increased by 314.3 million baht. As well, during the year 2016, a subsidiary of the Company, namely CGUK 1 Limited, in which the Company invested through its 97.13 percent-owned subsidiary Leading Schools Partnership Limited, got a loan worth 400.3 million baht from an overseas financial institution to acquire investment property.

### Capital structure

As at 31 December 2014, total liabilities of the Company and its subsidiaries amounted to 2,906.5 million baht, which accounted for 36.8 percent of total assets, while shareholders' equity amounted to 5,005.3 million baht, which accounted for 63.2 percent of total assets. The debt-equity ratio amounted to 0.6 time while the interest-bearing debt ratio amounted to 0.5 time.

As at 31 December 2015, total liabilities of the Company and its subsidiaries amounted to 4,224.7 million baht, which accounted for 41.7 percent of total assets, while shareholders' equity amounted to 5,916.7 million baht, which

accounted for 58.3 percent of total assets. The debt-equity ratio amounted to 0.8 time while the interest-bearing debt ratio amounted to 0.6 time.

As at 31 December 2016, total liabilities of the Company and its subsidiaries amounted to 6,694.4 million baht, which accounted for 52.8 percent of total assets, while shareholders' equity amounted to 5,973.0 million baht, which accounted for 47.2 percent of total assets. The debt-equity ratio amounted to 1.1 times while the interest-bearing debt ratio amounted to 0.8 time.

### Liquidity

As at 31 December 2014, cash and cash equivalents of the Company and its subsidiaries amounted to 534.7 million baht, representing an increase of 302.5 million baht from a year earlier. As at 31 December 2015, cash and cash equivalents of the Company and its subsidiaries amounted to 1,253.6 million baht, representing an increase of 718.9 million baht from a year earlier.

As at 31 December 2016, cash and cash equivalents of the Company and its subsidiaries amounted to 1,058.5 million baht, representing a decrease of 195.1 million baht from a year earlier. Net cash provided by operating activities of the Company and its subsidiaries amounted to 669.1 million baht, most of which could be attributable to deposit and advance from customers worth 704.7 million baht. In addition, a total amount of 1,091.8 million baht was received from financing activities. Most of it was cash received from the increase worth 593.4 million baht in share capital in a subsidiary from non-controlling interests and addition issuance of bill of exchange amounted to 1,023 million baht. In addition, a long-term loan worth 961.8 million baht was received. On the other hand, the Company and its subsidiaries paid off the debentures worth 1,500 million baht which were due for redemption during the year. In addition, the Company and its subsidiaries paid 1,785.7 million baht for investment activities. These included mainly the payments for investment property worth 895 million baht and for purchases of fixed assets worth 136.9 million baht. There was also cash worth 809.9 million baht paid for bank deposits to use as collateral. On the other hand, the Company received cash worth 53.1 million baht from sale of investment in available-for-sale securities.

Summarize net cash flow provided by and used in each activity as follow

Unit : Million Baht

<b>Activities</b>	<b>For the year ended December 31, 2014</b>	<b>For the year ended December 31, 2015</b>	<b>For the year ended December 31, 2016</b>
Net cash provided by (used in) operating activities	(596.1)	(1,940.3)	669.1
Net cash provided by (used in) investing activities	(1,385.2)	133.0	(1,785.7)
Net cash provided by financing activities	2,327.3	2,515.5	1,091.8

#### **4. FACTORS THAT MAY AFFECT THE COMPANY'S FUTURE PERFORMANCE OR FINANCIAL POSITION**

Real estate development business serves as the Company's main source of revenue. As a result, the Company's performance greatly depends on the period of income recognition in relation to ownership transfers achieved by the Company's various projects. However, the Company has increased its investments in real estate in order to generate recurring income. These included, among others, investment in the Chao Phraya Estate Project which consisted of Capella Hotel Bangkok, Four Seasons Hotel Bangkok at Chao Phraya River, and Four Seasons Private Residences Bangkok at Chao Phraya River. Moreover, there are other factors that may affect the Company's future revenue, such as world economic situation and domestic economic conditions in each period, competition as well as construction costs.

At the Extraordinary General Meeting of Shareholders No. 1/2015, which was held on 21 August 2015, shareholders adopted a resolution permitting the Company to issue and offer for sale its debentures worth not more than 2,000 million baht for its business operations, expansion and working capital.

# RISK FACTORS

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The Company pays close attention to management of risks that may have significant impacts on its business operations, by ensuring that they are at the level which is controllable and acceptable to the Company. In this connection, the main risk factors facing the Company could be summarized as follows:

## 1. STRATEGIC RISK

### 1.1 Risk arising from discontinuity of revenue recognition

The Company started operating real estate business in 2010. At present, its main source of revenue is from selling real estate including Elements Srinakarin Project and Four Seasons Private Residences Bangkok at Chao Phraya River. The construction of Elements Srinakarin is already completed and its revenue has been gradually recognized since 2013. On the other hand, the construction of Four Seasons Private Residences Bangkok at Chao Phraya River is expected to be completed in 2018 when its revenue will start being recognized. In addition, the Company will have the revenue from the rental of real estate which consider as recurring income, this revenue will come from Capella Hotel Bangkok and Four Seasons Private Residences Bangkok at Chao Phraya River which are expected to be completed in 2018 when its revenue will start being recognized. As well as the Company has revenue from rental of real estate for investment namely Ovingdean Hall Project, which also serves another main source of the Company's revenue.

The implementation of the above projects may have short-term impacts in terms of discontinuity of the Company's revenue recognition. However, the Company has two main businesses including development and investments. The Company will step up its efforts to identify strong potential projects which generate attractive returns in the form of revenue from selling real estate and renting out property, taking into account the level of risk appropriate to the Company in the long term. At present, Company got revenue from rental from property for investment purpose namely Ovingdean Hall Project.

### 1.2 Risk arising from investing in various projects

In relation to the selection of projects that offer good potential for its investment, the Company has to take into consideration several factors in order to acquire the projects that give attractive returns at an acceptable level of risk. As a result, the Company has adopted a strict policy requiring a feasibility study, risk and return considerations, detailed due diligence, and hiring of experts in various areas such as legal advisors and financial advisors, in order to obtain adequate information for investment decision making. In addition, it requires that a clear operational plan be established so that the implementation of the plan could be properly monitored.

In this connection, the various investment projects are not only subject to careful consideration by the management but also subject to consideration by the Company's board of directors who possess both knowledge and skills. The objective is to ensure that the projects are worthy of investment by the Company.

## 2. OPERATIONAL RISK

### 2.1 Risk associated with construction cost control

In relation to construction of real estate projects for sale, costs of construction materials are main costs. In the past year, prices of construction materials increased continuously, mainly due to increasing demand for construction materials, let alone the volatility of oil prices and rising commodity prices. The increase in construction costs may result in erroneous cost estimates and mispricing, which will in turn affect future performance.

However, the Company makes a detailed estimate of the construction cost of each project, aiming to get information about the construction cost as close to the actual cost as possible from the start of the project. The information enables the Company to determine the overall construction prices in the contracts to be signed with sub-contractors. As regards some items of construction materials which are purchased by the Company, it will compare various prices quoted by several suppliers. As well, when contracts are signed, prices will be fixed in advance. The objective is for the Company to ensure that it gets the best prices and the best terms as possible. As a result, throughout the construction period of each project, the Company does not run the risk of price volatility.

## **2.2 Risk arising from sales of projects being lower than originally estimated**

The Company not only has estimated the sales of the condominium projects but has also determined the room rates of the two hotels. However, in case the Company is unable to sell the projects or the hotel rooms at the rates as estimated, the resultant gaps may have an adverse impact on the performance of the projects.

However, the Company's related sales plans have been developed by teams of experienced and skilled staff, in addition to close collaboration with real estate brokers who have extensive networks of customers, both local and overseas. As a result, the Company is confident that it is able to reach the established targets. Moreover, the Company closely monitors the project performance and it stands ready to adjust its sales plans in a timely manner, ensuring that the revised plans are appropriate in view of the prevailing economic conditions.

As regards the sales of hotel rooms, the management is confident that it is able to attract customers to stay at the hotels in an amount as estimated, mainly due to the fact that each hotel has been well designed and the prices for the hotel rooms are appropriate for the targeted customer groups. Moreover, the affiliates of the two hotels have strong hospitality management capabilities and a large customer base. The strengths increase the likelihood of achieving the hotel sales forecasts made by the Company.

## **2.3 Risk in hotel and tourism industry**

Due to the fact that hotel business is related to the number of local and foreign tourists, the external risk factors which lead to the uncontrollable fluctuation of tourism industry such as terrorism, the spread of acute contagious disease, natural disasters, turmoil and global recession, would make the direct impact on the number of local and foreign tourists planning to visit Thailand.

However, the executives still express high confidence over the capability of the Company's business operation. Because of the world renowned executives specializing in hotel management, prime location of the project and outstanding selling points, it is certain that the project will be popular and receive nice feedbacks even in such the time of economic slowdown.

## **3. FINANCIAL RISK**

### **3.1 Risk arising from limited access to funding sources**

The Company's projects require large investments for development and construction. As a result, it is necessary for the Company to have access to several different funding sources including, among others, borrowings from financial institutions, offer of rights issues to raise capital, issuance of various types of debt instruments such as debentures and bills of exchange, as well as working capital based on sales of condominium units before the construction is completed. In case the Company is unable to obtain adequate funds in line with the plans established for project development, the failure may have an adverse impact on project implementation and performance.

However, the Company is confident that it is able to obtain adequate funds in line with the established targets. This is mainly because the Company has developed a watertight financial plan, taking into account the working capital of each project and regularly assessing the Company's ability to gain access to funding sources as well as its debt-to-equity ratio which needs to be kept at an appropriate level.

### 3.2 Foreign exchange risk

The Company has adopted a policy to invest in various projects, both local and overseas. In this connection, it is well aware of potential impacts on the related project performance, which are created by the risk arising from interest rate volatility. The Company has also adopted a clear policy aiming at reducing the risk arising from interest rate volatility by placing emphasis on a method called 'natural hedge' as much as possible. The objectives are to cut costs and to minimize sophisticated transactions. To deal with any remaining currency risk, the Company has adopted a policy to hedge with currency forward contracts by taking into account trend directions as well as the delivery dates of the forward contracts. The objective is to cover the risk arising from the related transactions as much as possible. Furthermore, the Company has also adopted a clear policy to refrain from any speculative transactions in foreign currencies as they may give rise to uncertainties of the project performance.

### 3.3 Interest rate risk

Interest rate movements have an impact on the Company. If the interest rate rises, customers will postpone their purchases, mainly due to the customers' increasing cost of buying real estate. On the other hand, the Company's financial costs also increase since it needs financial support from financial institutions in the form of loans, the proceeds of which will be used for building real estate projects.

However, the Company has developed a plan aiming at closely monitoring and reducing the risk arising from rising interest rates. At present, most of the Company's loans

are fixed interest rate loans. The objective is to reduce the risk arising from interest rate volatility. In case it has to get variable interest rate loans, the Company will consider using financial tools such as currency swap in order to reduce such risk. In addition, the Company has established business alliances with several commercial banks. The objective is to enable the Company to make comparison of different offers which lead to the financial costs appropriate to both the Company and its customers.

## 4. RISK ARISING FROM STATE POLICIES

### 4.1 Risk arising from changes in laws and regulations related to real estate business

Changes in laws, rules and ministerial regulations in relation to real estate business have direct impacts on costs and expenditure related to the Company's project implementation. The changes include, among others, the change in the city planning requirements in relation to floor area ratio (FAR), the policy on determination of common areas, and the scope of assessment as well as preparation of environmental impact assessment (EIA) reports. If the regulations or requirements become more restrictive, the changes may have adverse impacts on the Company's performance.

However, the Company reduces such risk by regularly conducting surveys and studies on legal constraints and requirements related to real estate business. This enables the Company to prepare for possible changes and to make appropriate operational plans, taking into account the maximum benefits to be gained from future business operations.

## 5. RISK ON MAINTAINING OF FINANCIAL RATIO

The Company has duties according to agreement between Issuer and debenture holders ("**The agreement**") which specify that the Company has to maintain the debt to equity ratio as follow;

Debenture	Ratio "Debt" to "Equity" according to the agreement	Definition of Debt
1. Debenture of Country Group Development PCL. No. 1/2015 majority date 2018	Not over 2.5:1 at the end of period of each year for entire term of debenture	Debt mean Interest Bearing Debts in consolidated finance statement of issuer which audit by the issuer's auditor
2. Debenture of Country Group Development PCL. No. 2/2015 majority date 2018	Not over 2.5:1 at the end of period of each year for entire term of debenture	



# INTERNAL CONTROL AND RISK MANAGEMENT

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The Board of Directors pays close attention to efficiency assessment of the Company's internal control. This is to ensure that the Company's financial reports as well as information used for decision-making are accurate, complete and reliable. In this connection, the Audit Committee consisting of three members responsible for looking after and overseeing the internal control of the Company, ensuring that the policies and desirable practices which have been assigned are implemented in line with the plans outlined by the Board of Directors as well as in compliance with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

At the Board of Directors' Meeting No. 2/2016 held on 24 February 2016, two members of the Audit Committee were present. In this connection, two of the participating Audit Committee members were knowledgeable in accounting and finance. Having assessed the internal audit systems based on the Office of the Securities Exchange Commission's adequacy assessment form for the internal control systems, the Board of Directors was of opinion that currently the Company's internal control systems were adequate and suitable to its business operations and that there were neither material problems nor deficiencies. The assessment took into consideration five key areas relating to the internal control systems, which included control environment, risk assessment, control activities, information & communication, and monitoring activities. The adequacy assessment of the internal control systems in each area could be summarized as follows:

## CONTROL ENVIRONMENT

The Company has established clear business goals which are reviewed regularly, ensuring that they take into account current situations. In order that the established goals could be achieved, the Company determines the level of the staff's remuneration, by annually taking into account the Company's performance as well as the employee performance appraisals in a rational manner.

Furthermore, the Company has established written policies relating to good corporate governance, code of ethical practices, as well as prevention of conflicts of interest. It has also developed an appropriate organizational structure which will enable the management to operate efficiently. Importantly, duties and responsibilities of each work unit have been clearly separated from one another. The

Company also recognizes the importance of succession planning. Emphasis has been placed on recruitment, development and preparations of replacements as well as grooming of a group of candidates for key positions through development and training of high potential and high caliber employees.

## RISK ASSESSMENT

The Company has carried out the adequacy assessment of the internal control systems, using the Office of the Securities Exchange Commission's assessment form which is based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, the Company has undertaken assessments, using other formats such as risks arising from within and without organization as well as guidelines in relation to prevention of risks that may affect the implementation of the Company's various projects. It has also carried out an assessment of risks arising from different types of fraud and also from changes of the organizational leadership which may have an impact on business operations, internal control and finance, among others.

## CONTROL ACTIVITIES

The Company has established the scope of responsibilities and power of high ranking executives as well as their approval limits in writing. Their duties have also been clearly segregated to facilitate checks and balances. Moreover, the Company has established a policy on related party transactions, ensuring that they are in compliance with the laws and the requirements imposed by the Stock Exchange of Thailand, keeping the Company's best interests in mind.

## INFORMATION&COMMUNICATION

The Company sends important information and supporting documents needed for decision making to the Board of Directors in advance, together with the notification of the meeting which always gives details related to agenda. In addition, the Company prepares minutes of each meeting, which cover opinions and resolutions adopted by the meeting. As well, the Company stores books of accounts and supporting documents in a systematic and orderly fashion. It also makes use of information technology in storing and managing information of each work unit, such as the Enterprise Content Management (ECM) for managing different information of each work unit, and the Memo Online Systems.

## MONITORING ACTIVITIES

The Company has established a system for monitoring its operating activities and its compliance with the code of ethical practices as well as rules relating to prevention of conflicts of interest. Moreover, it has established an internal audit office responsible for monitoring the implementation of the internal control systems of various work units in the organization. In this connection,

the internal control systems are subject to regular assessments with the internal audit officers being required to submit audit reports directly to the Audit Committee. Emphasis is placed on monitoring the progress relating to the implementing corrective measures. In particular, when any material deficiencies are identified, the related reports must be submitted to the Audit Committee right away so that it could make necessary arrangements for having the deficiencies remedied in a timely manner.

## HEAD OF INTERNAL AUDIT OFFICE

Ms.Anchalee Sriwiwatkul currently serves as senior manager of the Company's Internal Audit Office. She has considerable experience of internal audit of listed companies for over 19 years. As well, she attended a number of training courses related to internal audit operations. Importantly, she also has a good understanding of the Company's activities and business operations.

In this connection, decisions related to appointment, removal or transfer of the head of the Company's Internal Audit Office must meet with the approval of the Audit Committee.

# CORPORATE GOVERNANCE

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## 1. POLICY ON GOOD CORPORATE GOVERNANCE

The Board of Directors realizes the importance of good corporate governance and enhances the good corporate governance according to the guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission. It is importance to the business operation in order to administrate effectively manage and support the continuously growth, create confidence to shareholders, investors, stakeholders and optimization in the long term to the Company as 5 sections as follows:

- Section 1: Policy on Good Corporate Governance
- Section 2: Rights and equitable treatment of shareholders
- Section 3: Role of stakeholders
- Section 4: Disclosure and transparency
- Section 5: Responsibilities of the Board of Directors

### Section 1: Policy on Good Corporate Governance

The Company has written a policy which is supporting the good corporate governance and be under the requirement of several laws and business ethics in order to control the Company's and subsidiaries' operations. The Board of Directors circulated the policy of good corporate governance and business ethics to directors and all employees to follow. The policy is included the following main topics:

- Treat all shareholders and stakeholders equally and fairness
- Commit to creating long term value for the Company by managing the business carefully and cautiously. To be accountable for actions and to perform their duties with all their abilities sufficiently and effectively in order to maximize shareholders' benefit. In addition, the Board of Directors is also responsible for resolving all conflicts of interest.
- Perform their duties transparently, virtuously, auditable, and to disclose adequate information to all stakeholders.

- Carry out the business with risk aversion and place appropriate controls and risk management tools.

- Set up the Company's guideline for ethical conduct in compliance with the guidelines of the Stock Exchange of Thailand for directors, management, and all employees to follow. The guideline focus on having adequate control and internal audit systems to oversee the management and to ensure that they are efficient and providing the long term shareholders' benefit under the laws and business ethics.

- Encourage all directors and management to regularly take courses with the Thai Institute of Directors Association (IOD) and other institutions in order to be more knowledgeable in all aspects of the directors and management's roles and duty.

## Section 2: Rights and equitable treatment of shareholders

### 1. Rights of shareholders

The Board of Directors recognizes the importance of the equitable treatment of shareholders. As a result, it has adopted a policy on equitable treatment of all shareholders as well as protection of their basic rights, the details of which are as follows:

1. All shareholders have equal rights to buy, sell, transfer shares in their possession, to share the Company's profit, to receive adequate information about the Company's business operations, to attend shareholders meetings to exercise rights to vote for the election or removal of directors, the appointment of an auditor as well as other matters which may impact the Company. These matters include, among others, allocation of dividends, establishment or amendment of the Company's articles of association and the memorandum of association, capital decrease or increase, and approval of special transactions.
2. Same types of shares have equal voting rights with one vote per share.
3. The Company regularly discloses its information to shareholders via the Stock Exchange of Thailand's channels as well as the Company's website. In addition,

shareholders could get information about their rights or other information about the Company directly via email: info\_ir@cgd.co.th.

4. The Company shall send a notice of the annual general meeting together with supporting documents for various agenda items and opinions of the Board of Directors for each agenda item, at least seven days prior to the meeting date, except as otherwise specified in the articles of association, notifications, order or requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. As well, the notice of the meeting together with the supporting documents shall be made available through the Company's website prior to the meeting date. The objectives are to provide shareholders with adequate time to study the available information in detail and to enable them to make appropriate decisions.
5. The Company clearly informs shareholders of the rules and methods in relation to the attendance of shareholders meetings through the notice of the general meeting of shareholders. As well, it informs the shareholders of the voting procedures at the general meeting of shareholders. As well, the Company puts in place clear step-by-step procedures to be followed at the general meeting of shareholders in relation to presentation of agenda items, raising questions, voting and adopting resolutions. In addition, shareholders are given an opportunity to send their questions to the Company prior to the date of the meeting. Importantly, the Company equitably provides all shareholders with convenience in relation to registration for the attendance of the meeting at least one hour before the meeting starts. They could continue registering for the attendance until the end of the meeting. As well, the shareholders participating in the meeting are provided with appropriate reception buffet.
6. The Company shall not deprive shareholders of the rights to study the Company's information which must be disclosed in line with various requirements and in relation to the shareholders' participation in the shareholders meetings. For examples, the Company shall neither distribute additional key information on short notice nor add new agenda items during the course of the shareholders meeting. As well, the Company shall not change key information without notifying shareholders in advance. Among others, the Company shall not take away the right of late-arriving shareholders to attend the shareholders meeting.
7. Providing supporting facilities, the Company encourages shareholders to participate in shareholders' meetings to exercise their voting rights. For examples, the Company conducts the meeting in line with the order of the agenda items specified in the notice of the shareholders' meeting, which is sent to them. In electing the directors, shareholders can vote for directors individually. As well, shareholders are provided with opportunities to ask questions or express opinions, to which the directors concerned are required to give their adequate responses.
8. In case shareholders cannot attend the shareholders meeting themselves, the Company has provided them with facilities by making available Proxy Form B, in which shareholders can specify their decisions as regards to their voting. In this connection, shareholders could download both Proxy Form A and Proxy Form B from the Company's website. As well, the Company must offer at least one of its independent directors to be chosen and appointed by shareholders as their proxy holder who will attend the meeting on their behalf.
9. The Company shall make arrangements for clear and accurate minutes of the meeting to be taken, so that shareholders could check them. In this connection, the Company will distribute the minutes of shareholders' meetings through its website after they are sent to the Stock Exchange of Thailand.

## 2. Conflicts of Interest

The Board of Directors and the management have considered ending and preventing the conflicts of interest in a careful, honest, prudent and independent manner, taking into account the code of business ethics and the Company's overall benefits.

As a result, in order to promote transparency and prevent the pursuit of self-interest, the Company requires its directors, executives and related parties to disclose to the Board of Directors information about any conflicts of interest, via the Company Secretary. As well, in compliance with the regulations of the Office of the Securities and Exchange, they are also required to report their holdings of the Company's shares to the Board of Directors. In addition, at the meetings of the Executive

Committee or the Board of Directors, those who have interests in any transaction or may have a conflict of interest with the Company are prohibited from giving their opinion and from voting on the related agenda item.

Moreover, the Company has established a policy and procedures for approving related party transactions or those which may have a conflict of interest. In this connection, information about names of related parties and their relationships, pricing policies and transaction values as well as the opinions of the directors concerned with the transaction need to be disclosed, taking into consideration the notification issued by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. These notifications have to be strictly adhered to for the overall benefits of shareholders in an equitable manner.

In addition, the Audit Committee have reported to the Board of Directors on the related party transactions and other transactions that have a conflict of interest. The appropriateness of these transactions has already been carefully considered. The report has complied with the related requirements of the Stock Exchange of Thailand. In strictly adhering to the requirements, the Company discloses the information every quarter and includes it in the annual report as well as in the disclosure report on additional information (Form 56-1).

In this connection, the Company has adopted a policy prohibiting directors, executives and staff members of the Company and its subsidiaries from using insider information which has not been disclosed to the public, for their own benefit or that of third parties, directly or indirectly. In addition, directors, executives or staff members of the Company who receive the Company's financial information are prohibited from using the information for one month before it is disclosed to the public. In this connection, the Company has requested the directors, executives and staff members of the Company to refrain from trading the Company's shares before disclosing the financial statements to the public. As well, it has ensured that the directors and executives understand their responsibility in reporting their holdings of the Company's shares and changes in their shareholdings to the Office of the Securities and Exchange Commission as well as the Stock Exchange of Thailand in compliance with Section 59 and the liability clause in Section 275 of the Securities and Exchange Act B.E. 2535. In this connection, the Company has established disciplinary

measures which shall be applied to staff members who violate the Company's rules and regulations or the announcements which are included in the staff manuals.

### Section 3: Role of stakeholders

The Company places great importance to all stakeholders i.e. shareholders, employees, the Company and the subsidiaries' management teams, partners or external stakeholders i.e. business partners, competitors, creditors, communities and societies, as well as state agencies and related agencies as follows:

**Shareholder:** The Company is committed to creating added value in the long run and continuously to providing investment returns for the benefits of shareholders with focus on transparency disclosure and credible.

**Employees:** Employees are encouraged to improve their skills and abilities to ensure the highest operational efficiency. Employees are provided with suitable and fair hiring conditions and a meritocratic system of advancement within the Company. The Company ensures a safe work environment that is in line with accepted standards.

**Partners:** The Company collaborates with partners in a professional and transparent manner for its mutual best interest

**Customers:** The Company encourages providing service according to the agreement and acknowledges the importance of customers is the first with create the good relationship regularly and continuously.

**Business partners:** Company shall treat all the partners equally, fairly and keep confidentiality including create good relationship and benefit with partners.

**Creditors:** The Company treats lenders fairly according to the debt hierarchy and in line with the relevant contract and the law.

**Competitor:** The Company competes fairly and treats competitors equally, respectfully and professionally.

<b>Community/ Society:</b>	The Company recognizes the supporting in activities of promoting quality of life and cultivating social responsibility spirit to employees at all level that can lead to the development in community, society and environment.
<b>Government agencies:</b>	The Company complies with all relevant laws, criteria, rules and regulations in the related agencies.
<b>Environment:</b>	The Company encourages the employees to acknowledge the environment preservation and creates the policy to develop the project under the Environmental Impact Assessment (EIA).

The Company has adopted a policy aiming at protecting their rights and treating them equitably. This is mainly because the support from all groups of stakeholders plays an important role in enhancing the Company's competitiveness and profitability, which in turn bring about long-term success for the Company. Recognizing the rights of each group of stakeholders, the Company not only complies with various rules and regulations but also fulfills all obligations of contracts and agreements. As well, emphasis is placed on disclosure of adequate information to facilitate effective participation of the stakeholders concerned. The Company also refrains from depriving the various groups of stakeholders of their rights or from causing negative impacts on them.

If there is a complaint, suggestion, or query on wrongdoing, violation of ethics, error in the financial statements, or deficiency in the internal control system, please direct them to the Secretary to Audit Committee via Tel: 66(0) 2658 7888 and Fax: 66(0) 2658 7880. The Company will investigate into the matter confidentially and report the finding to the Board of Directors.

## **Section 4: Disclosure and transparency**

### **1. Disclosure**

The Company pays close attention to disclosure of accurate, complete, and reliable information, both financial and non-financial, which is important to decision making of investors and stakeholders, in an equitable, timely and transparent manner as well as in line with the rules imposed by the Stock Exchange

of Thailand and the Office of the Securities and Exchange Commission. The information which includes various publications, annual statements (Form 56-1) and annual reports, is disclosed through the channels of the Stock Exchange of Thailand and the Company's website.

In the annual report, the Company also makes available the Audit Committee's report as well as the statement indicating responsibilities of the Board of Directors for the financial report.

### **2. Relationship with Investors**

The Company pays close attention to disclosure of accurate, complete, and reliable information, both financial and non-financial, as well as other key information which is important to decision making of investors and stakeholders in an equitable, timely and transparent manner. The information is disclosed to investors, analysts, and interested members of the general public through various channels of the Stock Exchange of Thailand and/or various media such as publications as well as the Company's website. In this connection, the Company has assigned the Company Secretary as the person responsible for giving information service and disclosing the Company's key information. One may contact the Company at Tel: 66(0) 2658 7888, Fax: 66(0) 2658 7880 or through E-mail: info\_ir@cgd.co.th.

## **Section 5: Responsibilities of the Board of Directors**

### **1. Leadership and Vision**

The Board of Directors comprises experienced and knowledgeable persons who are able to provide guidance and set Company's policy, vision, strategy, target, and direction, as well as supervise the management team under the legal framework, the Company's objectives and Articles of Association, and resolutions of the shareholders' meeting. It shall perform its duty with care and honesty in order to yield maximum benefit for the Company, and raise confidence among shareholders. Furthermore, the Company also emphasizes the importance of internal control system, internal audit process, and continuously assesses the effectiveness of the management, as well as monitors the internal process regularly by its internal audit department which constantly reports to the Audit Committee.

The Board of Directors has considered specify and separate the roles and responsibilities between the Board of Directors and

management team. The authority is defined clearly which communicates roles and responsibilities to directors and employees regularly.

## 2. Code of Conduct

The Company has determined a Code of Conduct for its directors and employees to ensure appropriate action in accordance with the Company and shareholders' expectation in performing their functions. It also provides a guideline for good business conduct as follows:

1. Perform the functions in accordance with the laws, the Company's objectives and Article of Association, the resolution of the Board of Directors, and good corporate governance and director's ethics.
2. Manage the business for the benefit of all current and future stakeholders, as well as preserve the Company's image.
3. Not being involved, directly or indirectly, either in any entity which may have a conflict of interest with the company in which one serves as director or in any entity whose business competes with that of the company in which one serves as director.
4. Stay away from having direct or indirect interests in a connected or competing businesses.
5. Manage with care and avoid commitments that may conflict with its duty in the future.
6. Do not take advantage of the job to gain direct or indirect personal benefit.
7. Devote full ability to carry out the job for the maximum benefit of the Company.
8. Do not conduct or become a major shareholder in a competing business, or have a relatives on the Board of Directors or being shareholders in the same kind of business, regardless of benefitting one's or others' interest.

The Company's directors and all employees are aware of the code of conduct, and behave and perform their functions professionally and ethically, with the goal of maximizing the Company's and shareholders' benefit.

## 3. Composition of the Board of Directors

1. The Board of Directors will consider, under the guidance of the Nomination and Compensation committees, candidates whose skills, experience, and expertise are essential for the Company's business

and nominate them for selection in the shareholders' meeting,

2. The Board of Directors consists of specifies the number of directors on the shareholders' meeting which shall not less than 5 members whose skills, experience, and expertise are essential. In addition, at least one-third but no less than 3 members of the Board of Directors must be independent from the Company.
3. Independent Directors have qualification as follows:
  - a. Holding shares not exceeding 1 percent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
  - b. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the appointment.
  - c. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
  - d. Not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the appointment.

The Business relationship accordance with paragraph above is included normal business transaction on rental and lease of property, asset and service



transaction or financial transaction which to be borrow or lend of loan, guarantee, debt collateral including other similar transaction which the party of transaction have obligation to make the payment of debt to other party from 3% of Net Tangible Asset of the Company or Twenty Million Baht which lower than.

- e. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the appointment.
- f. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the appointment date.
- g. Not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder.
- h. Not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After appointment, the independent director with clearly understanding in the Company business may assign from the Board of Directors to operate the Company, the subsidiary, affiliate or juristic person who may have conflicts of interest, to make decision under Collective Decision.

- i. The independent director has a good knowledge and understanding of the Company's business operations

4. Each director has a term on the Board of Directors as specified in the Public Company Act, and has no limit on the number of consecutive terms they can served on the board.
5. Each director can serve directorship no more than 5 listed companies' Board of Directors unless approved by the Company's Board of Directors or shareholders on a case by case. This is to encourage directors to fully perform their directorship and directors and top management teams shall report their information regarding the other directorships in other companies to be acknowledged by the Board of Directors. Currently, none of the Company's directors serves on more than 5 listed companies.

#### **4. Roles and responsibilities of the Board of Directors**

See detail of roles and responsibilities of the Board of Directors as shown in the chapter of the shareholding and management structure.

#### **5. Board of Directors Meeting**

The Board of Directors meeting is arranged at least once every three months. The chairman of the Board or the person assigned will call the meeting. In certain situations, two or more directors may request the chairman to call the meeting, which has to be held within 14 days from the requested date.

The Chairman or the person assigned shall send the invitation letter to the Board of Directors Meeting at least 7 days prior the meeting. In the event of an emergency to protect the rights and benefits of the Company, the meeting request can be notified by other method or the meeting can be arranged sooner. The Chairman and CEO shall consider and determine the agenda and provide the opportunity that two or more directors can request the agenda according the article of association

At a meeting of the board of directors, the presence of not less than one half of the total number of directors is required to constitute a quorum. In the case where the chairman of the board is not present at the meeting or is unable to perform his or her duty and if there is a vice-chairman, the vice-chairman presents at the meeting shall preside over the meeting. If there is no vice-chairman or if there is a vice-chairman who is unable to perform his or her duty, the directors present at the meeting shall elect one among themselves to preside over the meeting. The decisions at

the meeting shall be by majority of votes. Each director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the case of an equality of votes, the chairman of the meeting shall have an additional vote as a casting vote.

## **6. Assessment of director and top-executive**

### **1. Assessment of Director**

The Board of Director assigns the Nomination and Compensation Committee to assess the performance of the Board of Director and Sub-Committee with 2 form of assessment which are assessment of the Board of Director by group and by each director (self-assessment). The assessment shall be made director to review result of performance, problem of the last year.

### **2. Assessment of Top-Executive**

The Board of Director assigns the Nomination and Compensation Committee to assess the performance of top executive annually. The assessment will be reported to the Board of Director in order to fix the compensation of top executive and the chairman will be the person who informs the top executive for his acknowledgement.

## **7. Balance of non-executive directors**

The company is set to have at least 1 of the 3 of the directors, but not less than 3 members. Three independent directors held the position of Audit committee members with the qualifications according to the announcement of the Stock Exchange of Thailand on the roles and scope of the audit committee to perform various checks and balances of the company to be fair and accurate.

As of December 31<sup>st</sup>, 2016, the experienced and knowledgeable members of the Board of directors comprise of 12 persons, as follows:

- non-executive directors of which are 7 independent directors
- 1 member of the Executives

The three independent directors were appointed the Audit Committee with the qualifications according to the announcement of the Stock Exchange of Thailand on the roles and scope of the audit committee to perform various checks and balances of the company to be fair and accurate.

## **8. Integration or Segregation**

The Chairman of the Board shall not be the same person as chief executive of the management in order to separate the duties of policies setting from regular management. The Company has defined the responsibilities of authority to approve, accounting record and assets management at each level clearly, so they can examine each other easily.

The Chairman and Independent committee member is Mr. Vikrom Koompirochana. For the top management which is the company's chief executive officer is another director which Mr. Ben Taechaubol. Both positions have separate roles and responsibilities clearly and all important decision making has to be conducted through the Board of Directors.

## **9. Internal control and audit system**

The Company emphasizes the important of the internal control system, at both the management and operational level. There is a written Procedure Manual clearly specifying the authority of staff performing their duties and the management, and authorization chart. In order to regularly monitor the internal control system and inspect material transactions, the Audit Committee is assigned to audit the internal control system to ensure its effectiveness. Furthermore, the Company also conducts a risk assessment exercise and prepares preventive and mitigate measures, and monitor the compliance with related laws and regulations. There is also a segregation of operational, monitoring, and evaluating functions in order to encourage appropriate level of check and balance among them.

The Company has established the Office of Internal Audit, which performed its duties independently and reported directly to the Audit Committee, in order to audit the operations of the Company and its subsidiaries. The internal audit office was required to report the results of its auditing works directly to the Audit Committee.

In addition, the Audit Committee must conduct an annual review of the appropriateness and sufficiency of the internal control system and report the findings to the Board of Directors, which will express its opinion on the sufficiency of the internal control system in the Annual Report.

## **10. Director's report**

The Board of Directors has assigned the Audit Committee to supervise the preparation and disclosure of information in the financial

statements, internal control system, and internal audit, in order to assess the adequacy and appropriateness of the internal control system and the preparation of the financial statements for their accuracy, completeness, sufficiency, accountability, and effectiveness and also assigned company secretary in keeping director's report.

#### **11. Knowledge and skill improvement for directors and management**

The Company encourages all directors and management to take courses with Thai Institute of Directors Association (IOD) and other related courses organized by various institutions on a regular basis in order to enhance their knowledge and skills.

#### **12. Directors Orientation**

For newly appointed directors, the Company arranges an orientation for them to learn about the Company's policies, and other information, such as capital structure, shareholding structure, operating performance, as well as related laws and regulations. They will also be given a director handbook contains useful information on being a Company's director as follows:

##### **Director handbook**

1. Public Limited Companies Act, B.E. 2535
2. Affidavit

3. Company Business Objectives
4. Articles of Association
5. Company Corporate Governance Report
6. Listed company director handbook of the Securities and Exchange Commission.

#### **Information for directors**

1. Disclosure Guidelines for Listed Companies' Management
2. Connected party transaction of the Listed Company
3. Good Corporate Governance of the Listed Company Year 2012
4. Company Profile
5. Recent Annual report

#### **13. Company Secretary**

The Board of Director realizes the important of roles and responsibilities of Company Secretary which will make the Company to operate its business to comply with the good corporate governance. The roles and responsibilities of the Company Secretary are shown in the chapter of shareholding and management structure.

## **2. SUB-COMMITTEE**

The Company has 3 sub-committees are as following:

### **2.1 Audit Committee**

The Audit Committee comprise of three independent directors appointed by the Board of Directors. The members of the Audit Committee are as following:

No.	Name	Position
1	Mr.Subhakorn Bhalakula	Chairman of the Audit Committee
2	Mr.Hsu-Feng Shueh	Member of the Audit Committee
3	Pol. Lt. Gen. Werapong Chuenpagdee	Member of the Audit Committee

Mr.Subhakorn Bhalakula, Chairman of the Audit Committee, and Mr.Hsu-Feng Shueh, member of the Audit Committee, who has knowledge and experience in auditing the Company's financial statements. Miss Anchalee Sriwivatkul is to be secretary of the Audit Committee

#### **Scope of authority and duties of the Audit Committee**

1. Review the accuracy and adequacy of the Company's quarterly and annual financial statements by coordinating with the auditor and the in charge management. The Audit Committee may suggest the auditor to review or audit a specific transaction deemed necessary and important.

2. Review the internal control and internal audit systems to ensure their appropriateness and effectiveness in conjunction with the external and internal auditors, review the independence of the Internal Audit Office, and approve the appointment, transfer, and termination of the highest-rank officer of the Internal Audit Office.
3. Review the compliance of the Company's business operation with the securities and stock exchange laws and regulation, as well as other related laws.
4. Evaluate and nominate the Company's external auditor and its compensation based on the auditor's credentials, resources, workload, as well as staff's experience assigned to conduct the audit.
5. Arrange a meeting with the external auditor without a presence of the Company's management at least once a year.
6. Consider the related party transactions or ones that may give rise to a conflict of interest, ensuring that they are in compliance with laws and the requirements of the Stock Exchange of Thailand as well as the requirements of the Office of the Securities and Exchange Commission. This is to ensure that such transactions are rational ones and in the best interests of the Company.
7. Consider the acquisition or disposal of the Company's assets whose value is subject to the approval of the Audit Committee in line with the laws, requirements of the Stock Exchange of Thailand and the regulations of the Office of the Securities and Exchange Commission.
8. Approve the internal audit plan, and the result of the Internal Audit Office's operation.
9. Review and revise the charter of the Audit Committee and propose to the Board of Directors for approval.
10. Prepare an Audit Committee Report to be disclosed in the Company's Annual Report. The report has to be signed by the Chairman of the Audit Committee and must include at least the following information:
  - a. an opinion on the accuracy, completeness and creditability of the Company's financial reports,
  - b. an opinion on the adequacy of the Company's internal control system,
  - c. an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business,
  - d. an opinion on the suitability of an auditor,
  - e. an opinion on the transactions that may lead to conflicts of interest,
  - f. the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - g. an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - h. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
11. Report the duties performed by the Audit Committee to the Board of Directors.
12. In carrying out its duties, if the Audit Committee finds or doubts that there are any transactions or actions that may have a material impact on the Company's financial position or performance, the Audit Committee has to report it to the Board of Directors so that a remedial measure could be implemented within a timeframe which the Audit Committee deems appropriate. The transactions or actions include, among others, the followings:
  - a. Transactions that lead to conflicts of interests,
  - b. Fraud, material irregularities or defects in the internal control system,
  - c. Violation of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business.

If the Board of Directors or the management fails to implement the remedial measure within the timeframe mentioned above, any member of the Audit Committee may send a report on the above-mentioned transaction or action to the Office of the Securities and Exchange Commission.

13. Investigate complaint from the external auditor of any suspicious behaviors, conducted by the Company's directors, managers, managing Director, or any other responsible parties; deem to be in violation of the Securities and Stock Exchange Act, and report the preliminary finding to the Securities and Exchange Commission and the external auditor within 30 days from the notification date.
14. Perform other functions as may be assigned by the Board of Directors and agreed upon by the Audit Committee.
15. In performing such functions, the Audit Committee has a direct responsibility to the Board of Directors, whose responsibility to external parties are still intact.

## 2.2 Nomination and Compensation Committee

The Nomination and Compensation Committee comprise of 3 members appointed by the Board of Directors. The members of the Compensation Committee are as following:

No.	Name	Position
1	Mr.Subhakorn Bhalakula	Chairman of the Nomination and Compensation Committee
2	Pol. Lt. Gen. Werapong Chuenpagdee	Member of the Nomination and Compensation Committee
3	Mr.Ben Taechaubol	Member of the Nomination and Compensation Committee

### Scope of authority and duties of the Nomination and Compensation Committee

#### Responsibilities on Nomination Function

1. Formulate criteria and policy in nominating directors, members of sub-committees and the Chief Executive Officer.
2. Consider and nominate appropriate persons to be appointed as directors, and members of sub-committees and the Chief Executive Officer for approval by the Board of Directors and/or the Shareholder Meeting.
3. Report to the Board of Directors the results of the meetings or other matters that the Board of Directors should be informed.
4. Perform any tasks assigned by the Board of Directors.

#### Responsibilities on Remuneration Function

1. Appraise the performance of the Directors, member of sub-committee and the Chief Executive Officer.
2. Evaluate the compensation for the Directors and member of sub-committee based on a fair and reasonable scheme

and propose to the Shareholder Meeting for approval. The compensation includes salary, meeting allowance, annual bonus, and other monetary and non-monetary benefits.

3. Evaluate the compensation for the Chief Executive Officer based on a fair and reasonable scheme and propose to the Board of Director Meeting for approval. The compensation includes salary, meeting allowance, annual bonus, and other monetary and non-monetary benefits. In addition, evaluate the compensation for high-level management based on a fair and reasonable scheme and propose to the Board of Director Meeting for approval.
4. Review the compensation for the Directors, member of sub-committee, the Chief Executive Officer as well as review the compensation structure for high-level management based on individual performance, company performance, practices in the same sector and other listed companies and their responsibilities.
5. Perform any tasks assigned by the Board of Directors.

## 2.3 Investment Committee

The Investment Committee comprise of two executive directors appointed by the Board of Directors. The members of the investment Committee are as following:

No.	Name	Position
1	Mr. Ben Taechaubol	Chairman of the Investment Committee
2	Mr. Chatchai Chordokrak	Member of the Investment Committee

### Scope of authority and duties of the Investment Committee

1. Evaluate and approve any investment which total value of the project not over Baht 100 million.
2. Review and propose for approval by the Board of Directors for any investment which total value of the project over Baht 100 million or the investment which is not abide by the investment's policy.
3. Carry out any other tasks assigned by the Board of Directors.

In this connection, the Board of Directors does not specify the tenure of the Chairperson of the Investment of Committee

based on the following criteria and methodologies:

- (1) Each shareholder shall be entitled to one vote on each share of stock held by him.
- (2) Shareholders are required to cast their votes on the appointment of each candidate as director separately on a separate resolution.
3. At every annual general meeting of shareholders, one-third of the total number of the directors shall retire. If the number of directors cannot be divided into three parts, the number of director nearest to one-third shall retire. The directors to retire from their office in the first and second years following the registration of the Company shall be determined by drawing lots. In each subsequent year, the directors who have been in the office for the longest time shall retire. The retiring directors may be re-elected.
4. Directors are entitled to receive remuneration from the Company in the form of monetary rewards, meeting allowance, pension, bonus or benefits in other forms in line with the Company's Articles of Association or the resolution adopted at the general meeting of shareholders, which could be a fixed amount of remuneration, criteria for remuneration to be determined each time or effective continuously or until changed. In addition, directors are also entitled receive the allowances and other benefits in accordance with the Company's regulations. In this connection, such entitlements shall not affect the rights of staff or employees of the Company who are elected as directors, to receive remuneration and other benefits as employees.
5. Any director wishing to resign from office shall tender his resignation letter to the Company. The resignation shall have effect on the day the letter of resignation reaches the Company. The director who

## 3. NOMINATION AND APPOINTMENT OF DIRECTORS AND SENIOR EXECUTIVES

### 3.1 Board of Directors

In selecting candidates to be appointed as members of the Board of Directors, the selected candidates need to be approved by the Nomination and Remuneration Committee first before submitting their names to the Board of Directors for consideration. After consideration, the Board will propose the names of the candidates to the annual general meeting of shareholders for appointment. The selection will take into account a number of criteria including the candidates' knowledge, ability, experience, vision and credibility. Importantly, the candidates must not possess any prohibited characteristics specified by the laws. In this connection, the related criteria and methodologies could be summarized as follows:

1. At least half of the Board of Directors must reside in Thailand and the members of the Board must possess qualities specified by the laws.
2. The appointment of directors is subject to a simple majority of votes cast at the annual general meeting of shareholders,

resigns may also notify the registrar of his resignation.

6. When a vacancy occurs in the Board of Directors otherwise than by rotation, the Board of Directors shall elect a person who is qualified and does not possess any prohibited characteristics in accordance with the Public Limited Company Act or the law on securities and exchange, as a replacement director at the following meeting of directors, except when the remaining tenure of the replaced director is less than two months. The replacement director may retain his office only for the remaining tenure of the director whom he replaces. The Board of Directors' election of the replacement director must be supported by a vote of not less than three-fourths of the remaining directors.
7. Shareholders attending a meeting may adopt a resolution to remove any director from office prior to retirement by rotation by a vote of not less than three-fourths of the number of shareholders who are present at the meeting and are entitled to vote, representing an aggregate number of not less than one-half of the number of shares held by the shareholders who are present at the meeting and are entitled to vote.
8. The Board of Directors shall elect one director as Chairperson of the Board of Directors. In case it is deemed appropriate, the Board of Directors may elect one or more directors as Vice Chairpersons.

### **3.2 Audit Committee/Independent Directors**

As regards the appointment of the Audit Committee members, the Company's Board of Directors or the annual general meeting of shareholders shall appoint the Audit Committee which consists of at least three members selected from the Company's independent directors. In this connection, at least one member of the Audit Committee must have adequate knowledge and work experience in accounting and finance so that he can carry out duties related to the review of the reliability of financial reports. The selection shall also take into consideration qualifications of those who have legal knowledge and work experience as well as a good understanding of the Company's business.

### **3.3 Nomination and Compensation Committee**

In the part of the nomination and remuneration committee selection, the Board of Directors or the meeting of shareholders should appoint the committee members consist of two independent directors and one executive director. The nomination and compensation committee will be considered by their qualifications in deep knowledge in the Company's business area, skills and experiences in legal, expertise in developing such compensation and nominations structure. The information obtained from the database of Consultant Company will be used for the purpose of nomination and remuneration in the organization to compatible with internationally-recognized standards.

### **3.4 Top management team members**

In nominating candidates to assume the position of the Company's senior executive, the Human Resource Division will be responsible for nominating qualified candidates. On the other hand, the selection of the candidates will be left to the discretion of the top management, mainly taking into account the candidates' qualifications, education and experience related to the work unit concerned.

## **4. OVERSEEING THE OPERATIONS OF THE COMPANY AND ITS ASSOCIATES**

The Board has a mechanism to supervise its subsidiaries and associated companies. So the company can get involved in their management and control the operations of such companies. The Company will send representatives as directors or executive or controlling authority in the proportion of stock holding. When the Company needs to decide in a matter of significance, the matter should be presented to the Board of Directors for approval. Moreover, the representatives of the company shall look after the subsidiaries or associate to have the disclosure of acquisitions or disposals of assets or related transactions to meet the requirements and criteria of related controlling entities, and also the Board has to prepare financial statements in accordance with accounting standards and meet the deadlines of the consolidated financial statements.

## 5. CONTROL OF INTERNAL INFORMATION

The Company sets up the policy for committees, directors and employees of the Company and its subsidiaries to maintain the confidentiality, not lead to the disclosure of inside information or seek personal interests or benefit of another person, whether directly or indirectly, whether they receive remuneration or not. Moreover, The Company prevents personnel to perform such activities to disclose the information to others or used for personal gain, including securities trading. The Company approved the policy of the use of inside information as follows:

1. Inform the directors and executives to be aware of their responsibility to report the holdings of securities of their own, their spouses and minor children according to Section 59, including penalties under Section 275 of the Securities and Exchange Act B.E.2535 and the regulations of the Stock Exchange of Thailand.
2. Order the Executive report changes in their shareholdings to the Securities Exchange Commission and send a copy of such report to the company on the same day that the report is sent to the Securities and Exchange Commission.
3. Notify the management and employees of the Company to be aware of the duty of the management and employees of the Company and its subsidiaries. When they are informed about company's financial information, or inside information which can significantly affect the Company's stock price, they need to avoid buying the securities of the company during one month before the financial statements or internal information is publicly available and they are prohibited from the disclosure of such important information to be available to others.

## 6. AUDIT FEE 2016

The Company has expense of audit fee for Deloitte Touche Tohmatsu Jaiyos Co. Ltd which is auditor for 2016 of the Company amount of Baht 2,050,000.



## CORPORATE SOCIAL RESPONSIBILITY

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As part of the company's holistic and sustainability goals, Country Group Development along with its company's executives, employees and stakeholders, is committed to responsibly make a positive impact towards the environment and community we impact.

Bangkok River Partners (BRP) is a non-profit organization contributing to the protection of Bangkok's Chao Phraya River, in efforts to ensure that the centuries-old communities retain their heart and heritage as the region develops into one of Bangkok's most prized areas. With the mission to safe-guard and maintain the Chao Phraya Riverside district, the organization supports the growth of Bangkok's business and creative scene to showcase the very best of Thai creativity, showmanship and hospitality within the area, as well as creating an environment that is appealing to creative individuals and industries.

As a developer, CGD highly respects the preservation of the existing environment, the history of heritage and the support of its local communities. It is preached that the company is contributing to the "revitalization" rather than the "redevelopment" of the riverside area.

In addition, CGD together with its construction partner BCEG International has engaged with the community along the Chao Phraya River, contributing to donations such as the school of Wat Suthiwaram, an all-boy state school located in Yannawa Sathorn in the riverside district. Country Group Development along with partner Beijing Construction Engineering Group (BCEG) donated a total of THB 2 MB to the improvement and the reconstruction of building facilities such as the installation of new glass, aluminum and air-conditioning units to better the conditions for students.

In the future, CGD hopes to continue to foster collaboration and understanding with locals by working together in order for the company to contribute as much as possible to benefit the riverside community.

For more information please visit [www.bangkokriver.com](http://www.bangkokriver.com)

# CONNECTED TRANSACTIONS

## CHARACTERISTIC OF THE CONNECTED TRANSACTION

In 2016, the Company and its subsidiaries have the connected transactions with the connected persons and/or juristic persons who might have conflict of interest with the Company and its subsidiaries, which the auditor specified them in the note of the financial statement for the year ended December 31, 2016. It could be summarized as follows:

### 1. Mr.Sadawut Taechaubol

**Relationship:** Mr.Sadawut Taechaubol is the major shareholder of the Company, as at March 17, 2017, held ordinary share of the Company amount of 1,275,000,000 shares or 17.38% of the total paid-up shares. Mr.Sadawut Taechaubol is a director of the Company and is father of Mr.Ben Taechaubol who is a director and major shareholder of the Company.

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. Deposit for reservation, sign the Agreement to buy and sell Condominium 6 units of Elements Srinakarin.	Deposit	-	360,000	The Audit Committee has the opinion that such transaction was accorded with the Company's price list of condominium unit with the same normal condition to the unrelated party.
	Advance receive	-	1,009,638	

### 2. Mr.Ben Taechaubol

**Relationship:** Mr.Ben Taechaubol is the major shareholder of the Company, as at March 17, 2017, held ordinary share of the Company amount of 1,025,693,333 shares or 13.98% of the total paid-up shares. Mr.Ben Taechaubol is Chief Executive Officer and a director of the Company.

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. Deposit for reservation, sign the Agreement to buy and sell Condominium 1 units of Four Seasons Private Residences.	Advance receive	11,000,000	11,000,000	The Audit Committee has the opinion that such transaction was accorded with the Company's price list of condominium unit with the same normal condition to the unrelated party.

### 3. Ms. Orawan Taechaubol

**Relationship:** Mrs.Orawan Taechaubol is wife of Mr.Sadawut Taechaubol and mother of Mr. Ben Taechaubol

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. Deposit for reservation, sign the Agreement to buy and sell Condominium 1 units of Four Seasons Private Residences.	Advance receive	18,178,879	18,178,879	The Audit Committee has the opinion that such transaction was accorded with the Company's price list of condominium unit with the same normal condition to the unrelated party.

### 4. Country Group Securities Public Company Limited ("CGS")

**Type of Business:** Securities Brokerage

**Relationship:** Country Group Holdings Public Company Limited (CGH) and the Company have two common directors, namely Mr.Sadawut Taechaubol and Pol. Lt. Gen Werapong Chuenpagdee. Mr.Sadawut Taechaubol held ordinary share of CGS indirectly by held ordinary share of Country Group Holding Public Company Limited (the parent company of CGS) as of April 1, 2016 amount of 604,490,326 shares or 13.94% of the total paid-up shares.

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. The Company paid the fee for debenture issuance to CGS, as the underwriter of debenture amount not exceeding of Baht 1,500 million, which is the underwriting fee. The underwriting fee is 1% of the value of the debenture issued (Baht 500 million).	Advance fee	-	-	The Audit Committee has the opinion that such transaction was the same normal condition to the Unrelated party. The interest of the bill of exchange is the rate lower than loan of financial institution and no collateral.
	Underwriting fee	1,556,762	-	
2. The Company paid deposit for trading securities to CGS.	Deposit for trading securities	-	50,125,977	
3. The Company received interest income from CGS, which came from deposit for trading securities at an interest rate of 0.8% -1.00%	Interest income	476,930	-	

## 5. Country Group Holdings Public Company Limited (CGH)

**Type of Business:** Holdings Company

**Relationship:** Country Group Holdings Public Company Limited (CGH) and the Company have two common directors, namely Mr.Sadawut Taechaubol and Pol. Lt. Gen Werapong Chuenpagdee. In addition, as at 1 April 2016 the Company's major shareholder Mr.Sadawut Taechaubol held 604,490,326 shares or 13.94% of CGH's paid-up capital.

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. The Company purchased 153,061,800 ordinary shares of Country Group Holdings Public Company Limited	Investment in ordinary shares	-	246,429,498	The Audit Committee has the opinion that such transaction was the same normal condition to the Unrelated party.
2. The Company received 17,928,233 warrants (CGH-W1) from Country Group Holdings Public Company Limited.	CGH-W1	-	3,406,364	
3. The Company received 12,755,150 warrants (CGH-W12) from Country Group Holdings Public Company Limited.	CGH-W2	-	3,443,891	
4. Received dividend income	Dividend income	7,040,843	-	

## 6. MF Holdings Company Limited ("MFH")

**Type of Business:** Investment in other businesses

**Relationship:** Mr.Sadawut Taechaubol is director of CGH which CGH is the major shareholder of MFC Asset Management Public Company Limited ("MFC"). MFH is MFC's subsidiary.

Details of the transaction	Type of the transaction	Total Value/Outstanding (Baht)		Rational and Necessity
		Total Value in 2016	Outstanding As at December 31, 2016	
1. The Company has issued bill of exchange to MFH. • On October 21, 2016 at the amount of Baht 100 million with term of 270 days. The maturity date is July 18, 2017. Interest of bill of exchange is 7.0% per annum. • On November 22, 2016 at the amount of Baht 100 million with term of 269 days. The maturity date is August 18, 2017. Interest of bill of exchange is 7.0% per annum. The interest of bill of exchange has been paid on the issuance date by discount the value of each bill of exchange.	Bill of Exchange	-	200,000,000.00	The Audit Committee has the opinion that such transaction was the same normal condition to the unrelated party.
2. The Company received cash of bill of exchange and paid interest to MFH which due on January 25, 2016, February 26, 2016, October 21, 2016 and November 22, 2016.	Prepaid Interest  Interest	-  11,726,317	6,752,931  -	

## MEASURE OR PROCEDURE TO APPROVE THE CONNECTED TRANSACTION

For protecting benefits for the Company and overall shareholders, the Company has set up measurement and procedure to execute the connected transaction, which the Board of Directors would strictly supervise the Company's operation to comply with rules and regulation of Securities and Exchange Commission and the Stock Exchange of Thailand.

In case that the Company and the Subsidiaries have the connected transaction with the person who might have conflict of interest, interested person or the person who might have conflict of interest in the future, the Company would request for the Audit Committee's opinion regarding necessity and appropriateness of such transaction by considering the most benefit to the Company. If the Audit Committee is not in the expertise area to consider the potential connected transaction, the Company will hire an independent expert or the Company's auditor to give the opinion on such transaction for the Board of Directors or the shareholders' consideration. Moreover, the connected transactions will be disclosed in the note of the financial statement, which would be audited by the auditor.

## POLICY OR TREND ON THE CONNECTED TRANSACTION IN THE FUTURE

The Company set up the policy or trend to execute the connected transaction in the future. If there would be the connected transaction in the future, the Company would execute it under the normal business activity, which could be referred to the same condition with the third party. Thus, the Company would have practice according to the Stock of Exchange Act on 1992, rules, notifications, or regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, including rules and regulations of disclosure on the connected transaction and acquisition or disposition on the main asset of the listed company and its subsidiary, and the accounting standard governed by the Institute of Certified Accountants and Auditors of Thailand strictly.

In case that the Company has the connected transaction with the person who might have conflict of interest, interested person or the person who might have conflict of interest in the future, the Company would request for the Audit Committee's opinion regarding necessity and appropriateness of such transaction. If the Audit Committee is not in the expertise area to consider the potential connected transaction, the Company will hire an independent expert or the Company's auditor to give the opinion on such transaction for the Board of Directors or the shareholders' consideration. Moreover, the connected transactions will be disclosed in the note of the financial statement, which would be audited by the auditor.

# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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In accordance with the guidelines established by the Stock Exchange of Thailand regarding good Corporate Governance of listed companies on the Stock Exchange, the Board of the Directors of listed companies is responsible for a Statement of the Directors Responsibilities in the Annual Report.

The Board of Directors of Country Group Development Public Company Limited hereby certifies that the Financial Statements of the Company and its subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles established by the Accounting Society of Thailand and the Financial Statements to reflect accurate and reasonable financial position and performance of the Company during the past fiscal year. The aforesaid Financial Statements have been audited with unqualified opinion expressed by Certified Public Accountant.



Mr. Vikrom Koompirochana  
Chairman of the Board of Directors



Mr. Ben Taechaubol  
Chief Executive Officer

# AUDIT COMMITTEE REPORT 2016

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The Audit Committee of Country Group Development Public Company Limited comprises Mr. Subhakorn Bhalakula, Chairman of the Audit Committee, Pol. Lt. Gen. Werapong Chuenpagdee and Mr. Hsu Feng Shueh, members of the Audit Committee. In this connection, all the committee members possess the qualifications specified in the Audit Committee Charter which was prepared in line with the guidelines and requirements of the Office of the Securities and Exchange Commission (SEC) as well as the Stock Exchange of Thailand (SET).

In 2016 the Audit Committee held nine meetings altogether, in which the executives concerned, the internal auditor and the external auditor participated to discuss the agenda items relevant to them. The summary of the work performed by the Committee is as follows:

## 1. REVIEWING FINANCIAL STATEMENTS

The Audit Committee reviewed the consolidated financial statements of Country Group Development Public Company Limited and its subsidiaries as well as the financial statements of the parent company only, both quarterly and yearly, for the year 2016. These financial statements were already reviewed and audited by the Company's auditor. In this connection, the Committee also discussed with the management and the auditor on key accounting policies and the exercise of discretion in preparing the financial statements as well as the information disclosure in the notes to the financial statements. The Audit Committee is of the opinion that the financial statements have been prepared in line with both the accounting standards and the financial reporting standards. It is also of the opinion that adequate information has been disclosed.

The Audit Committee also met with the auditor but without any of the Company's executives to independently discuss key information for preparing the financial statements, the issues identified during the course of auditing, adequacy of the Company's internal control systems as well as the auditor independence in performing their duties.

In addition, the Auditor Committee requested the Company's executives to submit to the auditor all supporting documentation related to financial information disclosed in the Company's annual report for review, in order to ensure that they were accurate and in line with the audited financial statements.

## 2. REVIEWING INTERNAL CONTROL SYSTEMS

The Audit Committee reviewed the efficiency and adequacy of the internal control systems, taking into consideration the internal audit report 2016 and the Adequacy Assessment Form for Internal Control System based on the conceptual framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which was required by the Office of the Securities and Exchange Commission (SEC). The Audit Committee also reviewed and monitored the implementation of the recommendations given in the internal auditor's report in a continuous manner. The objectives were to learn about the causes of problems and to make recommendations on how to avoid risks that might occur. The review did not find any significant deficiency. As a result, the Audit Committee is of the opinion that the Company possesses adequate control systems which are appropriate for business operations. In addition, it is of the opinion that the Company is able to operate its business in an efficient and effective manner.

## 3. OVERSEEING RISK MANAGEMENT

The Audit Committee was assigned by the Board of Directors to oversee risk management at the organizational level, which includes risks arising from internal factors as well as those arising from external factors. The Committee regularly reviewed and monitored risks associated with investing in various projects, risks associated with business operations and financial risks. As well, it made recommendations aiming at streamlining the related procedures.



#### 4. ENSURING COMPLIANCE WITH LAWS AND REGULATIONS

The Audit Committee ensured that the Company's conduct of business affairs was in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand as well as other relevant laws that governed the Company's businesses. In this connection, the Audit Committee is of the opinion that the Company has complied with the laws as well as the related requirements and regulations. It is also of the opinion that the Company has adhered to the principles of good corporate governance and that there are no issues concerning evasion or violation of laws.

#### 5. OVERSEEING INTERNAL CONTROL

The Audit Committee ensured that the office of internal controls was independent and was required to report directly to the Audit Committee. The Committee not only reviewed and approved the annual internal audit plan, but also reviewed and monitored the implementation of the recommendations given in the internal audit reports. Importantly, the Audit Committee assessed the performance of the internal audit office in comparison with the established key performance indicators. As well, it appraised the performance of the head of the internal audit office. It also considered guidelines for improving the quality of the internal audit. In this connection, the internal audit office provided various work units with an opportunity to assess the performance of the internal audit and to give improvement recommendations in an independent manner.

#### 6. MONITORING PROGRESS IN PROJECT IMPLEMENTATION

The Audit Committee monitored progress in the implementation of various projects on a quarterly basis. It also monitored problems as well as impacts arising from operations, financial liquidity and sources of funding. In addition, it proposed solutions to problems and regularly monitored how problems were addressed.

#### 7. CONSIDERING PROPOSAL FOR AUDITOR APPOINTMENT AND AUDIT FEE FOR 2017

The Audit Committee not only considered the selection and appointment of an auditor but also the proposal of the audit fee for the year 2017, by taking into account the auditor's independence, skills, knowledge and experience in auditing real estate business entities, as well as its provision of advice useful for preparation of financial statements. The Audit Committee also ensured that the audit fee was reasonable. In this connection, the Audit Committee deems it appropriate to propose the appointment of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited as the Company's auditor for the year 2017, to the Board of Directors for consideration, after which the proposal will be forwarded to the annual general meeting of shareholders for approval.

In summary, the Audit Committee has carried out all the duties and responsibilities specified in the Audit Committee Charter approved by the Board of Directors, by properly applying their knowledge, skills and abilities in a careful and adequately independent manner with a view to the best interests of the Company and all groups of stakeholders who were treated in an equitable manner. The Audit Committee is of the opinion that the Company's financial reports are accurate, reliable and in accordance with the generally accepted accounting principles. The Committee is also of the opinion that the Company's internal control systems are appropriate and efficient. As well, it is of the opinion that the Company's conduct of business affairs is in accordance with the principles of good corporate governance and the Company's business operations are in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand or other relevant laws that govern the Company's business operations.

On behalf of the Audit Committee



(Mr. Subhakorn Bhalakula)  
Chairman of the Audit Committee  
7 February 2017

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED**

## **Opinion**

We have audited the consolidated financial statements of Country Group Development Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Country Group Development Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Country Group Development Public Company Limited and its subsidiaries and of Country Group Development Public Company Limited as at December 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

## **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

Key Audit Matters	Audit Responses
<p><b>Impairment of goodwill and leasehold</b></p> <p>Impairment of goodwill and leasehold is a key audit matter because goodwill represents a material item of total assets in the consolidated statement of financial position of the Group, and leasehold represents a material item of total assets in the separate statement of financial position of the Company. These assets have been recognized in the financial statements as a consequence of the acquisitive nature of the Group.</p> <p>The impairment assessment of goodwill and leasehold is required the Group's management to exercise a number of judgments and key assumptions relevant to its projections of future operating performance, future plans for management and use of leasehold, and determination of an appropriate discount rate in order to comply with the requirements of Thai Financial Reporting Standards.</p> <p>Accounting policy of goodwill was disclosed in Note 3.12 to the financial statements. Accounting policy and detail of leasehold were disclosed in Note 3.10 and Note 14 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the Company's design and implementation of the key internal controls over the impairment assessment of goodwill and leasehold</li> <li>• Performed operating effectiveness testing of key internal controls over the impairment assessment of goodwill and leasehold</li> <li>• Performed substantive procedures as follows: <ul style="list-style-type: none"> <li>- Examined the supporting documents in relation to the management consideration of the impairment assessment of goodwill and leasehold</li> <li>- Evaluated the appropriateness of key assumptions and methodology used by the Group's management in assessing the impairment of goodwill and leasehold.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Valuation of investment property</b></p> <p>The Group owns an investment property located in Brighton, United Kingdom, consisting of land and buildings, which has an existing lease agreement with a lessee for operating school business. The investment property represents a material item of total assets in the consolidated statements of financial position.</p> <p>The investment property is stated at its fair value based on independent valuation by external appraisers. Valuation of investment property is a key audit matter as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.</p> <p>Accounting policy and detail of investment property were disclosed in Note 3.8 and Note 12 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the Company's design and implementation of the key internal controls over the valuation of investment property</li> <li>• Performed operating effectiveness testing of key internal controls over the valuation of investment property</li> <li>• Performed substantive procedures as follows: <ul style="list-style-type: none"> <li>- Evaluated the qualification, competence and independence of the external appraisers</li> <li>- Evaluated the appropriateness of key assumptions and valuation methodology used by the external appraisers in the valuation of the investment property</li> <li>- Considered the adequacy and appropriateness of the disclosure of fair value measurement of the investment property in Note to the financial statements.</li> </ul> </li> </ul>
<p><b>Recognition of revenue from sale of condominium</b></p> <p>Recognition of revenue from sale of condominium is a key audit matter as it may be misstated from recognition of the revenue in incorrect period.</p> <p>A significant risk has been identified in respect of cut off of revenue from sale of condominium due to the highly material nature of this balance and the high volume of transactions occurring around period end leading to recognition of revenue in incorrect period.</p> <p>Accounting policy for recognition of revenue from sale of condominium was disclosed in Note 3.1.1 to the financial statements.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the Company's design and implementation of the key internal controls over the recognition of revenue from sale of condominium</li> <li>• Performed operating effectiveness testing of key internal controls over the recognition of revenue from sale of condominium</li> <li>• To address the risk relating to cut off of revenue from sale of condominium, we performed substantive procedures as follows: <ul style="list-style-type: none"> <li>- Performed cut off test of revenue from sale of condominium by tracing to supporting documents related to the recognition of revenue from sale of condominium to ensure that the sale transactions which occurred before and after period end were recorded in correct period.</li> </ul> </li> </ul>

## **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.


As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

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



Nisakorn Songmanee  
Certified Public Accountant (Thailand)  
Registration No. 5035

**BANGKOK**  
February 23, 2017

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

UNIT : BAHT

UNIT : BATH					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
ASSETS		December 31,	December 31,	December 31,	December 31,
		2016	2015	2016	2015
CURRENT ASSETS					
Cash and cash equivalents	5	1,058,519,636	1,253,622,159	682,876,677	204,558,559
Temporary investments	6	820,707	829,183,136	820,707	703,773,946
Trade and other receivables	7	1,498,382,286	713,955,551	11,320,286	39,537,942
Short-term loans to related companies	31.2	-	-	1,256,913,586	1,000,000,000
Land and cost of project					
under construction and utilities	8 and 37	2,028,039,895	1,523,147,100	684,670,280	854,846,279
Other current assets	9	145,961,041	110,295,590	249,415,334	143,187,977
Total Current Assets		4,731,723,565	4,430,203,536	2,886,016,870	2,945,904,703
NON-CURRENT ASSETS					
Deposits at bank used as collateral	10 and 37	801,417,315	200,000	-	-
Investment in available-for-sale securities	11	403,279,753	406,086,205	403,279,753	406,086,205
Investment in subsidiaries	31.1	-	-	1,496,380,151	1,278,717,258
Prepaid deposits for construction		863,336,866	708,364,589	-	-
Investment property	12	842,742,946	-	-	-
Building and equipment	13 and 37	1,240,285,268	844,168,144	11,743,679	16,343,308
Leasehold	14	99,973,099	99,973,099	3,781,994,396	3,781,994,396
Goodwill		3,614,375,768	3,614,375,768	-	-
Intangible assets	15	1,134,790	1,525,028	759,341	1,051,844
Deferred tax assets	16	2,911,211	11,024,968	2,911,211	13,329,342
Other non-current assets		66,143,887	25,501,138	4,972,799	10,241,274
Total Non-Current Assets		7,935,600,903	5,711,218,939	5,702,041,330	5,507,763,627
TOTAL ASSETS		12,667,324,468	10,141,422,475	8,588,058,200	8,453,668,330

Notes to the financial statements form an integral part of these financial statements



## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	17	177,157,110	292,436,628	40,732,527	86,550,914
Payables from purchase of investment in subsidiaries from related companies	31.4	-	-	477,466,033	578,984,744
Deposit and advance from customers		1,542,490,492	837,768,656	4,341,715	12,403,864
Short-term loan		7,077,927	-	-	-
Short-term loan from a related company	31.3	-	-	453,232,085	-
Bill of exchange	18	1,473,187,224	396,947,117	1,473,187,224	396,947,117
Long-term debentures - due within 1 year	21	-	1,500,000,000	-	1,500,000,000
Other current liabilities	19	43,062,097	31,540,351	11,126,719	28,382,335
Total Current Liabilities		<u>3,242,974,850</u>	<u>3,058,692,752</u>	<u>2,460,086,303</u>	<u>2,603,268,974</u>
<b>NON-CURRENT LIABILITIES</b>					
Construction payables	20.2	314,261,663	-	-	-
Long-term loans	20	1,964,083,401	1,000	-	1,000
Long-term debentures	21	1,150,000,000	1,150,000,000	1,150,000,000	1,150,000,000
Post-employment benefit obligations	22	7,181,590	5,927,695	7,181,590	5,927,695
Other non-current liabilities		15,748,987	10,097,334	-	-
Total Non-Current Liabilities		<u>3,451,275,641</u>	<u>1,166,026,029</u>	<u>1,157,181,590</u>	<u>1,155,928,695</u>
<b>TOTAL LIABILITIES</b>		<u>6,694,250,491</u>	<u>4,224,718,781</u>	<u>3,617,267,893</u>	<u>3,759,197,669</u>
<b>SHAREHOLDERS' EQUITY</b>					
<b>SHARE CAPITAL</b>					
Authorized share capital	23				
10,814,953,771 ordinary shares of Baht 1.00 each		<u>10,814,953,771</u>	<u>10,814,953,771</u>	<u>10,814,953,771</u>	<u>10,814,953,771</u>
Issued and paid-up share capital					
7,336,295,227 ordinary shares of Baht 1.00 each, fully paid		7,336,295,227	-	7,336,295,227	-
7,336,294,461 ordinary shares of Baht 1.00 each, fully paid		-	7,336,294,461	-	7,336,294,461
<b>DISCOUNT ON ORDINARY SHARE CAPITAL</b>	23.1	(1,652,501,083)	(1,652,501,696)	(1,652,501,083)	(1,652,501,696)
<b>ADJUSTMENT OF EQUITY INTERESTS</b>					
UNDER REVERSE ACQUISITION		(732,872,059)	(732,872,059)	-	-
<b>SURPLUS FROM CHANGE IN OWNERSHIP</b>					
INTEREST IN A SUBSIDIARY	2.2.1.1	<u>1,578,638,448</u>	<u>1,149,163,554</u>	<u>-</u>	<u>-</u>
		6,529,560,533	6,100,084,260	5,683,794,144	5,683,792,765
<b>ACCUMULATED DEFICIT</b>		<u>(753,208,148)</u>	<u>(477,978,456)</u>	<u>(730,505,824)</u>	<u>(964,148,453)</u>
<b>OTHER COMPONENTS OF EQUITY</b>		<u>(204,951,184)</u>	<u>(16,579,632)</u>	<u>17,501,987</u>	<u>(25,173,651)</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>5,571,401,201</u>	<u>5,605,526,172</u>	<u>4,970,790,307</u>	<u>4,694,470,661</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>401,672,776</u>	<u>311,177,522</u>	<u>-</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>5,973,073,977</u>	<u>5,916,703,694</u>	<u>4,970,790,307</u>	<u>4,694,470,661</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>12,667,324,468</u>	<u>10,141,422,475</u>	<u>8,588,058,200</u>	<u>8,453,668,330</u>

Notes to the financial statements form an integral part of these financial statements

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>CONTINUED OPERATIONS</b>					
<b>REVENUES</b>					
Revenue from sale of condominium		351,563,210	479,367,781	351,563,210	479,367,781
Commission income		1,107,570	2,181,474	1,107,570	2,181,474
Rental income from investment property	12	27,004,956	-	-	-
Interest income		2,888,689	1,801,242	116,017,888	88,720,854
Dividend income	27	89,588,973	-	233,691,175	-
Gain on remeasuring fair value of investment property	12	7,562,291	-	-	-
Gain from currency forward transaction		42,572,000	2,520,000	42,572,000	2,520,000
Gain on foreign exchange rate		52,120,769	9,273,287	63,394,504	-
Gain on sale of temporary investments		4,000,888	2,987,730	3,338,671	2,345,120
Gain on remeasuring temporary investments		5,353	4,067,162	5,353	2,702,018
Gain on sale of investment in available-for-sale securities		-	4,335,000	-	4,335,000
Other income		11,657,773	9,502,456	40,962,357	34,596,950
<b>Total Revenues</b>		<u>590,072,472</u>	<u>516,036,132</u>	<u>852,652,728</u>	<u>616,769,197</u>
<b>EXPENSES</b>					
Cost of condominium sale		218,460,308	319,696,961	218,460,308	319,696,961
Direct operating expenses arising from investment property	12	1,209,030	-	-	-
Selling expenses		273,857,961	329,394,693	33,433,665	57,442,816
Administrative expenses		203,853,091	158,367,870	129,186,611	142,617,836
Loss on sale of investment in a subsidiary	32	-	23,575,253	-	-
Loss on foreign exchange rate		-	-	-	26,261,015
Loss on sale of investment in available-for-sale securities		93,606	-	93,606	-
Directors and managements' remuneration	29	41,172,604	36,419,207	41,172,604	36,419,207
<b>Total Expenses</b>		<u>738,646,600</u>	<u>867,453,984</u>	<u>422,346,794</u>	<u>582,437,835</u>
<b>PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX</b>					
		(148,574,128)	(351,417,852)	430,305,934	34,331,362
<b>FINANCE COSTS</b>					
		<u>(205,201,452)</u>	<u>(165,025,154)</u>	<u>(197,786,059)</u>	<u>(165,025,154)</u>
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>					
		<u>(353,775,580)</u>	<u>(516,443,006)</u>	<u>232,519,875</u>	<u>(130,693,792)</u>
<b>INCOME TAX REVENUE (EXPENSE)</b>					
	16	<u>(2,041,101)</u>	<u>726,661</u>	<u>425,174</u>	<u>726,661</u>
<b>NET PROFIT (LOSS) FROM CONTINUED OPERATIONS</b>					
		<u>(355,816,681)</u>	<u>(515,716,345)</u>	<u>232,945,049</u>	<u>(129,967,131)</u>
<b>DISCONTINUED OPERATION</b>					
<b>PROFIT FROM DISCONTINUED OPERATION</b>					
	32	<u>-</u>	<u>35,868,225</u>	<u>-</u>	<u>-</u>
<b>NET PROFIT (LOSS) FOR THE YEAR</b>					
		<u>(355,816,681)</u>	<u>(479,848,120)</u>	<u>232,945,049</u>	<u>(129,967,131)</u>

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
- NET OF INCOME TAX	16				
Items that may be reclassified subsequently to profit or loss					
Gain (loss) on remeasuring investment in available-for-sale securities	26	42,675,638	(18,570,321)	42,675,638	(18,570,321)
Exchange differences on translating financial statements of foreign operations	26	(231,047,190)	45,924,226	-	-
Items that may not be reclassified subsequently to profit or loss					
Actuarial gain from actuarial assumptions		697,580	288,255	697,580	288,255
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - NET OF INCOME TAX</b>		<u>(187,673,972)</u>	<u>27,642,160</u>	<u>43,373,218</u>	<u>(18,282,066)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>(543,490,653)</u>	<u>(452,205,960)</u>	<u>276,318,267</u>	<u>(148,249,197)</u>
<b>PROFIT (LOSS) ATTRIBUTABLE TO</b>					
Owners of the parent		(275,927,272)	(456,603,490)	232,945,049	(129,967,131)
Non-controlling interests		<u>(79,889,409)</u>	<u>(23,244,630)</u>	<u>-</u>	<u>-</u>
		<u>(355,816,681)</u>	<u>(479,848,120)</u>	<u>232,945,049</u>	<u>(129,967,131)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO</b>					
Owners of the parent		(463,601,244)	(428,961,330)	276,318,267	(148,249,197)
Non-controlling interests		<u>(79,889,409)</u>	<u>(23,244,630)</u>	<u>-</u>	<u>-</u>
		<u>(543,490,653)</u>	<u>(452,205,960)</u>	<u>276,318,267</u>	<u>(148,249,197)</u>
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	30				
From continued and discontinued operations					
Basic earnings (loss) per share	<b>Baht</b>	(0.038)	(0.062)	0.032	(0.018)
From continued operations					
Basic earnings (loss) per share	<b>Baht</b>	(0.038)	(0.067)	0.032	(0.018)
Weighted average number of ordinary shares	<b>Shares</b>	7,336,294,685	7,336,294,461	7,336,294,685	7,336,294,461

Notes to the financial statements form an integral part of these financial statements

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

UNIT : BAHT

CONSOLIDATED FINANCIAL STATEMENTS												
Notes	Issued and paid-up share capital	Discount on ordinary share capital	Adjustment of equity interests under reverse acquisition	Surplus from change in ownership interest in a subsidiary	Owners of the parent					Share subscription received in advance of a subsidiary	Non-controlling interests	Total shareholders' equity
					Accumulated deficit	Gain (loss) on re-measuring investment in available-for-sale securities	Other components of equity	Surplus from Exchange differences on translating financial statements of foreign operations	Surplus from acquisition under common control			
Beginning balance as at January 1, 2015	7,336,294,461	(1,652,501,696)	(732,872,059)	-	(21,663,221)	(6,603,330)	(36,706,731)	(623,476)	(43,933,537)	120,000,000	-	5,005,323,948
Increase in share capital of a subsidiary	2.2.1.1	-	-	-	-	-	-	-	-	(120,000,000)	1,483,585,706	1,363,585,706
Surplus from change in ownership interest in a subsidiary	2.2.1.1	-	-	1,149,163,554	-	-	-	-	-	-	(1,149,163,554)	-
Total comprehensive income (loss) for the year	-	-	-	-	(456,315,235)	(18,570,321)	45,924,226	-	27,355,905	-	(23,244,630)	(452,205,960)
<b>Ending balance as at December 31, 2015</b>	<b>7,336,294,461</b>	<b>(1,652,501,696)</b>	<b>(732,872,059)</b>	<b>1,149,163,554</b>	<b>(477,978,456)</b>	<b>(25,173,651)</b>	<b>9,217,495</b>	<b>(623,476)</b>	<b>(16,579,632)</b>	<b>-</b>	<b>311,177,522</b>	<b>5,916,703,694</b>
Beginning balance as at January 1, 2016	7,336,294,461	(1,652,501,696)	(732,872,059)	1,149,163,554	(477,978,456)	(25,173,651)	9,217,495	(623,476)	(16,579,632)	-	311,177,522	5,916,703,694
Increase in share capital	23.1	766	613	-	-	-	-	-	-	-	-	1,379
Increase in share capital of a subsidiary	2.2.1.1	-	-	-	-	-	-	-	-	-	593,434,282	593,434,282
Increase in share capital in a subsidiary from non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,425,275	6,425,275
Surplus from change in ownership interest in a subsidiary	2.2.1.1	-	-	429,474,894	-	-	-	-	-	-	(429,474,894)	-
Total comprehensive income (loss) for the year	-	-	-	-	(275,229,692)	42,675,638	(231,047,190)	-	(188,371,532)	-	(79,889,409)	(543,490,653)
<b>Ending balance as at December 31, 2016</b>	<b>7,336,295,227</b>	<b>(1,652,501,083)</b>	<b>(732,872,059)</b>	<b>1,578,638,448</b>	<b>(753,208,148)</b>	<b>17,501,987</b>	<b>(221,829,695)</b>	<b>(623,476)</b>	<b>(204,951,184)</b>	<b>-</b>	<b>401,672,776</b>	<b>5,973,073,977</b>

Notes to the financial statements form an integral part of these financial statements

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2016

SEPARATE FINANCIAL STATEMENTS						UNIT : BAHT
Notes	Issued and paid-up share capital	Discount on ordinary share capital	Retained earnings (deficit)	Other components of equity	Total shareholders' equity	
				Gain (loss) on remeasuring investment in available-for-sale securities		
Beginning balance as at January 1, 2015	7,336,294,461	(1,652,501,696)	(834,469,577)	(6,603,330)	4,842,719,858	
Total comprehensive loss for the year	-	-	(129,678,876)	(18,570,321)	(148,249,197)	
Ending balance as at December 31, 2015	7,336,294,461	(1,652,501,696)	(964,148,453)	(25,173,651)	4,694,470,661	
Beginning balance as at January 1, 2016	7,336,294,461	(1,652,501,696)	(964,148,453)	(25,173,651)	4,694,470,661	
Increase in share capital	766	613	-	-	1,379	
Total comprehensive income for the year	-	-	233,642,629	42,675,638	276,318,267	
Ending balance as at December 31, 2016	7,336,295,227	(1,652,501,083)	(730,505,824)	17,501,987	4,970,790,307	

Notes to the financial statements form an integral part of these financial statements

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax		(353,775,580)	(468,050,222)	232,519,875	(130,693,792)
Adjustment for:					
Depreciation and amortization		88,172,187	62,896,526	6,098,478	5,755,090
Gain on sale of temporary investments		(4,000,888)	(2,987,730)	(3,338,671)	(2,345,120)
Gain on remeasuring temporary investments		(5,353)	(4,067,162)	(5,353)	(2,702,018)
(Gain) loss on sale of investment in available-for-sale securities		93,606	(4,335,000)	93,606	(4,335,000)
Doubtful debts		-	1,663,064	-	1,663,064
Loss on sale of investment in a subsidiary		-	23,575,253	-	-
Unrealized (gain) loss on exchange rate		(12,072,314)	(9,094,134)	(124,787,444)	26,261,015
Realized gain on exchange rate		-	-	55,028,731	-
Gain on remeasuring fair value of investment property		(7,562,291)	-	-	-
Loss on write-off of fixed assets		509,806	-	505,040	-
Post-employment benefit expense		2,125,870	1,970,239	2,125,870	1,970,239
Interest income		(2,888,689)	(1,801,242)	(116,017,888)	(88,720,854)
Dividend income		(89,588,973)	-	(233,691,175)	-
Finance costs		205,201,452	188,420,621	197,786,059	165,025,154
Operating profit (loss) before changes in operating assets and liabilities		(173,791,167)	(211,809,787)	16,317,128	(28,122,222)
(Increase) decrease in operating assets					
Temporary investments		832,368,670	(509,426,351)	706,297,263	(406,426,350)
Trade and other receivables		(321,572,131)	(753,505,213)	28,217,656	12,807,450
Cash received from short-term loans to related companies	4.2	-	-	382,310,100	217,301,783
Cash paid to short-term loans to related companies	4.2	-	-	(950,943,500)	(217,450,000)
Land and cost of project under construction and utilities		48,535,640	(364,020,447)	170,175,999	(128,442,856)
Other current assets		(40,233,648)	(72,535,396)	3,143,188	(6,382,192)
Prepaid deposits for construction		(156,227,256)	(699,429,222)	-	-
Other non-current assets		(40,642,748)	(11,843,963)	5,268,475	2,975,901
Increase (decrease) in operating liabilities					
Trade and other payables		(121,211,308)	145,413,707	(46,430,887)	(11,163,199)
Deposit and advance from customers		704,721,836	711,951,561	(8,062,149)	(15,126,657)
Deposits under lease agreement		-	9,794,519	-	-
Other current liabilities		21,459,666	(3,785,344)	1,853,973	1,215,432
Other non-current liabilities		5,651,653	9,621,661	-	-
Cash received (paid) for operations		759,059,207	(1,749,574,275)	308,147,246	(578,812,910)
Cash received from dividend income		66,753,820	-	8,782,262	-
Cash received from interest income		2,888,689	1,801,242	1,619,595	8,289,120
Cash paid for finance costs		(154,811,753)	(186,747,139)	(154,325,372)	(163,668,990)
Cash paid for income tax		(4,807,730)	(5,738,405)	(4,790,227)	(5,727,204)
Net cash provided by (used in) operating activities		669,082,233	(1,940,258,577)	159,433,504	(739,919,984)

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for deposits at bank					
under restrictions of use		-	(9,638,033)	-	-
Cash paid for deposits at bank used as collateral		(809,871,205)	(200,000)	-	-
Cash paid for purchase of					
investment in available-for-sale securities		-	(308,717,962)	-	(308,717,962)
Cash received from sale of					
investment in available-for-sale securities		53,057,394	-	53,057,394	-
Cash received from the capital reduction of					
investment in available-for-sale securities		3,000,000	-	3,000,000	-
Cash repayment for payable from purchase of					
investment in subsidiaries from a related company	4.3	-	-	-	(275,675)
Cash received from sale of					
investment in a subsidiary		-	788,351,004	-	-
Cash paid for purchase of investment property	12	(895,021,543)	-	-	-
Cash paid for purchase of fixed assets	4.1	(136,901,791)	(335,491,049)	(1,098,886)	(3,009,755)
Cash paid for purchase of intangible assets		-	(1,303,170)	-	(807,316)
Net cash provided by (used in) investing activities		<u>(1,785,737,145)</u>	<u>133,000,790</u>	<u>54,958,508</u>	<u>(312,810,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash received from short-term loan		7,077,927	-	-	-
Cash received from short-term loan					
from a related company	4.4	-	-	740,880,000	-
Proceeds from bill of exchange		1,445,029,604	-	1,445,029,604	-
Cash repayment for bill of exchange		(421,983,877)	-	(421,983,877)	-
Cash received from long-term loans		961,826,200	1,932,604	-	-
Cash repayment for long-term loans		(1,000)	-	(1,000)	-
Proceeds from issuance of long-term debentures		-	1,150,000,000	-	1,150,000,000
Cash repayment for long-term debentures		(1,500,000,000)	-	(1,500,000,000)	-
Cash received from increase in share capital		1,379	-	1,379	-
Cash received from increase in share capital					
of a subsidiary from non-controlling interests	2.2.1.1	593,434,282	1,363,585,706	-	-
Cash received from share capital of a subsidiary					
from non-controlling interests		6,425,275	-	-	-
Net cash provided by financing activities		<u>1,091,809,790</u>	<u>2,515,518,310</u>	<u>263,926,106</u>	<u>1,150,000,000</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>(24,845,122)</u>	<u>708,260,523</u>	<u>478,318,118</u>	<u>97,269,308</u>
<b>Exchange differences on translating</b>					
<b>financial statements of foreign operations</b>		<u>(170,257,401)</u>	<u>10,628,550</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents as at January 1,		<u>1,253,622,159</u>	<u>534,733,086</u>	<u>204,558,559</u>	<u>107,289,251</u>
<b>Cash and cash equivalent as at December 31,</b>	5	<u>1,058,519,636</u>	<u>1,253,622,159</u>	<u>682,876,677</u>	<u>204,558,559</u>

Notes to the financial statements form an integral part of these financial statements

**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. THE COMPANY AND ITS SUBSIDIARIES' (THE "GROUP") GENERAL INFORMATION AND OPERATIONS**

**1.1 The Company's general information and operations**

Country Group Development Public Company Limited ("the Company") was incorporated in Thailand on March 29, 1995. Later, the Company was registered as a public company limited on May 7, 1997. The Company was listed on the Market for Alternative Investment ("MAI") on June 25, 2007 and was listed on the Stock Exchange of Thailand ("SET") on September 30, 2014. The head office of the Company located at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. The principle businesses of the Company are a holding company and real estate.

**1.2 Subsidiaries' general information and operations**

1.2.1 Landmark Waterfront Residences Company Limited is incorporated in Thailand on August 22, 2008 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is real estate.

1.2.2 Landmark Waterfront Hotel Company Limited is incorporated in Thailand on August 22, 2008 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is hotel, restaurant and shop.

1.2.3 Landmark Urban Resort Hotel Company Limited is incorporated in Thailand on August 22, 2008 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is hotel, restaurant and shop.

On December 29, 2014, the Extraordinary Shareholders' Meeting No. 1/2014 of the indirect subsidiaries (the Company indirectly hold share through Landmark Holdings Company Limited) approved to liquidate the subsidiaries; Landmark Waterfront Residences Company Limited, Landmark Waterfront Hotel Company Limited, and Landmark Urban Resort Hotel Company Limited. This liquidation was effective on December 30, 2014 and all of the 3 subsidiaries have registered the dissolution with the Ministry of Commerce on December 30, 2014. Currently, all these subsidiaries are in the process of liquidation.

1.2.4 Landmark Holdings Company Limited is incorporated in Thailand on July 5, 2013 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is trading, rent and real estate operations and a holding company.



- 1.2.5 BCEG Country Group Engineering Company Limited is incorporated in Thailand on July 5, 2013 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is construction and building maintenance.
- 1.2.6 Chao Phraya Estate Residences Company Limited is incorporated in Thailand on October 20, 2014 and has registered its head office at 898 Ploenchit Tower, 20<sup>th</sup> floor, Ploenchit Road, Lumpini, Pathum Wan, Bangkok. Its main business is real estate management of Chao Phraya Estate Project.
- 1.2.7 CGD Data Limited is incorporated in Hong Kong on October 22, 2013 and has registered its head office at Suite 3004 Universal Trade CTR, 3-5A Arbuthnot Road, Central, Hong Kong. Its main business is holding company.
- 1.2.8 CGD Digital Partners Limited is incorporated in Mauritius on October 29, 2013 and has registered its head office at 8th Floor, Medine Mews, La Chaussee Street, Port Louis, Mauritius. Its main business is a holding company.
- 1.2.9 CGUK 1 Limited is incorporated in Guernsey on July 31, 2015 and has registered its head office at Anson Court, La Route des Camps, St Martin, Guernsey, GY4 6AD. Its main business is real estate.

On April 21, 2016, the Company has restructured the corporate structure in the subsidiary by purchased all of investments in CGUK 1 Limited from CGD Digital Partners Limited which both entities are the Company's subsidiaries in the amount of USD 1 (1 ordinary share of USD 1), as a result, the Company directly holds of 100% in CGUK 1 Limited.

Subsequently, on September 16, 2016, the Company has restructured the corporate structure in the subsidiary again by sold all of investments in CGUK 1 Limited at cost in the amount of USD 1 (1 ordinary share of USD 1) to Leading Schools Partnership Limited, the subsidiary which the Company directly holds of 97.13%. As a result, the Company indirectly holds of 97.13% in CGUK 1 Limited.

- 1.2.10 Leading Schools Partnership Limited is incorporated in Guernsey on August 26, 2016 and has registered its head office at Anson Court, La Route des Camps, St Martin, Guernsey, GY4 6AD. Its main business is a holding company.
- 1.2.11 HYUK Limited is incorporated in Guernsey on October 27, 2016 and has registered its head office at Anson Court, La Route des Camps, St Martin, Guernsey, GY4 6AD. Its main business is foreign real estate business.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

### 2.1 Basis of preparation of the financial statements

- 2.1.1 The Group and the Company maintain its accounting records in Thai Baht and prepare its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.1.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2015) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2016 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding "The preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544" and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".
- 2.1.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

### 2.2 Basis of preparation of the consolidated financial statements

- 2.2.1 The consolidated financial statements are prepared by including the financial statements of the Company and its subsidiaries as follows:

Subsidiaries	Location	Type of business	Percentage of holding (%)	
			As at December 31, 2016	As at December 31, 2015
Direct subsidiaries				
Landmark Holdings Co., Ltd.	Thailand	Trading, rent and real estate operation and holding company	70.00	76.56
BCEG Country Group Engineering Co., Ltd.	Thailand	Construction and building maintenance	99.99	99.99
CGD Data Limited	Hong Kong	Holding company	100.00	100.00
CGD Digital Partners Limited	Mauritius	Holding company	100.00	100.00
Leading Schools Partnership Limited	Guernsey	Holding company	97.13	-
HYUK Limited	Guernsey	Real estate	100.00	-
Indirect subsidiaries				
Landmark Waterfront Residences Co., Ltd. <sup>(4)</sup>	Thailand	Real estate	70.00 <sup>(1)</sup>	76.56 <sup>(1)</sup>
Landmark Waterfront Hotel Co., Ltd. <sup>(4)</sup>	Thailand	Hotel, restaurant and shop	70.00 <sup>(1)</sup>	76.56 <sup>(1)</sup>
Landmark Urban Resort Hotel Co., Ltd. <sup>(4)</sup>	Thailand	Hotel, restaurant and shop	70.00 <sup>(1)</sup>	76.56 <sup>(1)</sup>
Chao Phraya Estate Residences Co., Ltd.	Thailand	Real estate management of Chao Phraya Estate Project	70.00 <sup>(1)</sup>	76.56 <sup>(1)</sup>
CGUK 1 Limited	Guernsey	Real estate	97.13 <sup>(2)</sup>	100.00 <sup>(3)</sup>

<sup>(1)</sup> The Company holds shares indirectly through Landmark Holdings Company Limited.

<sup>(2)</sup> The Company holds shares indirectly through Leading Schools Partnership Limited.

<sup>(3)</sup> The Company holds shares indirectly through CGD Digital Partners Limited.

<sup>(4)</sup> All of the 3 subsidiaries have registered the dissolution with the Department of Business Development, the Ministry of Commerce on December 30, 2014. Currently, the subsidiaries are in the process of liquidation.

- 2.2.1.1 On September 25, 2015, the Extraordinary General Meeting of Shareholders No. 2/2015 of Landmark Holdings Company Limited (“the subsidiary”) approved the increase of registered capital from the existing registered capital of Baht 147,000,000 (14,700,000 ordinary shares with a par value of Baht 10 per share) to Baht 210,000,000 (21,000,000 ordinary shares with a par value of Baht 10 per share). The subsidiary has registered some portions of the increase share capital in the amount of 4,500,000 shares, with the Department of Business Development, the Ministry of Commerce on October 5, 2015. The subsidiary received cash from increase of share capital Baht 1,363,585,706, when included the share subscription received in advance of Baht 120,000,000, therefore, total received for share subscription was Baht 1,483,585,706. This amount considered to be share capital of Baht 45,000,000 and surplus on ordinary share capital of Baht 1,438,585,706. It resulted that the subsidiary has registered share capital of Baht 192,000,000. However, the Company waive the right to buy capital increasing shares of the subsidiary (see Note 34.1). As a result, the proportion of the Company’s shareholding was decreased from 99.99% to 76.56%. The increase of share capital in subsidiary resulting to the Company has surplus from change in ownership interest in subsidiary as follows:

	(Unit : Baht)
Cash received from share subscription received in advance of subsidiary as at January 1, 2015	120,000,000
<u>Add</u> Cash received from increase in share capital of subsidiary from non-controlling interest during the year	<u>1,363,585,706</u>
Total cash received for share subscription of subsidiary from non-controlling interest	1,483,585,706
<u>Less</u> Non-controlling interest upon the proportion of investment as at investment date	<u>(334,422,152)</u>
Surplus from change in ownership interest in subsidiary as at December 31, 2015	<u><u>1,149,163,554</u></u>

Subsequently, on April 21, 2016, the subsidiary received additional share subscriptions for the remaining in the amount of Baht 593,434,282 from BCEG Thai International Co., Ltd, which comprise share capital of Baht 18,000,000 and premium on ordinary share capital of Baht 575,434,282. The subsidiary has registered the increase its share capital in the amount of Baht 18,000,000 (1,800,000 ordinary shares at Baht 10 each), with the Department of Business Development, the Ministry of Commerce on May 10, 2016. Accordingly, the subsidiary has registered share capital in the amount of Baht 210,000,000. However, the Company waived the rights to buy capital increasing shares of the subsidiary. As a result, the proportion of the Company’s shareholding was decreased from 76.56% to 70%. The increase of share capital in subsidiary resulting to additional surplus from change in ownership interest in a subsidiary of Baht 429,474,894. The changes are detailed as follows:

(Unit : Baht)

Surplus from change in ownership interest in subsidiary as at January 1, 2016	1,149,163,554
<u>Add</u> Cash received from increase in share capital of subsidiary from non-controlling interest during the year	<u>593,434,282</u>
Total cash received for share subscription of subsidiary from non-controlling interest	1,742,597,836
<u>Less</u> Non-controlling interest upon the proportion of investment as at investment date	<u>(163,959,388)</u>
Surplus from change in ownership interest in subsidiary as at December 31, 2016	<u>1,578,638,448</u>

2.2.2 The Company included financial statements of its subsidiaries (include its indirect subsidiaries) in preparing the consolidated financial statements since the Company has control both directly and indirectly over the subsidiaries' financial and operating policies to the date which the Company loses control over the subsidiaries.

2.2.3 The consolidated financial statements are the consolidation between the Group's accounts by eliminated intercompany transactions and balances including unrealized gain (loss) from these financial statements. The accounting policies of subsidiaries are adjusted to comply with the parent company in preparation of the consolidated financial statements. The non-controlling interests' information is separately presented in the consolidated statements of financial position and the consolidated statements of profit or loss and other comprehensive income.

2.3 Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future are as follows;

#### 2.3.1 Adoption of new and revised Thai Financial Reporting Standards

Since January 1, 2016, the Group and the Company have adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2016 onwards, as follows:

##### Thai Accounting Standards ("TAS")

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate

**Thai Accounting Standards (“TAS”) (continued)**

TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

The above TFRSs have no material impact on these financial statements.

### 2.3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2017 onwards as follows:

#### Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

#### Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

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TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the financial statements when it becomes effective.

The Group’s and the Company’s management are in the process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 The Group and the Company recognize their revenues and expenses, as follows:

3.1.1 Revenue from the sale of residential condominium units are recognized as revenue when transfer of significant risks and rewards to the buyer.

3.1.2 Rental income from investment property is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

3.1.3 Dividend income is recognized in the statement of profit or loss and other comprehensive income when the right to receive the dividend is established. Dividend from investments in marketable securities will recognize when the dividend is declared.

3.1.4 Other incomes and expenses are recognized based on an accrual basis.

3.2 For cost of sales of residential condominium units, the Company has allotted total development costs which expected to occur (also considering actual costs incurred) to the residential condominium units sold on the basis of the sales area and the selling price and recognized as cost of condominium sale in the statement of profit or loss and other comprehensive income.

Related expenses with the sale, such as specific business taxes, transfer fees are recognized as an expense when it is sold.

### 3.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash at financial institutions except cash at financial institutions which maturity of refund over 3 months and cash at bank with obligation.

### 3.4 Trade receivables

Trade receivables are presented on net realizable value.

The Group and the Company estimate the allowance for doubtful accounts based on the assessment of the management on the loss would be occurred from the ending balance of trade receivables. The estimate encompasses consideration of past collection experiences and other factors and the local economic conditions. Doubtful accounts are recognized as an expense in the statement of profit or loss and other comprehensive income.

### 3.5 Land and cost of project under construction and utilities

3.5.1 Land and cost of project under construction and utilities are stated at the lower of cost or net realizable value. The project cost consists of cost of land, development cost, construction cost, miscellaneous direct expenses of the project and borrowing costs. Borrowing costs will be stopped to recognize as cost whenever the construction project have been completed or stop development.

3.5.2 Borrowing costs for the construction or production of an asset that necessarily takes a substantial period of time to get ready for use or sale that have been included as capitalized until the assets are ready to be used according to the purpose. The other borrowing costs are recognized as expenses in the period incurred. Borrowing costs consist of interest and other costs arising from the borrowing.

### 3.6 Assets held for sale

Assets held for sale which are assets occurred from discontinued operation which their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal assets are available for immediate sale in its present condition.

Assets classified as assets held for sale are measured at the lower of assets' carrying amount or fair value less cost to sell.



### 3.7 Investments

- 3.7.1 Investment in subsidiaries in the separate financial statements are stated at cost less allowance for impairment (if any). The Company recognized loss from impairment of investment in subsidiaries in the statement of profit or loss and other comprehensive income without the goodwill amortization. Investment in subsidiaries represent the investment in those companies has been controlled both directly or indirectly by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- 3.7.2 Investment in marketable securities held for trading purposes are classified as current assets and are carried at fair value. Gain or loss on changes in market values are recognized in the statement of profit or loss and other comprehensive income. The fair value of trading investments is determined as last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand. If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as gain (loss) on disposal of trading investments.
- 3.7.3 Marketable equity securities other than those securities held for trading are classified as available-for-sale securities. Investment in available-for-sale securities are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognized in other components of equity through other comprehensive income. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in other comprehensive income is recognized in the statement of profit or loss and other comprehensive income.

### 3.8 Investment property

Investment property that is held to earn for rental or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The Group and the Company measured investment property initially at its cost, including related transaction costs. After initial recognition, the Group and the Company measure the investment property at fair value, which has been determined by the independent professional appraisers.

The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs.

The Group and the Company recognized gain or loss arising from a change in the fair value of investment property in the statement of profit or loss and other comprehensive income for the period in which it arises.

### 3.9 Building and equipment

Building and equipment of the Group and the Company are stated at cost less accumulated depreciation and impairment (if any). Depreciation is calculated by the straight-line method, based on the estimated useful life of assets as follows:

Building and building improvement	3 and 5	Years
Furniture and fixtures	3 and 5	Years
Office equipment and tools	3 and 5	Years
Vehicles	5	Years

### 3.10 Leasehold

Leasehold are recorded at cost less impairment (if any). Leasehold will be amortized in the statement of profit or loss and other comprehensive income on the straight-line method, based on the lease period.

### 3.11 Intangible assets and amortization

Intangible assets are stated at costs less accumulated amortization. Impairment will be tested annually and allowance for impairment is recognized as expense in the statement of profit or loss and other comprehensive income.

#### Amortization

Amortization is charged to the statement of profit or loss and other comprehensive income. Amortization are calculated by the straight-line method, based on the expected periods of economic useful life of intangible assets. The expected periods of economic useful life is stated as follows:

Program computer	5 and 10	Years
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### 3.12 Business combinations and goodwill

Business combinations are accounted by using the acquisition method. The Company (acquirer) measures the cost of the acquisition by using the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree for each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, being the excess of cost of business combination over the fair value of the net identifiable assets, of the acquired business.

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

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

### 3.13 Income tax

Income tax expense (income) represents the sum of the current tax and deferred tax.

#### Current tax

The current tax is tax that has to pay by calculating on taxable profit for the year. Taxable profit differs from profit that reported in the statement of profit or loss and other comprehensive income because it excludes items that can count as income or taxable expenses in other years, and not include the items that cannot count as taxable income or taxable expenses. Current tax is calculated by using tax rates that have been enacted or subsequently enacted at the statement of financial position date.

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

The Group and the Company calculated deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off the recognized amounts and the Group and the Company intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when deferred tax assets and liabilities are relate to income taxes levied by the same taxation authority.

The Group and the Company have presented income tax expenses or income related to profit or loss in the statement of profit or loss and other comprehensive income. Deferred income tax are recognized directly in the statement of changes in shareholders' equity if the income tax relate to the transactions that recognized directly in shareholder's equity.

### 3.14 Employee benefits

#### 3.14.1 Short-term benefits

The Group and the Company record the payment to workmen's compensation fund as expenses throughout the accounting period.

The Group and the Company record the payment to provident fund as expenses throughout the accounting period.

#### 3.14.2 Long-term benefits

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

The obligation under the defined benefit plan under Labor, Protection Act calculated by using Projected Unit Credit Method, which is an estimated present value of future cash flows that would be paid in the future, based on actuarial assumptions. Such method is made based on various assumptions, including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used to calculate the post-employment benefit obligations is based on yield rate of government bond.

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

### 3.15 Provisions

Provisions are recognized as liabilities in the statements of financial position when the Group and the Company have a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.16 The Group and the Company are recorded foreign currency transactions at the following exchange rates:

3.16.1 Foreign currency transactions

- Foreign currency transactions are translated into Baht at exchange rates prevailing at the transaction dates.
- Assets and liabilities denominated in foreign currencies outstanding at the statement of financial position date are translated into Baht at the exchange rates determined by the Bank of Thailand.
- Gains or losses on foreign exchange arising on settlements and conversion are recognized as income or expense in the statement of profit or loss and other comprehensive income.

3.16.2 Foreign operations

- Assets and liabilities of foreign operations are translated to Baht using the exchange rate at the reporting date.
- Income and expenses of foreign operations are translated to Baht using the exchange rate at the close of the transaction date.
- The difference between revaluation are recorded in the statement of profit or loss and other comprehensive income and presented as exchange differences on translation financial statement of a foreign operation under other components of equity until sell such investment.
- When the debt repayments that are receivables or payables with foreign operations, the transaction is not expected to have a repayment plan or no possibility to pay in the near future. Gains and losses on exchange of financial transaction will be considered as part of a net investment in a foreign operation and recognized in other comprehensive income and are presented on exchange differences in equity until the investment is sold out.

3.17 Long-term lease

Operating leases

Leases of assets which all the risks and rewards of ownership are effectively retained by the lesers are classified as operating leases. Lease payments under an operating lease are recognized as expenses in the statement of profit or loss and other comprehensive income base on the straight-line method over the lease term.

### 3.18 Earnings (loss) per share

- Basic earnings (loss) per share are calculated by dividing net profit (loss) for the year by the sum of weighted average number of the ordinary shares held by outside parties outstanding during the year.
- Diluted earnings (loss) per share are calculated by dividing net profit (loss) for the year by the sum of weighted average number of ordinary shares in issue during the year plus weighted average number of ordinary shares to be issued upon conversion of warrants into ordinary shares.

### 3.19 Fair value measurements

In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

### 3.20 Use of management's judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's and the Company's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

#### 3.20.1 Deferred tax assets

The Group and the Company recognize deferred tax assets 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 utilized. The Group's and the Company's management uses judgements based upon the likely timing and level of estimate future taxable profits to determine the amount of deferred tax assets that can be recognized as at reporting period.

### 3.20.2 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group and the Company consider the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 22.

### 3.20.3 Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and the Company engage third party qualified valuers to perform the valuation.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 36.4.

## 4. SUPPLEMENTARY OF CASH FLOWS

Non-cash items as at December 31, are as follows:

### 4.1 Fixed asset payables

	CONSOLIDATED		(Unit : Baht)	
	FINANCIAL STATEMENTS		SEPARATE	
	2016	2015	2016	2015
Fixed asset payables - brought forward as at January 1,	73,477	-	73,477	-
<u>Add</u> Purchase of fixed assets	484,408,879	335,564,526	1,711,386	3,083,232
<u>Less</u> Purchase of fixed assets paid by long-term loan	(346,894,588)	-	-	-
<u>Less</u> Cash paid for purchase of fixed assets	(136,901,791)	(335,491,049)	(1,098,886)	(3,009,755)
Fixed asset payables - carried forward as at December 31,	<u>685,977</u>	<u>73,477</u>	<u>685,977</u>	<u>73,477</u>

## 4.2 Short-term loans to related companies

	(Unit : Baht)	
	SEPARATE	
	FINANCIAL STATEMENTS	
	2016	2015
Short-term loans to related companies as at January 1,	1,000,000,000	1,000,000,000
<u>Add</u> Cash paid for short-term loan to a related company	950,943,500	217,450,000
<u>Less</u> Paid for purchase of investment in a subsidiary	(217,662,851)	-
<u>Less</u> Cash received from short-term loan to a related company	(382,310,100)	(217,301,783)
<u>Less</u> Loss on exchange rate	(94,056,963)	(148,217)
Short-term loans to related companies as at December 31,	<u>1,256,913,586</u>	<u>1,000,000,000</u>

## 4.3 Payables from purchase of investment in subsidiaries from related companies

	(Unit : Baht)	
	SEPARATE	
	FINANCIAL STATEMENTS	
	2016	2015
Payables from purchase of investment in subsidiaries		
from related companies - brought forward as at January 1,	578,984,744	553,147,622
<u>Add</u> Increase in investment in a subsidiary	42	-
<u>Add</u> Unrealized (gain) loss on exchange rate	(101,518,753)	26,112,797
<u>Less</u> Cash repayment for payable from purchase of investment		
in subsidiaries from a related company	-	(275,675)
Payables from purchase of investment in subsidiaries		
from related companies - carried forward as at December 31,	<u>477,466,033</u>	<u>578,984,744</u>

## 4.4 Short-term loan from a related company

	(Unit : Baht)	
	SEPARATE	
	FINANCIAL STATEMENTS	
	2016	2015
Short-term loan from a related company as at January 1,	-	-
<u>Add</u> Cash received from short-term loan		
from a related company	740,880,000	-
<u>Less</u> Dividend income (see Note 27.2)	(224,908,913)	-
<u>Less</u> Unrealized gain on exchange rate	(50,079,458)	-
<u>Less</u> Realized gain on exchange rate	(12,659,544)	-
Short-term loan from a related company as at December 31,	<u>453,232,085</u>	<u>-</u>

## 4.5 Construction payables and long-term loans

During the year ended December 31, 2016, a subsidiary had non-cash items related to construction payables and long-term loans arising from payment terms and conditions under a construction contract (see Note 20.2), which increased by Baht 314.26 million and Baht 1,563.79 million, respectively.



## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Cash	109,943	77,774	49,912	17,736
Savings account	1,049,692,635	1,247,530,785	680,556,968	198,944,251
Current account	8,717,058	6,013,600	2,269,797	5,596,572
Total cash and cash equivalents	<u>1,058,519,636</u>	<u>1,253,622,159</u>	<u>682,876,677</u>	<u>204,558,559</u>

## 6. TEMPORARY INVESTMENTS

Temporary investments consist of:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>			
	<b>As at December 31, 2016</b>		<b>As at December 31, 2015</b>	
	<b>Cost/ Carrying value</b>	<b>Fair value</b>	<b>Cost/ Carrying value</b>	<b>Fair value</b>
<b>Trading securities</b>				
Debt securities				
Unit trust	815,354	820,707	825,115,974	829,183,136
Add Unrealized gain on remeasurement	5,353	-	4,067,162	-
Total temporary investments	<u>820,707</u>	<u>820,707</u>	<u>829,183,136</u>	<u>829,183,136</u>

	<b>SEPARATE FINANCIAL STATEMENTS</b>			
	<b>As at December 31, 2016</b>		<b>As at December 31, 2015</b>	
	<b>Cost/ Carrying value</b>	<b>Fair value</b>	<b>Cost/ Carrying value</b>	<b>Fair value</b>
<b>Trading securities</b>				
Debt securities				
Unit trust	815,354	820,707	701,071,928	703,773,946
Add Unrealized gain on remeasurement	5,353	-	2,702,018	-
Total temporary investments	<u>820,707</u>	<u>820,707</u>	<u>703,773,946</u>	<u>703,773,946</u>

The movements of investment in trading securities during the years ended December 31, as follows:

	<b>CONSOLIDATED</b>	
	<b>FINANCIAL STATEMENTS</b>	
	<b>2016</b>	<b>2015</b>
Book value as at January 1,	829,183,136	312,701,893
Amount of purchasing of securities	120,792,138	1,358,000,000
Amount of selling of securities	(949,159,920)	(845,585,919)
Changing in fair value of trading securities	5,353	4,067,162
Book value as at December 31,	<u>820,707</u>	<u>829,183,136</u>

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Book value as at January 1,	703,773,946	292,300,458
Amount of purchasing of securities	120,792,138	950,000,000
Amount of selling of securities	(823,750,730)	(541,228,530)
Changing in fair value of trading securities	5,353	2,702,018
Book value as at December 31,	<u>820,707</u>	<u>703,773,946</u>

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
<b>Trade receivable</b>				
Trade receivable - overseas	13,072,153	-	-	-
Receivable installment due	78,445,939	6,012,022	-	6,012,022
Income due in contract	(78,445,939)	(6,012,022)	-	(6,012,022)
Total trade receivable	<u>13,072,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Prepaid expenses	10,765,385	12,955,337	1,492,954	2,623,920
Advance	1,479,019	684,141	118,000	191,530
Prepaid deposit	14,149,878	-	-	-
Prepaid deposit for construction	996,407,727	693,885,556	3,407,596	29,552,492
Other receivables - related company (see Note 31.4)	-	-	6,301,736	7,170,000
Other receivables - other company	<u>462,508,124</u>	<u>6,430,517</u>	<u>-</u>	<u>-</u>
Total trade and other receivables	<u>1,498,382,286</u>	<u>713,955,551</u>	<u>11,320,286</u>	<u>39,537,942</u>

## 8. LAND AND COST OF PROJECT UNDER CONSTRUCTION AND UTILITIES

Land and cost of project under construction and utilities consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
The Elements Project	684,670,280	854,846,279	684,670,280	854,846,279
Chao Phraya Estate Project	<u>1,343,369,615</u>	<u>668,300,821</u>	<u>-</u>	<u>-</u>
Total land and cost of project under construction and utilities	<u>2,028,039,895</u>	<u>1,523,147,100</u>	<u>684,670,280</u>	<u>854,846,279</u>

8.1 Land and cost of project under construction and utilities of The Elements Project consist of:

	(Unit : Baht)	
	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	As at	As at
	December 31,	December 31,
	2016	2015
Land	299,113,725	299,113,725
Condominium construction	1,004,342,449	975,782,561
Cost of construction design	17,571,447	16,499,134
Other expenses of project	68,612,505	56,463,440
Utilities	155,652,018	155,047,276
Furniture	160,015,626	154,117,325
Finance cost	18,319,497	18,319,497
Total	1,723,627,267	1,675,342,958
<u>Less</u> Accumulated transferred to cost of condominium sold and selling expense to the present	(1,038,956,987)	(820,496,679)
Total land and cost of project under construction and utilities	<u>684,670,280</u>	<u>854,846,279</u>

During 2015, the Company recorded borrowing costs as part of the cost of property development projects in the separate financial statements in the amount of Baht 2.60 million (2016 : Nil).

As at December 31, 2015, the Company has mortgaged land and buildings of The Elements Project stated in land and cost of project under construction and utilities to a financial institution for collaterals of long-term loans from a domestic financial institution which has initial mortgaged capital in the amount of Baht 883 million (see Note 20.1).

8.2 Land and cost of project under construction and utilities of Chao Phraya Estate Project consist of:

	(Unit : Baht)	
	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	As at	As at
	December 31,	December 31,
	2016	2015
Condominium construction	1,099,028,987	495,301,038
Cost of construction design	116,286,765	94,554,195
Other expenses of project	105,248,828	78,445,588
Finance cost	22,805,035	-
Total land and cost of project under construction and utilities	<u>1,343,369,615</u>	<u>668,300,821</u>

As at December 31, 2016, a subsidiary has mortgaged buildings of Chao Phraya Estate Project for a collateral under a conditional guarantee agreement (see Note 20.2) (as at December 31, 2015 : Nil).

**9. OTHER CURRENT ASSETS**

Other current assets consist of:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Accrued interest receivable - related companies (see Note 31.4)	-	-	225,981,574	112,025,361
Withholding tax receivable	17,277,821	12,475,569	17,253,685	12,463,458
Revenue Department receivable	109,303,630	30,891,076	-	1,896,618
Others	19,379,590	66,928,945	6,180,075	16,802,540
Total other current assets	<u>145,961,041</u>	<u>110,295,590</u>	<u>249,415,334</u>	<u>143,187,977</u>

**10. DEPOSITS AT BANK USED AS COLLATERAL**

Deposits at bank used as collateral consist of:

	<b>CONSOLIDATED</b>	
	<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
Deposits at bank pledged as collateral for payment service	202,184	200,000
Deposits at bank pledged as Escrow Account under a construction contract	<u>801,215,131</u>	<u>-</u>
Total deposits at bank used as collateral	<u>801,417,315</u>	<u>200,000</u>

**11. INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES**

Investment in available-for-sale securities consists of:

	<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>			
	<b>As at December 31, 2016</b>		<b>As at December 31, 2015</b>	
	<b>Cost/ Carrying value</b>	<b>Fair value</b>	<b>Cost/ Carrying value</b>	<b>Fair value</b>
<b>Available-for-sale securities</b>				
Marketable equity securities				
Ordinary securities	234,402,269	246,429,498	234,402,269	191,327,250
Warrants to purchase ordinary securities	-	6,850,255	-	11,607,955
Unit trust	147,000,000	150,000,000	203,151,000	203,151,000
<u>Add</u> Unrealized gain (loss) on remeasurement	<u>21,877,484</u>	<u>-</u>	<u>(31,467,064)</u>	<u>-</u>
Total investment in available-for-sale securities	<u>403,279,753</u>	<u>403,279,753</u>	<u>406,086,205</u>	<u>406,086,205</u>

The movements of investment in available-for-sale securities during the years ended December 31, as follows:

	(Unit : Baht)	
	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	2016	2015
Book value as at January 1,	406,086,205	116,246,143
Amount of purchasing of securities	-	313,052,962
Amount of selling of securities	(53,151,000)	-
Cash received from the capital reduction of investment in available-for-sale securities	(3,000,000)	-
Changing in fair value of investment in available-for-sales securities	53,344,548	(23,212,900)
Book value as at December 31,	<u>403,279,753</u>	<u>406,086,205</u>

## 12. INVESTMENT PROPERTY

On July 1, 2016, CGUK 1 Limited, a subsidiary of the Company, has acquired an investment property located in Brighton, United Kingdom, consisting of land and buildings. The property has an existing lease agreement with a lessee for operating school business. The lease agreement has remaining terms of 16 years approximately.

Reconciliation of investment property for the year ended December 31, 2016, are as follows:

	(Unit : Baht)
	CONSOLIDATED
	FINANCIAL STATEMENTS
Book value as at January 1, 2016	-
Cash paid for purchase of investment property	895,021,543
<u>Add</u> Gain on remeasuring fair value of investment property	7,562,291
<u>Less</u> Exchange differences from translation	(59,840,888)
Book value as at December 31, 2016	<u>842,742,946</u>

On October 14, 2016, CGUK 1 Limited has mortgaged land and buildings for a collateral of long-term loan from an overseas financial institution (see Note 20.3).

On December 20, 2016, investment property was revalued by independent professional appraisers. The new appraised value of investment property was GBP 19.33 million. Therefore, the subsidiary recorded gain on remeasuring fair value in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 amount of Baht 7.56 million.

Amounts recognized in the statement of profit or loss and other comprehensive income which relates to investment property for the year ended December 31, 2016 are as follows:

	(Unit : Baht)
	CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2016
Rental income from investment property	27,004,956
Direct operating expense arising from investment property that generated rental income for the year	1,209,030

### 13. BUILDING AND EQUIPMENT

Building and equipment consist of:

As at December 31, 2016

					(Unit : Baht)
		CONSOLIDATED FINANCIAL STATEMENTS			
Type of assets	Balance as at December 31, 2015	Additions	Disposals/ write off	Transfer in (out)	Balance as at December 31, 2016
<b>Cost</b>					
Building - sale office	169,105,701	7,276,000	-	-	176,381,701
Building improvement	11,626,825	631,300	(631,300)	-	11,626,825
Furniture and fixtures	119,490,248	9,111,819	-	-	128,602,067
Office equipment and tools	13,767,685	968,450	(6,500)	-	14,729,635
Vehicle	490,000	-	-	-	490,000
Building under construction	597,422,939	466,421,310	-	-	1,063,844,249
Total	911,903,398	484,408,879	(637,800)	-	1,395,674,477
<b>Accumulated depreciation</b>					
Building - sale office	(40,094,480)	(57,409,645)	-	-	(97,504,125)
Building improvement	(4,556,226)	(2,450,747)	126,260	-	(6,880,713)
Furniture and fixtures	(18,629,398)	(25,152,038)	-	-	(43,781,436)
Office equipment and tools	(4,363,593)	(2,671,519)	1,734	-	(7,033,378)
Vehicle	(91,557)	(98,000)	-	-	(189,557)
Total	(67,735,254)	(87,781,949)	127,994	-	(155,389,209)
Total building and equipment	844,168,144				1,240,285,268

## As at December 31, 2015

(Unit : Baht)

Type of assets	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2015
	Balance as at December 31, 2014	Additions	Disposals/ write off	Transfer in (out)	
<b>Cost</b>					
Building - sale office	-	13,054,627	-	156,051,074	169,105,701
Building improvement	11,626,825	-	-	-	11,626,825
Furniture and fixtures	1,901,574	42,659	-	117,546,015	119,490,248
Office equipment and tools	8,010,344	5,757,341	-	-	13,767,685
Vehicle	250,000	240,000	-	-	490,000
Building under construction	554,550,129	316,469,899	-	(273,597,089)	597,422,939
Total	<u>576,338,872</u>	<u>335,564,526</u>	<u>-</u>	<u>-</u>	<u>911,903,398</u>
<b>Accumulated depreciation</b>					
Building - sale office	-	(40,094,480)	-	-	(40,094,480)
Building improvement	(2,231,738)	(2,324,488)	-	-	(4,556,226)
Furniture and fixtures	(840,870)	(17,788,528)	-	-	(18,629,398)
Office equipment and tools	(2,342,977)	(2,020,616)	-	-	(4,363,593)
Vehicle	(3,288)	(88,269)	-	-	(91,557)
Total	<u>(5,418,873)</u>	<u>(62,316,381)</u>	<u>-</u>	<u>-</u>	<u>(67,735,254)</u>
Total building and equipment	<u>570,919,999</u>				<u>844,168,144</u>
				<b>For the years ended December 31,</b>	
				<b>2016</b>	<b>2015</b>
Depreciation				<u>87,781,949</u>	<u>62,316,381</u>

Costs of building and equipment which are fully depreciated but still in use presented in the consolidated financial statements as at December 31, 2016 and 2015 are Baht 2.34 million and Baht 1.71 million, respectively.

As at December 31, 2016

(Unit : Baht)

Type of assets	Balance as at December 31, 2015	SEPARATE FINANCIAL STATEMENTS			Balance as at December 31, 2016
		Additions	Disposals/ write off	Transfer in (out)	
<b>Cost</b>					
Building - sale office	3,788,807	-	-	-	3,788,807
Building improvement	11,626,825	631,300	(631,300)	-	11,626,825
Furniture and fixtures	1,944,233	522,658	-	-	2,466,891
Office equipment and tools	9,323,659	557,428	-	-	9,881,087
Vehicle	250,000	-	-	-	250,000
Total	26,933,524	1,711,386	(631,300)	-	28,013,610
<b>Accumulated depreciation</b>					
Building - sale office	(951,432)	(1,262,809)	-	-	(2,214,241)
Building improvement	(4,556,226)	(2,450,747)	126,260	-	(6,880,713)
Furniture and fixtures	(1,220,414)	(301,932)	-	-	(1,522,346)
Office equipment and tools	(3,808,856)	(1,740,487)	-	-	(5,549,343)
Vehicle	(53,288)	(50,000)	-	-	(103,288)
Total	(10,590,216)	(5,805,975)	126,260	-	(16,269,931)
Total building and equipment	16,343,308				11,743,679

As at December 31, 2015

(Unit : Baht)

Type of assets	Balance as at December 31, 2014	SEPARATE FINANCIAL STATEMENTS			Balance as at December 31, 2015
		Additions	Disposals/ write off	Transfer in (out)	
<b>Cost</b>					
Building - sale office	-	-	-	3,788,807	3,788,807
Building improvement	11,626,825	-	-	-	11,626,825
Furniture and fixtures	1,901,574	42,659	-	-	1,944,233
Office equipment and tools	6,951,445	2,372,214	-	-	9,323,659
Vehicle	250,000	-	-	-	250,000
Building under construction	3,120,448	668,359	-	(3,788,807)	-
Total	23,850,292	3,083,232	-	-	26,933,524
<b>Accumulated depreciation</b>					
Building - sale office	-	(951,432)	-	-	(951,432)
Building improvement	(2,231,738)	(2,324,488)	-	-	(4,556,226)
Furniture and fixtures	(840,870)	(379,544)	-	-	(1,220,414)
Office equipment and tools	(2,316,705)	(1,492,151)	-	-	(3,808,856)
Vehicle	(3,288)	(50,000)	-	-	(53,288)
Total	(5,392,601)	(5,197,615)	-	-	(10,590,216)
Total building and equipment	18,457,691				16,343,308

For the years ended December 31,  
2016                      2015

Depreciation	5,805,975	5,197,615
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Costs of building and equipment which are fully depreciated but still in use presented in the separate financial statements as at December 31, 2016 and 2015 are Baht 2.34 million and Baht 1.71 million, respectively.



## 14. LEASEHOLD

### Consolidated financial statements

On December 6, 2005, Landmark Development Group Company Limited (“the former lessee”), entered into the land lease agreement with the Crown Property Bureau (“the lessor”). The initial lease period is 25 years to improve the area for commercial business.

Later, on May 8, 2013, Country Group Development Public Company Limited (“the lessee”) entered into a land lease agreement on behalf of the former lessee with the lessor to support the purchase and transfer of the entire business of the Landmark Development Group Company Limited, which has terms and conditions as follows:

1. The lessee agrees to finish land development upon the lessee’s project within construction period of the project and the lessee agrees to pay rental at specified rate in the agreement during the development period. The initial lease period is 25 years from the date the lessee finishes land development or the due date of construction period as specified in the agreement.
2. The lessee may make full prepayment for the residual of the rental period with the specified discount rate in the agreement and being allowed by the lessor. In the 15th year of rental period, the lessee has to submit its financial statement for the 14th year of operation to the lessor for consideration of incremental rental fee (if any) as specified terms in the agreement.
3. The lessor agrees to allow the lessee to propose for the extension of lease period (follow article 2) for another 25 years. The lessee shall notice to the lessee by written document not less than 24 months before maturity (follow article 2). The parties will maintain the lease terms according to the original agreement except for the rental fee, which provides a method and formula rents similar to calculating rents under the original contract and the percentage of the official appraisal of Land Department as specified in the agreement.

When the lease period (follow article 3) is matured, the lessor must allow the lessee to lease further according to the agreement. If other person proposes to lease at a higher rate, the lessor must notify the lessee. If the lessee agrees to pay rental at a rate equal to such other person, the lessor must allow the first rights to the lessee.

In the consolidated financial statements, leasehold consists of:

	(Unit : Baht)		
	CONSOLIDATED FINANCIAL STATEMENTS		
	Balance as at December 31, 2015	Purchases/ acquisitions	Balance as at December 31, 2016
Leasehold - advance payment	20,000,000	-	20,000,000
Leasehold - compensation	67,743,465	-	67,743,465
Transfer fee	7,649,634	-	7,649,634
Rental under construction and land development	4,580,000	-	4,580,000
Total	99,973,099	-	99,973,099

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at December 31, 2014	Purchases/ acquisitions	Balance as at December 31, 2015
Leasehold - advance payment	20,000,000	-	20,000,000
Leasehold - compensation	67,743,465	-	67,743,465
Transfer fee	7,649,634	-	7,649,634
Rental under construction and land development	4,580,000	-	4,580,000
Total	99,973,099	-	99,973,099

### Separate financial statements

On May 15, 2013, the Company has paid for business transferring to Landmark Development Group Company Limited at fair value of Baht 3,700 million. The Company has been transferred both assets and liabilities of Landmark Development Group Company Limited included leasehold at fair value of Baht 3,769.76 million which have the acquisition at book value of Baht 87.74 million. The difference of Baht 3,682.02 million is recorded as leasehold in the separate financial statements.

On October 1, 2014, the Company entered into the land sublease agreement and assignment of leasehold rights with Landmark Holdings Company Limited, a subsidiary, to develop Chao Phraya Estate Project according to business structure and objective of the Company. The terms of determining rental and conditions of rental payment in the land sublease agreement shall be complied with the original lease contract, which the Company entered with the Crown Property Bureau.

In the separate financial statements, leasehold consists of:

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS			
	Balance as at December 31, 2015	Purchases/ acquisitions	Balance as at December 31, 2016
Leasehold - advance payment	20,000,000	-	20,000,000
Leasehold - compensation	67,743,465	-	67,743,465
Transfer fee	7,649,634	-	7,649,634
Surplus on the fair value of the merger	3,682,021,297	-	3,682,021,297
Rental under construction and land development	4,580,000	-	4,580,000
Total	3,781,994,396	-	3,781,994,396

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS			
	Balance as at December 31, 2014	Purchases/ acquisitions	Balance as at December 31, 2015
Leasehold - advance payment	20,000,000	-	20,000,000
Leasehold - compensation	67,743,465	-	67,743,465
Transfer fee	7,649,634	-	7,649,634
Surplus on the fair value of the merger	3,682,021,297	-	3,682,021,297
Rental under construction and land development	4,580,000	-	4,580,000
Total	3,781,994,396	-	3,781,994,396

## 15. INTANGIBLE ASSETS

Intangible assets consist of:

As at December 31, 2016

(Unit : Baht)

### CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at December 31, 2015	Additions	Disposals/ write off	Balance as at December 31, 2016
Program computer	4,761,670	-	-	4,761,670
<u>Less</u> Accumulated amortization	<u>(3,236,642)</u>	<u>(390,238)</u>	<u>-</u>	<u>(3,626,880)</u>
Intangible assets	<u>1,525,028</u>			<u>1,134,790</u>

As at December 31, 2015

(Unit : Baht)

### CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at December 31, 2014	Additions	Disposals/ write off	Balance as at December 31, 2015
Program computer	3,458,500	1,303,170	-	4,761,670
<u>Less</u> Accumulated amortization	<u>(2,656,497)</u>	<u>(580,145)</u>	<u>-</u>	<u>(3,236,642)</u>
Intangible assets	<u>802,003</u>			<u>1,525,028</u>

For the years ended December 31,  
2016      2015

Amortization	<u>390,238</u>	<u>580,145</u>
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As at December 31, 2016

(Unit : Baht)

### SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2015	Additions	Disposals/ write off	Balance as at December 31, 2016
Program computer	4,265,816	-	-	4,265,816
<u>Less</u> Accumulated amortization	<u>(3,213,972)</u>	<u>(292,503)</u>	<u>-</u>	<u>(3,506,475)</u>
Intangible assets	<u>1,051,844</u>			<u>759,341</u>

As at December 31, 2015

(Unit : Baht)

### SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2014	Additions	Disposals/ write off	Balance as at December 31, 2015
Program computer	3,458,500	807,316	-	4,265,816
<u>Less</u> Accumulated amortization	<u>(2,656,497)</u>	<u>(557,475)</u>	<u>-</u>	<u>(3,213,972)</u>
Intangible assets	<u>802,003</u>			<u>1,051,844</u>

For the years ended December 31,  
2016      2015

Amortization	<u>292,503</u>	<u>557,475</u>
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**16. DEFERRED TAX ASSETS/ CORPORATE INCOME TAX**

The movements of deferred tax assets and liabilities during the years ended December 31, 2016 and 2015 are as follows:

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS			
Balance as at December 31, 2015	Items as recognized in profit or loss revenue (expenses)	Items recognized in other comprehensive income	Balance as at December 31, 2016
<b>Deferred tax assets (liabilities)</b>			
Allowance for doubtful debts	5,850,390	-	5,850,390
(Gain) loss on remeasuring investment in available-for-sale securities	6,293,413	-	(4,375,497)
Exchange differences on translating financial statements of foreign operations	(2,304,374)	2,304,374	-
Post-employment benefits obligation	1,185,539	(174,395)	1,436,318
<b>Deferred tax assets</b>	<b>11,024,968</b>	<b>(8,538,931)</b>	<b>2,911,211</b>

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS			
Balance as at December 31, 2014	Items as recognized in profit or loss revenue (expenses)	Items recognized in other comprehensive income	Balance as at December 31, 2015
<b>Deferred tax assets (liabilities)</b>			
Allowance for doubtful debts	5,517,777	332,613	5,850,390
Loss on remeasuring investment in available-for-sale securities	1,650,834	-	6,293,413
Exchange differences on translating financial statements of foreign operations	9,176,683	(11,481,057)	(2,304,374)
Post-employment benefits obligation	863,555	(72,064)	1,185,539
<b>Deferred tax assets</b>	<b>17,208,849</b>	<b>(6,910,542)</b>	<b>11,024,968</b>

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS			
Balance as at December 31, 2015	Items as recognized in profit or loss revenue (expenses)	Items recognized in other comprehensive income	Balance as at December 31, 2016
<b>Deferred tax assets (liabilities)</b>			
Allowance for doubtful debt	5,850,390	-	5,850,390
(Gain) loss on remeasuring investment in available-for-sale securities	6,293,413	-	(4,375,497)
Post-employment benefits obligation	1,185,539	(174,395)	1,436,318
<b>Deferred tax assets</b>	<b>13,329,342</b>	<b>(10,843,305)</b>	<b>2,911,211</b>

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS			
	Balance as at December 31, 2014	Items as recognized in profit or loss revenue (expenses)	Items recognized in other comprehensive income
			Balance as at December 31, 2015
<b>Deferred tax assets (liabilities)</b>			
Allowance for doubtful debt	5,517,777	332,613	-
Loss on remeasuring investment in available-for-sale securities	1,650,834	-	4,642,579
Post-employment benefits obligation	863,555	394,048	(72,064)
<b>Deferred tax assets</b>	<u>8,032,166</u>	<u>726,661</u>	<u>4,570,515</u>
			<u>13,329,342</u>

As at December 31, 2016 and 2015, the Group and the Company have tax losses carried forward not over 5 years as following details:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Tax losses carried forward not over 5 years	650,296,829	559,581,300	355,489,193	536,981,107

However, the Group and the Company did not record deferred tax assets for temporary difference from such tax loss since the Group's and the Company's management considered that there is uncertainty to utilize such tax losses in the future.

Income tax recognized in profit or loss for the years ended December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Current income tax for the year	2,466,275	-	-	-
Deferred income tax related to temporary differences				
Increase in deferred tax assets	(425,174)	(726,661)	(425,174)	(726,661)
Income tax (revenue) expense per statements of profit or loss and other comprehensive income	<u>2,041,101</u>	<u>(726,661)</u>	<u>(425,174)</u>	<u>(726,661)</u>

Income tax recognized in other comprehensive income for the years ended December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS					
	2016			2015		
	Before income tax	(Revenue) expenses income tax	Net from income tax	Before income tax	(Revenue) expenses income tax	Net from income tax
(Gain) loss on remeasuring investment in available-for-sale securities	(53,344,548)	10,668,910	(42,675,638)	23,212,900	(4,642,579)	18,570,321
Exchange differences on translating financial statements of foreign operations	233,351,564	(2,304,374)	231,047,190	(57,405,283)	11,481,057	(45,924,226)
Post-employment benefits obligation	(871,975)	174,395	(697,580)	(360,319)	72,064	(288,255)
Total	<u>179,135,041</u>	<u>8,538,931</u>	<u>187,673,972</u>	<u>(34,552,702)</u>	<u>6,910,542</u>	<u>(27,642,160)</u>

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS					
	2016			2015		
	Before income tax	(Revenue) expenses income tax	Net from income tax	Before income tax	(Revenue) expenses income tax	Net from income tax
(Gain) loss on remeasuring investment in available-for-sale securities	(53,344,548)	10,668,910	(42,675,638)	23,212,900	(4,642,579)	18,570,321
Post-employment benefits obligation	(871,975)	174,395	(697,580)	(360,319)	72,064	(288,255)
Total	<u>(54,216,523)</u>	<u>10,843,305</u>	<u>(43,373,218)</u>	<u>22,852,581</u>	<u>(4,570,515)</u>	<u>18,282,066</u>

Reconciliations of income tax and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2016		2015	
	Amount Baht	Tax rate %	Amount Baht	Tax rate %
Loss before income tax	<u>(353,775,580)</u>		<u>(516,443,006)</u>	
Income tax revenue using applicable tax rate as at reporting date	(70,755,116)	(20.00)	(103,288,601)	(20.00)
Income tax of foreign subsidiary calculated by using revenue base	2,466,275		-	
Tax effect of non-deductible expenses	1,169,364		1,179,656	
Effect of unused tax losses and the benefit arising from previously unrecognized tax losses that is used to reduce current tax expense	69,585,752		102,108,945	
Deferred income tax related temporary differences	<u>(425,174)</u>		<u>(726,661)</u>	
Income tax (revenue) expense per statements of profit or loss and other comprehensive income	<u>2,041,101</u>	0.58	<u>(726,661)</u>	(0.14)

	SEPARATE FINANCIAL STATEMENTS			
	2016		2015	
	Amount Baht	Tax rate %	Amount Baht	Tax rate %
Profit (loss) before income tax	<u>232,519,875</u>		<u>(130,693,792)</u>	
Income tax expense (revenue) using applicable tax rate as at reporting date	46,503,975	20.00	(26,138,758)	(20.00)
Tax effect of non-deductible expenses	799,163		827,124	
Effect of unused tax losses and the benefit arising from previously unrecognized tax losses that is used to reduce current tax expense	(47,303,138)		25,311,634	
Deferred income tax related temporary differences	<u>(425,174)</u>		<u>(726,661)</u>	
Income tax (revenue) expense per statements of profit or loss and other comprehensive income	<u>(425,174)</u>	(0.18)	<u>(726,661)</u>	(0.56)

The Group and the Company used income tax rate at 20% in calculation of income tax and deferred income tax for the years ended December 31, 2016 and 2015.

**17. TRADE AND OTHER PAYABLES**

Trade and other payables consist of:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Trade payable</b>				
Trade payable - local	23,220,672	67,460,553	1,695,392	10,887,472
Trade payable - overseas	5,561,062	109,146,966	-	-
<b>Other payables</b>				
Other payable	18,676,854	10,939,402	6,813,496	4,200,940
Accrued expenses	56,406,084	54,290,276	19,751,927	35,866,741
Retention	73,292,438	50,599,431	12,471,712	35,595,761
Total trade and other payables	<u>177,157,110</u>	<u>292,436,628</u>	<u>40,732,527</u>	<u>86,550,914</u>

**18. BILL OF EXCHANGE**

Bill of exchange consists of:

	<b>(Unit : Baht)</b>	
	<b>CONSOLIDATED AND SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
Bill of exchange	1,500,000,000	400,000,000
<u>Less</u> Advance interest expense	<u>(26,812,776)</u>	<u>(3,052,883)</u>
Total bill of exchange	<u>1,473,187,224</u>	<u>396,947,117</u>

The Board of Directors' Meeting No. 2/2014 held on January 17, 2014, approved to extend limits of the issuance and sale of short-term bills (bill of exchange) from Baht 650 million to Baht 1,000 million to the private placement of up to 10 bills with an interest rate not exceeding 12% p.a. in order to enhance the liquidity of the Company to expand and invest in new projects and authorized the Chief Executive Office or the assignee to be a negotiator related to the issuance of the bill of exchange.

Subsequently, the Board of Directors' Meeting No. 3/2015 held on March 16, 2015, approved to extend limits of the issuance and sale of short-term bills (bill of exchange) from Baht 1,000 million to Baht 1,500 million to general public or private placement; institutional and/or high net worth investors with unlimited bills or up to 10 bills.

As at December 31, 2016 and 2015, the Company has issued and offered the short-term bills of exchange through private placement. These bills of exchange specify the name of the holders, unsubordinated and unsecured, as follows:

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
As at December 31, 2016

Date of issuance	Remaining value (Baht)	Interest rate (%)	Aged (days)	Maturity Date
June 27, 2016 - November 22, 2016	1,500,000,000	5.42 - 7.00	20 - 230	January 20, 2017 - August 18, 2017

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
As at December 31, 2015

Date of issuance	Remaining value (Baht)	Interest rate (%)	Aged (days)	Maturity Date
April 30, 2015 - June 2, 2015	400,000,000	6.86 - 8.08	25 - 57	January 25, 2016 - February 26, 2016

On the issuance date of bill of exchange, the Company has been deducted advance interest expenses which will be recognized as finance cost over the period of bill of exchange.

## 19. OTHER CURRENT LIABILITIES

Other current liabilities consist of:

	(Unit : Baht)			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Payable - Condominium Juristic person	3,582,307	3,974,404	3,582,307	3,974,404
Accrued interest expense	9,396,091	20,465,754	1,356,165	20,465,754
Withholding tax payable	24,212,750	4,877,318	3,016,581	2,861,498
Corporate income tax payable	2,412,258	-	-	-
Revenue Department payable	542,178	1,105,651	307,159	15,460
Others	2,916,513	1,117,224	2,864,507	1,065,219
Total other current liabilities	<u>43,062,097</u>	<u>31,540,351</u>	<u>11,126,719</u>	<u>28,382,335</u>

## 20. LONG-TERM LOANS

Long-term loans consist of:

	(Unit : Baht)			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Long-term loans from a domestic financial institution	-	1,000	-	1,000
Long-term loans from a foreign financial institution	400,297,500	-	-	-
Long-term loans	<u>1,563,785,901</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term loans	<u>1,964,083,401</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>



- 20.1 On August 1, 2012, the Company entered into a long-term loans agreement with a domestic financial institution as follows:

Type	Amount	Terms of repayment	Interest rate	Collateral
Long-term loans	Baht 868 million divided into - Credit limit of land in the amount of Baht 80 million drawn on the already implementation of the security within October 5, 2012 which was drawn up on August 6, 2012. - Credit limit of the development, construction and decoration of Baht 788 million, with the withdrawal of the four terms in the contract. Time limit of five years from the first installment of the loan amount.	- Non-secured 65 percent of the sales price. Repayment schedule and the minimum per square meter of apartment units is not less than Baht 34,775.	MLR per annum	- Mortgage of land and buildings in the future of The Elements Project. The right of mortgage capital is Baht 883 million (see Note 8.1). - Guaranteed by the directors of the Company in the amount of Baht 883 million credit lines throughout the period of loans.
LG, LC, DLC	Baht 15 million			

As at December 31, 2015, the remaining credit line of long-term loans was Baht 87.49 million. As at December 31, 2016, there was no credit line of such long-term loans. However, the collaterals are retained to the domestic financial institution since the Company is under process of collateral redemption.

- 20.2 On August 26, 2016, Landmark Holdings Company Limited (“the subsidiary”) (the “Employer”), has entered into a construction contract for Chao Phraya Estate Project with BECG Thai International Company Limited (the “contractor”). According to the contract, the contractor has rights to assign construction payable to a foreign commercial bank who will provide financial support for this project. In addition, based on the contract, the subsidiary will pay all of construction payable to the contractor and/or a foreign commercial bank under order of assignment of the contractor on September 20, 2020. The subsidiary will be responsible for interest expenses according to the agreement. To guarantee for the contractor, the subsidiary has pledged collaterals, which the detail are as follows:

- Pledge all shares of Landmark Holdings Co., Ltd.
- Pledge rights to utilize leasehold and mortgage of buildings of Chao Phraya Estate Project under a conditional guarantee agreement, which will be enforced under incidents as specified in the agreement.
- Deposits at bank used as collateral (Escrow Account) of the subsidiary.

As at December 31, 2016, the subsidiary has outstanding balance of construction payables and long-term loans under the construction contract in the amount of Baht 314.26 million and Baht 1,563.79 million, respectively.

- 20.3 On October 14, 2016, CGUK 1 Limited (“the subsidiary”) has entered into a loan agreement with a foreign financial institution in the amount of GBP 9 million, with interest rate at Base Rate plus 3% per annum and repayable on October 17, 2021. The subsidiary has mortgaged land and buildings for collateral of such loan (see Note 12). As at December 31, 2016, the outstanding balance of the loan was Baht 400.29 million.

## 21. LONG-TERM DEBENTURES

Long-term debentures consist of:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Long-term debentures - due within 1 year	-	1,500,000,000	-	1,500,000,000
Long-term debentures	1,150,000,000	1,150,000,000	1,150,000,000	1,150,000,000
Total long-term debentures	<u>1,150,000,000</u>	<u>2,650,000,000</u>	<u>1,150,000,000</u>	<u>2,650,000,000</u>

- 21.1 The Extraordinary General Meeting of Shareholders held on July 18, 2014 approved the issuance and offering of the debenture of the Company in the amount not exceeding Baht 1,500 million or equivalent value thereof in foreign currencies. On July 31, 2014, the Company has issued and offered two-year debentures of Baht 1,500 million to institutional and/or high net worth investors. The debentures are registered, unsecured, unsubordinated with no debentures holder’s representative, which bear interest at a fixed rate of 7.50% per annum, payable quarterly. The first interest payable was on October 31, 2014 and the debentures will be due on July 31, 2016. The Company has to maintain Interest bearing debt to Equity ratio at 2.5 : 1 at the end of annual financial report date for the debentures effective period. Subsequently, on July 31, 2016, the Company has made the repayment of such debentures in full.
- 21.2 The Extraordinary General Meeting of Shareholders held on August 21, 2015 approved the issuance and offering of the debentures of the Company in the principal amount of not exceeding Baht 2,000 million or equivalent value thereof in foreign currencies. On September 24, 2015, the Company has issued and offered three-year debentures of Baht 150 million to institutional and/or high net worth investors. The debentures are registered, unsecured, unsubordinated with no debentures holder’s representative, which bear interest at a fixed rate of 6.25% per annum, payable quarterly. The first interest payable will be on December 24, 2015 and the debentures will be due on September 24, 2018. The Company has to maintain Interest bearing debt to Equity ratio at 2.5 : 1 at the end of annual financial report date for the debentures effective period.

On September 25, 2015, the Company has issued and offered two-year and six-month debentures of Baht 1,000 million to institutional and/or high net worth investors. The debentures are registered, unsecured, unsubordinated with no debentures holder's representative, which bear interest at a fixed rate of 6.00% per annum, payable quarterly. The first interest payable will be on December 25, 2015 and the debentures will be due on March 25, 2018. The Company has to maintain Interest bearing debt to Equity ratio at 2.5 : 1 at the end of annual financial report date for the debentures effective period.

## 22. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group and the Company has post-employment benefit plans under the Thai Labor Protection Act, which is the benefit plans for a specific purpose.

Amounts recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plans for the years ended December 31, 2016 and 2015 are as follows:

	(Unit : Baht)			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Current service cost	1,918,401	1,797,528	1,918,401	1,797,528
Interest cost	207,469	172,711	207,469	172,711
Total	<u>2,125,870</u>	<u>1,970,239</u>	<u>2,125,870</u>	<u>1,970,239</u>

Changes in the present value of the defined benefit obligations are as follows:

	(Unit : Baht)			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Beginning balance of post-employment benefit obligations	5,927,695	4,317,775	5,927,695	4,317,775
Current service cost	1,918,401	1,797,528	1,918,401	1,797,528
Interest cost	207,469	172,711	207,469	172,711
	<u>8,053,565</u>	<u>6,288,014</u>	<u>8,053,565</u>	<u>6,288,014</u>
Add Actuarial gain from actuarial assumptions	<u>(871,975)</u>	<u>(360,319)</u>	<u>(871,975)</u>	<u>(360,319)</u>
Ending balance of post-employment benefit obligations	<u>7,181,590</u>	<u>5,927,695</u>	<u>7,181,590</u>	<u>5,927,695</u>

Significant actuarial assumptions used to calculate the defined benefit obligations are as follows:

	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	As at December 31,	
	2016	2015
Financial assumptions		
Discount rate	3.50%	4.00%
Expected rate of salary increase	6.80%	6.80%
Demographic assumption		
Turnover rate	4.00%	3.00%

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, and expected salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

	(Unit : Baht)	
	Impact on the present value of employee benefit obligations increases (decreases)	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31,	
	2016	2015
Discount rate - increase by 1%	(1,015,002)	(901,203)
Discount rate - decrease by 1%	1,263,386	1,127,813
Expected salary increase rate - increase by 1%	1,228,084	1,103,257
Expected salary increase rate - decrease by 1%	(1,008,545)	(899,790)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

## 23. SHARE CAPITAL

23.1 On September 7, 2016, the warrants holders of CGD-W3 exercised their rights to purchase 766 ordinary shares (see Note 25), at the price of Baht 1.80 per share, totaling to Baht 1,379. The Company received cash in full for the increase in share capital in September 2016. The Company registered the increase of issued and paid-up share capital with the Ministry of Commerce on September 16, 2016. Therefore, as at December 31, 2016, the Company has issued and paid-up share capital of Baht 7,336,295,227 and discount on ordinary share capital of Baht 1,652,501,083.

### 23.2 Capital Management

The objectives when managing capital are to maintain the Group's and the Company's ability to continue operate in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company has to maintain Interest bearing debt to Equity ratio at 2.5 : 1 at the end of annual financial report date in accordance to requirement of debenture issuance. As at December 31, 2016 and 2015, the Company maintains Interest bearing debt to Equity ratio in accordance to the requirement (see Note 21).

## 24. LEGAL RESERVE

According to the Public Company Limited Act, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund, until the reserve fund reaches no less than 10% of the authorized share capital.

Under the Civil and Commercial Code, the subsidiaries are required to set aside as a statutory reserve at least five percent of its net profit each time a dividend is declared until the reserve reaches ten percent of the registered share capital. The reserve is not available for dividend distribution until the subsidiaries finally wound up.

## 25. WARRANTS

According to the Extraordinary Shareholders' Meeting No. 1/2014 withheld on July 18, 2014 the Company was approved the issuance and offering of the warrants to purchase ordinary shares of the Company No. 3 ("CGD-W3"). On September 8, 2014, the Company issued and allotted warrants to purchase ordinary shares (CGD-W3) to existing shareholders on a pro rata basis to their respective shareholdings, at no cost, at the allocation ratio of 3 existing shares per 1 unit of the warrants. The warrants are registered with indicate name's type and transferable subscription without offer price. The exercise ratio and price are detailed below:

Warrants	Issued date	Issued units (Million units)	Exercise price Baht/unit	Exercise period*	
				Start	End
CGD-W3	September 8, 2014	2,439	1.80	March 31, 2015	September 7, 2016

\* The warrant holders shall be entitled to exercise their rights under the Warrants to purchase Company's ordinary shares on the last business day of every 6th month after the issuance date.

On September 7, 2016, the warrants were expired, and there are warrant holders exercising their rights to purchase 766 ordinary shares (see Note 23.1).

Details of the warrants of the Company which were changed during the years ended December 31, 2016 and 2015 are as follows:

Warrants	Outstanding of warrants as at December 31, 2015	Exercise for the year	Number of warrants expired during the year	Outstanding warrants as at September 7, 2016 (Expired date)
CGD - W3	2,438,659,310	(766)	(2,438,658,544)	-
	2,438,659,310	(766)	(2,438,658,544)	-

Warrants	Outstanding of warrants as at December 31, 2014	Outstanding of warrants issuance in year	Exercise for the year	Outstanding of warrants as at December 31, 2015
CGD - W3	2,438,659,310	-	-	2,438,659,310
	2,438,659,310	-	-	2,438,659,310

On April 30, 2015, The Annual General Meeting of Shareholders for the year 2015 passed a resolution to approve the issuance of warrants under the Employee Stock Option Plan (CGD-ESOP 1) to allocate to the directors, executives and employees of the Company and/or its subsidiaries. The warrants is specified the name of the holder and non-transferable in the amount of 40,000,000 units, free of charge and it will be issued and offered within 1 year after got the approval from the Shareholders' Meeting. The period of warrants not more than 5 years from the date of issuance and offering of the warrants, 1 units of warrant is entitled to buy 1 ordinary share with exercise price at Baht 2.00 per share except for the rights adjustment in accordance with the specified rights. The warrant holder can exercise the rights to purchase the ordinary shares of the Company in total 5 times. The first time will be able to exercise within 1 year after the date of issuance and offering of the warrants and the next times will be able to exercise on annual basis from date of issuance and offering of the warrants. In addition, these warrants are not registered to be traded on the Stock Exchange of Thailand but the new share capital from exercised warrants will be registered to be traded on the Stock Exchange of Thailand. However, on March 23, 2016, the Board of Directors' Meeting No. 3/2016 passed a resolution of cancelling Warrants to be allotted to director, executives and employees of the Company and/or its subsidiaries.

## 26. OTHER COMPONENTS OF EQUITY

Other components of equity consist of:

### 26.1 Gain (loss) from remeasuring investment in available-for-sale securities

	(Unit : Baht)	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015
Beginning balance	(25,173,651)	(6,603,330)
Net gain (loss) from remeasuring investment in available-for-sale securities	53,344,548	(23,212,900)
Income tax related to gain (loss) from remeasuring investment in available-for-sale securities	(10,668,910)	4,642,579
Ending balance	<u>17,501,987</u>	<u>(25,173,651)</u>

Gain (loss) from remeasuring investment in available-for-sale securities represents the cumulative gain (loss) arising on the remeasurement of investment in available-for-sale securities that has been recognized directly in other comprehensive income, net of amount reclassified to profit or loss when the investment has been disposed of or is determined to be impaired.

## 26.2 Exchange differences on translating financial statements of foreign operations

	(Unit : Baht)	
	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	As at	As at
	December 31,	December 31,
	2016	2015
Beginning balance	9,217,495	(36,706,731)
Increase (decrease) during the year	(231,047,190)	45,924,226
Ending balance	<u>(221,829,695)</u>	<u>9,217,495</u>

Exchange differences on translating financial statements of foreign operations to Thai Baht currency are recognized directly in other comprehensive income and accumulated separately presented as other components of equity under shareholders' equity.

## 27. DIVIDEND INCOME

Dividend income for the years ended December 31, 2016 and 2015 consist of:

	(Unit : Baht)	
	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	2016	2015
Dividend income from APUK Limited	80,806,711	-
Dividend income from CGD Digital Partners Limited (see Note 31.4)	-	-
Dividend income from temporary investments	1,741,419	-
Dividend income from investment in available-for-sale securities of Country Group Holdings PCL. (see Note 31.4)	7,040,843	-
Total	<u>89,588,973</u>	<u>-</u>

	SEPARATE	
	FINANCIAL STATEMENTS	
	2016	2015
Dividend income from APUK Limited	-	-
Dividend income from CGD Digital Partners Limited (see Note 31.4)	224,908,913	-
Dividend income from temporary investments	1,741,419	-
Dividend income from investment in available-for-sale securities of Country Group Holdings PCL. (see Note 31.4)	7,040,843	-
Total	<u>233,691,175</u>	<u>-</u>

27.1 On December 14, 2015, CGD Digital Partners Limited (“the subsidiary”) sold its entire investment in APUK Limited to MFC Industrial Real Estate Investment Trust (“REIT”). According to share sale and purchase agreement between the subsidiary and the REIT, the subsidiary has the rights to receive dividend income from APUK Limited some amount which it depends on the result of audit of financial information of APUK Limited as at December 14, 2015. The subsidiary will receive the dividend income within 6 months from the selling date of investment. As at December 31, 2015 there was on the auditing process. Later on March 29, 2016, APUK Limited declared dividend payment to the subsidiary in the amount of GBP 1.62 million. The subsidiary recorded as dividend income for the year ended December 31, 2016. The subsidiary received the dividend in the amount of GBP 1.12 million on May 30, 2016.

27.2 On June 30 ,2016, The Board of Director’s Meeting of CGD Digital Partners Limited (“the subsidiary”) passed a resolution to approve the dividend declaration to the Company in the amount of GBP 4.81 million or equivalent to Baht 224.91 million. The Company recorded as dividend income for the year ended December 31, 2016 in the separate financial statements (see Note 31.4).

## 28. EXPENSES BY NATURE

Expenses by nature for the years ended December 31, 2016 and 2015, that occurred from important expenses are as follows:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Changing in land and cost of project under construction	(465,705,372)	(403,207,870)	170,175,999	(128,442,856)
Payment construction	684,165,680	723,953,069	48,284,309	449,188,055
Employee expenses	67,666,507	59,867,531	67,666,507	59,867,531
Doubtful debt	-	1,663,064	-	1,663,064
Depreciation and amortization	88,172,187	62,896,526	6,098,478	5,755,090
Consulting fee and professional fee	86,240,181	24,476,135	4,053,321	6,035,434
Operating lease, service fee and utilities	18,673,019	17,757,193	11,856,779	10,607,218
Commission	62,992,876	93,702,110	3,158,533	18,930,311
Advertisement and public relation	48,939,477	117,052,102	6,834,318	8,190,909
Promotion	46,868,565	29,086,967	10,665,806	10,352,628
Maintenance	2,873,528	897,110	844,688	499,956
Specific business tax	11,059,637	14,551,001	11,059,637	14,551,001
Tax and other fees	11,183,317	34,868,161	9,909,200	33,729,623
Directors and managements' remuneration	41,172,604	36,419,207	41,172,604	36,419,207

## 29. DIRECTORS AND MANAGERMENTS' REMUNERATION

29.1 Director's remuneration represents the benefit paid to the Company's directors under section 90 of the Public Company Act, which is not include the salary and related benefits paid to the Company's directors, who are executive managements of the Company.

29.2 The management's benefits in cash are salary, bonus, and provident funds which paid to the Group's and the Company's management according to the TAS 24 (Revised 2015) "Related Party Disclosures".

Directors and managements' remuneration for the years ended December 31, 2016 and 2015 are as follows:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Directors' remuneration	4,560,000	5,140,000	4,560,000	5,140,000
Management's benefits				
Short-term employee benefit	35,446,792	30,239,627	35,446,792	30,239,627
Post-retirement benefit	1,165,812	1,039,580	1,165,812	1,039,580
Total	<u>41,172,604</u>	<u>36,419,207</u>	<u>41,172,604</u>	<u>36,419,207</u>



**30. EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to owner to the parent by the weighted average number of ordinary shares held by third parties during the year, as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years ended December 31,			
	2016	2015	2016	2015
Net profit (loss) of owners of the parent from continued and discontinued operations (Baht)	<u>(275,927,272)</u>	<u>(456,603,490)</u>	<u>232,945,049</u>	<u>(129,967,131)</u>
Net profit (loss) of owners of the parent from continued operations (Baht)	<u>(275,927,272)</u>	<u>(492,471,715)</u>	<u>232,945,049</u>	<u>(129,967,131)</u>
Beginning number of outstanding ordinary share as at January 1,	7,336,294,461	7,336,294,461	7,336,294,461	7,336,294,461
Effect of share issuing during the year	<u>224</u>	<u>-</u>	<u>224</u>	<u>-</u>
Weighted average number of ordinary shares	<u>7,336,294,685</u>	<u>7,336,294,461</u>	<u>7,336,294,685</u>	<u>7,336,294,461</u>
Basic earnings (loss) per share from continued and discontinued operations (Baht)	(0.038)	(0.062)	0.032	(0.018)
Basic earnings (loss) per share from continued operations (Baht)	(0.038)	(0.067)	0.032	(0.018)

**31. TRANSACTIONS WITH RELATED PARTIES**

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

In addition, related parties include associated companies and individuals which have significant influence over the Group and the Company, key management personnel, and directors and officers with authority in the planning and direction of the Group's and the Company's operations, together with close members of the families of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

## 31.1 Investment in subsidiaries

(Unit : Baht)

Companies	Type of Business	Location	SEPARATE FINANCIAL STATEMENTS							
			Paid up capital	Paid up capital	Percentage of holding (%)		Cost method		Dividend income	
			As at	As at	As at	As at	As at	As at	For the years ended	
			December 31	December 31	December 31,	December 31,	December 31,	December 31,	December 31,	
			2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries										
Landmark Holdings Company Limited	Trading, rent and real estate operation and holding company	Thailand	210,000,000	192,000,000	70.00	76.56	146,999,970	146,999,970	-	-
BCEG Country Group Engineering Company Limited.	Construction and building maintenance	Thailand	1,000,000	1,000,000	99.99	99.99	999,970	999,970	-	-
CGD Data Limited	Holding company	Hong Kong	583,137,484	583,137,484	100.00	100.00	583,137,484	583,137,484	-	-
CGD Digital Partners Limited	Holding company	Mauritius	547,579,834	547,579,834	100.00	100.00	547,579,834	547,579,834	224,908,913	-
Leading Schools Partnership Limited	Holding company	Guernsey	224,088,126	-	97.13	-	217,662,851	-	-	-
HYUK Limited	Real estate	Guernsey	42	-	100.00	-	42	-	-	-
Total investment in subsidiaries							1,496,380,151	1,278,717,258	224,908,913	-

## 31.2 Short-term loans to related companies

(Unit : Baht)

		SEPARATE FINANCIAL STATEMENTS				
	Nature of Relationship	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016	Cost of related loans policy
Subsidiaries						
Landmark Holdings Company Limited	Shareholder and common director	1,000,000,000	-	-	1,000,000,000	9.25% p.a.
CGUK 1 Limited	Shareholder and common director	-	941,987,500	(941,987,500)	-	7% p.a.
Leading Schools Partnership Limited	Shareholder and common director	-	248,194,846	-	248,194,846	7% p.a.
HYUK Limited	Shareholder and common director	-	8,718,740	-	8,718,740	7% p.a.
Total		1,000,000,000	1,198,901,086	(941,987,500)	1,256,913,586	

(Unit : Baht)

			SEPARATE FINANCIAL STATEMENTS			
	Nature of Relationship	Balance as at December 31, 2014	Increase	Decrease	Balance as at December 31, 2015	Cost of related loans policy
Subsidiaries						
Landmark Holdings Company Limited	Shareholder and common director	1,000,000,000	100,000,000	(100,000,000)	1,000,000,000	9.25% p.a.
CGD Digital Partners Limited	Shareholder and common director	-	117,450,000	(117,450,000)	-	-
Total		1,000,000,000	217,450,000	(217,450,000)	1,000,000,000	

- (1) On February 17, 2014, the Company entered into a loan agreement with Landmark Holdings Company Limited in the amount of Baht 100 million, duration of the drawdown loan within 12 months from signing date the loan agreement. The loan is unsecured and has interest rate at 9.25% per annum and repayable within 12 months from the first drawdown. Later, on February 17, 2015, the Company entered into an agreement to extend the repayment period for such loan by requiring the repayment within 12 months from the agreement date.

Subsequently, on February 17, 2016, the Company has made an amendment of the loan agreement to be repayable on demand.

- (2) On September 1, 2014, the Company entered into an additional loan agreement with Landmark Holdings Company Limited in the amount of Baht 800 million, duration of the drawdown loan within 18 months from signing date the loan agreement. The Company can be reimbursable by giving a written notice 15 days in advance. The loan is unsecured and has interest rate at 9.25% per annum and repayable within 18 months from the first drawdown. Later, on March 1, 2016, the Company has made an amendment of the loan agreement to be repayable on demand.
- (3) On November 13, 2015, the Company entered into an additional loan agreement with Landmark Holdings Company Limited in the amount of Baht 100 million, duration of the drawdown loan within 12 months from signing date the loan agreement. The loan is unsecured and has interest rate at 9.25% per annum and repayable within 12 months from the first drawdown. Later, on November 12, 2016, the Company has made an amendment of the loan agreement to be repayable on demand.
- (4) On November 19, 2015, the Company entered into a loan agreement with CGD Digital Partners Limited in the amount of GBP 2.175 million, duration of the drawdown loan within February 19, 2016. The loan is unsecured and no interest charge and repayable on demand. During the year ended December 31, 2015, the Company received full repayment of the loan.
- (5) On June 15, 2016, the Company entered into a loan agreement with CGUK 1 Limited in the amount of GBP 20 million, duration of the drawdown loan within December 31, 2016. The loan is unsecured and has interest rate at 7.00% per annum and repayable on demand. During the year ended December 31, 2016, CGUK 1 Limited drew down totaling to GBP 19.55 million, or equivalent to Baht 941.99 million. However, CGUK 1 Limited has made repayment in full.
- (6) On September 23, 2016, the Company entered into a loan agreement with Leading Schools Partnership Limited (“the subsidiary”) in the amount of GBP 10.55 million, duration of the drawdown loan within September 30, 2016. The loan is unsecured and has interest rate at 7.00% per annum and repayable on demand. On that day, the subsidiary drew down the loan in the amount of GBP 10.55 million, or equivalent to Baht 472.82 million. Furthermore, the Company entered into a convertible loan agreement to convert the debt into equity of Baht 217.66 million resulting to the increase in investment in the subsidiary in the same amount. As a result, as at December 31, 2016, the outstanding balance of loan to the subsidiary, net of loss on exchange rate, was Baht 248.19 million.

- (7) On November 22, 2016, the Company entered into a loan agreement with HYUK Limited (“the subsidiary”) in the amount of GBP 19.50 million, duration of the drawdown loan within June 30, 2017. The loan is unsecured and has interest rate at 7.00% per annum and repayable on demand. As at December 31, 2016, the subsidiary drew down totaling to GBP 0.20 million, or equivalent to Baht 8.72 million.

### 31.3 Short-term loan from a related company

(Unit : Baht)						
	Nature of Relationship	Balance as at December 31, 2015	SEPARATE FINANCIAL STATEMENTS		Balance as at December 31, 2016	Cost of related loans policy
			Increase	Decrease		
<b>Subsidiary</b>						
CGD Digital Partners Limited	Shareholder and common director	-	740,880,000	(287,647,915)	453,232,085	-
Total		-	740,880,000	(287,647,915)	453,232,085	

On June 24, 2016, the Company entered into a loan agreement with CGD Digital Partners Limited in the amount of GBP 15 million. The loan is unsecured and no interest charge and repayable on demand. Subsequently, on June 30, 2016, the Company repaid the loan amounting to GBP 4.81 million by settling with dividend income from CGD Digital Partners Limited (see Note 27.2), instead of cash repayment.

### 31.4 Other balances and transactions with related parties

A portion of the Group’s and the Company’s assets, liabilities, revenues and expenses arose from transactions with related parties. These companies are related through common shareholders and directors both direct and indirect. The pricing policies for each transaction are as follows:

Transactions	Transfer pricing policies
Brokerage fees for purchase securities	At market price which is the same rate as general client
Fees and services income	Mutually agreed in accordance with the contract which is comparable to market price

## Significant transactions with related parties consist of:

		(Unit : Baht)			
	Nature of relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31,		As at December 31,	
		2016	2015	2016	2015
<b>Outstanding balance</b>					
<b>Subsidiaries</b>					
Landmark Holdings Company Limited	Shareholder and common director				
Other receivable (see Note 7)		-	-	6,301,736	7,170,000
Accrued interest income (see Note 9)		-	-	204,778,786	112,025,361
CGD Data Limited	Shareholder and common director				
Payables from purchase of investment in subsidiaries		-	-	477,465,991	578,984,744
CGUK 1 Limited	Shareholder and common director				
Accrued interest income (see Note 9)		-	-	16,386,037	-
Leading Schools Partnership Limited	Shareholder and common director				
Accrued interest income (see Note 9)		-	-	4,759,901	-
HYUK Limited	Shareholder and common director				
Payables from purchase of investment in subsidiaries		-	-	42	-
Accrued interest income (see Note 9)		-	-	56,850	-
<b>Related companies</b>					
Country Group Securities PCL.	Common director				
Cash at financial institution		50,125,977	10,185,045	50,125,977	10,185,045
Prepaid debenture issuance fee		-	1,556,762	-	1,556,762
Country Group Holdings PCL.	Shareholder and common director				
Investment in ordinary shares		246,429,498	191,327,250	246,429,498	191,327,250
Warrants CGH-W1		3,406,364	6,633,447	3,406,364	6,633,447
Warrants CGH-W2		3,443,891	4,974,508	3,443,891	4,974,508
MF Holdings Co., Ltd.	Common director				
Bill of exchange		200,000,000	200,000,000	200,000,000	200,000,000
Prepaid interest expenses		6,752,931	1,495,371	6,752,931	1,495,371
<b>Related persons</b>					
Mr. Sadawut Taechaubol	Shareholder and director				
Deposit		360,000	420,000	360,000	420,000
Advance received		1,009,638	1,138,032	1,009,638	1,138,032
Mr. Ben Taechaubol	Shareholder and director				
Advance received		11,000,000	-	-	-
Ms. Orawan Taechaubol	Related person				
Advance received		18,178,879	-	-	-

		(Unit : Baht)			
	Nature of relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the years ended December 31,			
		2016	2015	2016	2015
Revenues and expenses					
Subsidiaries					
Landmark Holdings Company Limited	Shareholder and common director				
Interest income		-	-	92,753,425	88,039,726
Other service income		-	-	27,655,828	24,000,000
Sublease income on land		-	-	3,000,000	3,000,000
CGD Digital Partners Limited	Shareholder and common director				
Dividend income (see Note 27.2)		-	-	224,908,913	-
CGUK 1 Limited	Shareholder and common director				
Interest income		-	-	16,851,008	-
Leading Schools Partnership Limited	Shareholder and common director				
Interest income		-	-	4,736,959	-
HYUK Limited	Shareholder and common director				
Interest income		-	-	56,901	-
Related Companies					
Country Group Securities PCL.	Common director				
Interest income		476,930	109,584	476,930	109,584
Debenture issuance fee		1,556,762	2,667,692	1,556,762	2,667,692
Country Group Holdings PCL.	Shareholder and common director				
Dividend income (see Note 27)		7,040,843	-	7,040,843	-
MF Holdings Co., Ltd.	Common director				
Interest expense		11,726,317	13,271,849	11,726,317	13,271,849

### 32. DISCONTINUED OPERATION

On August 21, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 approved to divest all of investment in APUK Limited (registered in Guernsey) (“the subsidiary”), which the Company invests in through its wholly owned subsidiary CGD Digital Partners Limited, to MFC Industrial Real Estate Investment Trust (REIT). In this connection, the REIT is not a related party to the Company. The total proceeds from the sale of the investment amounts to GBP 26 million, and the proceeds from the sale which will be deducted by the overseas loan repayments worth not more than GBP 11.2 million. Later, on December 14, 2015, CGD Digital Partners Limited sold its entire investment in APUK Limited. Therefore, the Company has no control over the subsidiary from the date of transfer of the shares to the purchaser. Moreover, the Company recognized loss from sale of investment in a subsidiary in the amount of Baht 23.58 million in the consolidated financial statement for the year ended December 31, 2015. Therefore, in accordance with the Thai Financial Reporting Standard No. 5 (Revised 2014) “Non-current Assets Held for Sale and Discontinued Operations”, the Company presented the business operation of the subsidiary as profit from discontinued operation in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015.

Financial performance from discontinued operation which included in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015 and cash flows from discontinued operation which included in the consolidated statement of cash flows for the year ended December 31, 2015 are as follows:

(Unit : Baht)			
CONSOLIDATED FINANCIAL STATEMENTS			
For the year ended December 31, 2015			
	Continued operations	Discontinued operation	Total
<b>Revenues</b>			
Revenue from sale of condominium	479,367,781	-	479,367,781
Commission income	2,181,474	-	2,181,474
Rental income from investment property	-	91,593,686	91,593,686
Interest income	1,801,242	-	1,801,242
Gain from currency forward transaction	2,520,000	-	2,520,000
Gain on exchange rate	9,273,287	-	9,273,287
Gain on sale of temporary investments	2,987,730	-	2,987,730
Gain on remeasuring temporary investments	4,067,162	-	4,067,162
Gain on sale of investments in available-for-sale securities	4,335,000	-	4,335,000
Other income	9,502,456	94,393	9,596,849
Total Revenues	516,036,132	91,688,079	607,724,211
<b>Expenses</b>			
Cost of condominium sale	319,696,961	-	319,696,961
Direct operating expense arising from investment property	-	4,322,271	4,322,271
Selling expenses	329,394,693	-	329,394,693
Administrative expenses	158,367,870	8,917,073	167,284,943
Loss on sale of investment in subsidiary	23,575,253	-	23,575,253
Loss on exchange rate	-	6,660,484	6,660,484
Directors and managements’ remuneration	36,419,207	-	36,419,207
Total expenses	867,453,984	19,899,828	887,353,812
Profit (loss) before finance cost and income tax	(351,417,852)	71,788,251	(279,629,601)
Finance cost	165,025,154	23,395,467	188,420,621
Profit (loss) before income tax	(516,443,006)	48,392,784	(468,050,222)
Income tax revenue (expense)	726,661	(12,524,559)	(11,797,898)
<b>Net profit (loss)</b>	(515,716,345)	35,868,225	(479,848,120)

(Unit : Baht)  
**CONSOLIDATED**  
**FINANCIAL STATEMENT**  
**For the years ended**  
**December 31,**  
**2015**

<b>Cash flows from discontinued operation</b>	
Net cash flows used in operating activities	(47,991,094)
Net cash flows used in investing activities	(9,638,033)
Net cash flows provided by financing activities	122,274,919
Exchange differences on translating financial statements of foreign operations	5,198,103
<b>Net cash flows provided by discontinued operation</b>	<b>69,843,895</b>

### 33. FINANCIAL INFORMATION BY SEGMENT

The Group's operations involve a various business segment, which are holding company, and real estate business. The financial information by segment for the years ended December 31, 2016 and 2015, are as follows

	(Unit : Baht)			
	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>			
	<b>For the year ended December 31, 2016</b>			
	<b>Real estate business</b>		<b>Elimination</b>	<b>Total</b>
	<b>Real estate development</b>	<b>Investment property</b>		
	<b>Domestic</b>	<b>Foreign</b>		
Revenues				
Revenue from external customers	474,677,845	115,394,627	-	590,072,472
Inter - segment revenues	246,553,781	-	(246,553,781)	-
	<u>721,231,626</u>	<u>115,394,627</u>	<u>(246,553,781)</u>	<u>590,072,472</u>
Expenses				
Cost of condominium sale	218,460,308	-	-	218,460,308
Direct operating expenses arising from investment property	-	1,209,030	-	1,209,030
Selling expenses	273,857,961	-	-	273,857,961
Administrative expenses	132,849,904	71,003,187	-	203,853,091
Loss on sale of investment in available-for-sale securities	93,606	-	-	93,606
Directors and managements' remuneration	41,172,604	-	-	41,172,604
Total expenses	<u>666,434,383</u>	<u>72,212,217</u>	<u>-</u>	<u>738,646,600</u>
Profit (loss) before finance costs and income tax	54,797,243	43,182,410	(246,553,781)	(148,574,128)
Finance costs	202,264,283	25,050,806	(22,113,637)	205,201,452
Profit (loss) before income tax	(147,467,040)	18,131,604	(224,440,144)	(353,775,580)
Income tax revenue (expense)	425,174	(2,466,275)	-	(2,041,101)
Net profit (loss) for the year	<u>(147,041,866)</u>	<u>15,665,329</u>	<u>(224,440,144)</u>	<u>(355,816,681)</u>



(Unit : Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Real estate business		Elimination	Total
	Real estate development Domestic	Investment property Foreign		
Revenues				
Revenue from external customers	515,995,892	40,240	-	516,036,132
	<u>515,995,892</u>	<u>40,240</u>	<u>-</u>	<u>516,036,132</u>
Expenses				
Cost of condominium sale	319,696,961	-	-	319,696,961
Selling expenses	329,394,693	-	-	329,394,693
Administrative expenses	155,646,666	2,721,204	-	158,367,870
Loss on sale of investment in a subsidiary	23,575,253	-	-	23,575,253
Directors and managements' remuneration	36,419,207	-	-	36,419,207
Total expenses	<u>864,732,780</u>	<u>2,721,204</u>	<u>-</u>	<u>867,453,984</u>
Loss before finance costs and income tax	(348,736,888)	(2,680,964)	-	(351,417,852)
Finance costs	165,025,154	-	-	165,025,154
Loss before income tax	(513,762,042)	(2,680,964)	-	(516,443,006)
Income tax revenue	726,661	-	-	726,661
Net loss for the year	<u>(513,035,381)</u>	<u>(2,680,964)</u>	<u>-</u>	<u>(515,716,345)</u>

(Unit : Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

	Real estate business		Elimination	Total
	Real estate development Domestic	Investment property Foreign		
<b>Total assets</b>				
As at December 31, 2016	13,378,014,631	1,828,010,900	(2,538,701,063)	12,667,324,468
As at December 31, 2015	<u>10,493,123,305</u>	<u>1,384,750,918</u>	<u>(1,700,451,748)</u>	<u>10,141,422,475</u>
<b>Total liabilities</b>				
As at December 31, 2016	7,197,536,447	711,166,948	(1,214,452,904)	6,694,250,491
As at December 31, 2015	<u>4,802,412,133</u>	<u>1,291,392</u>	<u>(578,984,744)</u>	<u>4,224,718,781</u>

**34. SIGNIFICANT AGREEMENTS**

34.1 On May 15, 2013, the Company entered into the Joint Venture Agreement with BCEG Thai International Co., Ltd. to let such company to jointly invest in Landmark Holdings Company Limited (the "subsidiary") for the purpose of mutually developing in the Chao Phraya Estate Project. Under this agreement BCEG Thai International Co., Ltd. shall contribute share subscriptions in total amount of USD 60 million in cash to the subsidiary and shall be used only for the development of the project. After the subsidiary receive the share subscriptions in full amount according to this agreement, the subsidiary will register with the Department of Business Development, the Ministry of Commerce. Whereas, the shareholding ratios of the Company and BCEG Thai International Co., Ltd. will be 70% and 30%, respectively.

As at December 31, 2016 and 2015, BCEG Thai International Co., Ltd. has paid for share subscription for ordinary share to the subsidiary in the amount of USD 60 million and USD 42.86 million, respectively.

- 34.2 On October 1, 2014, the Company entered into the Operating Services Agreement with a subsidiary company to provide management and operation services to such company. The fee computed on cost plus basis and the termination condition are specified in the agreement.
- 34.3 On November 19, 2014, Landmark Holdings Company Limited which is the Company's subsidiary entered into a license agreement with Four Seasons Hotel & Resorts Asia Pacific Pte Ltd. for using the "Four Seasons" name in connection with the ownership and operation of the residences and in the rendition of all necessary or appropriate services and activities associated with the operation of Chao Phraya Estate project from November 19, 2014 up to the closing of the sale. Four Seasons Hotel & Resorts Asia Pacific Pte Ltd. is entitled to receive license fee, which is computed on certain percentage of gross sale prices of the project.

### **35. COMMITMENT AND CONTINGENT LIABILITIES**

- 35.1 As at December 31, 2016 and 2015, the Company has commitment in project development and construction in the amount of Baht 3.91 million and Baht 9.59 million, respectively.
- 35.2 As at December 31, 2016, the Company has a letter of guarantee for guarantee payment of a subsidiary (as at December 31, 2015 : Nil).
- 35.3 As at December 31, 2016 and 2015, Landmark Holdings Company Limited ("the subsidiary") entered into a contract with BCEG Thai International Co., Ltd. who is the contractor of Chao Phraya Estate Project (see Note 20.2). The remaining value of the contract is Baht 10,120.16 million and Baht 13,500.56 million, or equivalent to USD 372.39 million, respectively.
- 35.4 As at December 31, 2016, a subsidiary has commitment to comply with agreement in the amount of GBP 0.50 million or equivalents to Baht 22.40 million. Such commitment has been secured by the subsidiary's deposit for performance guarantee of Baht GBP 0.50 million which inclusively presented in other non-current assets in the consolidated statement of financial position as at December 31, 2016 in the amount of Baht 21.80 million (as at December 31, 2015 : Nil).
- 35.5 The Company has commitments in land rental agreement used for office space and parking lot for the Elements Project and land rental agreement for development of Chao Phraya Estate Project, office space lease and facilities agreement and car rental agreements. The Company had commitments to pay as follows:

	(Unit : Baht)	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015
Within 1 year	11,345,744	10,320,231
Over 1 year but not over 5 years	48,801,492	28,313,824
Over 5 years	318,037,489	329,545,201

### 36. DISCLOSURE FOR FINANCIAL INSTRUMENTS

#### 36.1 Credit risk

Credit risk is the risk of uncertainty in payment received from sale and service under credit on accounts receivable which will affect the results of operations of the Group and the Company. The Company's main business is the sale of residential condominium units. Therefore, there is no risk because if receivables do not get paid or the customers fail to pay the installment period, the Company will not transfer ownership of condominiums.

As at December 31, 2016 and 2015, the maximum exposures to credit risk of the Group and the Company are limited to the carrying amount of trade receivables less allowance for doubtful accounts.

#### 36.2 Interest rate risk

Interest rate risk arises from fluctuations in interest rates, which affect the performance of the Group and the Company. However, the effect of fluctuations in interest rate did not materially affect to the Group and the Company due to most financial assets and liabilities have interest rate at fixed rate.

#### 36.3 Foreign exchange rate risk

Foreign exchange risk arises from the change in foreign currency exchange rate to have an adverse effect on the Group and the Company.

As at December 31, 2015, the Company reduced exposure to fluctuate in foreign currency exchange by entering into forward exchange contracts. (as at December 31, 2016 : Nil). The details of such contracts are as follows:

Currency	Contract value	Exchange rate per contract	Delivery month	Amount to be delivered	Net fair value gain (loss)
GBP	14,000,000	Baht 53.72 and 54.30 per 1 GBP	January 2016	Baht 757,892,000	Baht (8,833,411)

As at December 31, 2016 and 2015, the Group and the Company have significant balances of financial assets and liabilities in foreign currency as follows:

	<b>CONSOLIDATED</b>		<b>(Unit : Million GBP)</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>SEPARATE</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Financial assets	27.39	16.91	6.38	2.19
Financial liabilities	22.02	0.02	20.93	-

	<b>CONSOLIDATED</b>		<b>(Unit : Million USD)</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>SEPARATE</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Financial assets	86.62	-	-	-
Financial liabilities	52.65	-	-	-

#### 36.4 Fair values of financial assets and financial liabilities

As most of the Group's and the Company's financial assets and financial liabilities are short-term in natures with interest rate at fixed rate. Therefore, the Group's and the Company's management believe that the carrying amounts of the financial assets and liabilities such as cash and cash equivalents, temporary investments, trade and other receivables, short-term loans to related companies, other current assets, deposits at bank used as collateral, investment in available-for-sale securities, investment property, trade and other payables, payable from purchase of investment in subsidiaries from related companies, short-term loan, bill of exchange, and debenture - due within 1 year, approximate to their fair values. Long-term financial liabilities such as construction payables, long-term loans and debenture are presented at book value with equal to the estimated fair value. However, certain financial assets of the Group and the Company are measured at fair value at the end of reporting period. The following tables give information about how the fair values of these financial assets are determined.

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>					
<b>Financial assets</b>	<b>Fair value (Baht) As at December 31, 2016</b>	<b>Fair value (Baht) As at December 31, 2015</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs use in fair value measurements</b>	<b>Significant unobservable inputs</b>
1. Investment in investment units registered in the Stock Exchange of Thailand.	150,000,000	203,151,000	Level 1	Last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand	N/A
2. Investment in ordinary securities registered in the Stock Exchange of Thailand.	253,279,753	202,935,205	Level 1	Last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand	N/A
3. Investment in investment units	820,707	829,183,136	Level 2	Net asset value of investment units of the last working day of the reporting period	N/A
4. Investment property	842,742,946	-	Level 3	Discounted cash flow using income approach appraised by the independent professional appraisers	Projected cash flows and discount rate

<b>SEPARATE FINANCIAL STATEMENTS</b>					
<b>Financial assets</b>	<b>Fair value (Baht) As at December 31, 2016</b>	<b>Fair value (Baht) As at December 31, 2015</b>	<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs use in fair value measurements</b>	<b>Significant unobservable inputs</b>
1. Investment in investment units registered in the Stock Exchange of Thailand.	150,000,000	203,151,000	Level 1	Last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand	N/A
2. Investment in ordinary securities registered in the Stock Exchange of Thailand.	253,279,753	202,935,205	Level 1	Last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand	N/A
3. Investment in investment units	820,707	703,773,946	Level 2	Net asset value of investment units of the last working day of the reporting period	N/A

**37. RECLASSIFICATIONS**

Certain reclassifications have been made to the consolidated statements of financial position as at December 31, 2015 to conform to the classifications used in the consolidated statements of financial position as at December 31, 2016 as follows:

<b>Account</b>	<b>Amount Baht</b>	<b>Previous classification</b>	<b>Current classification</b>	<b>Amount Baht</b>
Deposits at bank used as collateral	200,000	Cash and cash equivalents	Deposits at bank used as collateral	200,000
Building under construction	39,187,423	Land and cost of project under construction and utilities	Other current assets	2,563,663
			Building and equipment	36,623,760

The Group did not retrospectively adjust the brought forward balance of the consolidated statement of financial position as at January 1, 2015 for comparative information because there is no outstanding balances of deposits at bank used as collateral and building under construction in relation to the above reclassifications on that date.

**38. EVENTS AFTER REPORTING PERIOD**

On February 7, 2017, the Board of Directors' Meeting No.1/2017 and on February 23, 2017, the Board of Directors' Meeting No.2/2017 of the Company has the material resolutions as follows:

- 38.1 To propose the Shareholders' Meeting to consider and approve the acquisition and entire business transfer of Profit Ventures Company Limited ("PVL"), including the sign of the relevant agreements, which include all assets and liabilities of PVL as well as rights, duty, obligations and responsibilities as per all contracts that PVL has with contractual parties as at business transfer date (Collectively "EBT"). The acquisition price is totaling approximately Baht 1,069,560,703 which comprised of 1) The consideration of value of the EBT is Baht 1,022,816,000 to be settled by the newly issued ordinary shares of the Company for 929,832,727 shares with the offer price of Baht 1.10 per share and 2) the costs associated with the transfer of assets approximately Baht 46,744,703 (if any) which will be paid by cash of the Company. PVL shall be dissolved after the entire business transfer to comply with the tax waiver condition of the Revenue Code.
- 38.2 To propose the Shareholders' Meeting to consider and approve the decrease of the Company's registered share capital from Baht 10,814,953,771 to Baht 7,336,295,227 by removing 3,478,658,544 unsold shares with a par value of Baht 1.00 per share, and the amendment to the Company's clause 4 of the Memorandum of Association to be in line with the decrease of the Company's registered capital.

- 38.3 To propose the Shareholders' Meeting to consider and approve the increase of the Company's registered share capital from Baht 7,336,295,227 to Baht 8,966,127,954 by issuing 1,629,832,727 newly issued ordinary shares, with a par value of Baht 1.00 per share, for the allotment of newly issued ordinary shares to specific investors (Private Placement) to pay for the compensation of entire business transfer of PVL of 929,832,727 shares and to allocate by General Mandate to Private Placement of 700,000,000 shares, and the amendment to the Company's clause 4 in the Memorandum of Association to be in line with the increase of the Company's registered capital.
- 38.4 To propose the Shareholders' Meeting to consider and approve the allocation of 1,629,832,727 shares of the Company's issued ordinary shares, with a par value of Baht 1.00 per share as follows;
- 38.4.1 Allocation the newly issued ordinary share by specific purpose of 929,832,727 shares, with par value of Baht 1.00 per share to specific investor (Private Placement), which is PVL, a related company, at the offering price of Baht 1.10 per share, totaling of Baht 1,022,816,000 for an entire business transfer of PVL.
- 38.4.2 Allocation the newly issued ordinary share by General Mandate of not over than 700,000,000 shares (below 10 percent of the paid-up capital as at the date of resolution of the Board of Directors to increase the capital) with par value of Baht 1.00 per share to specific investor (Private Placement) whereas, such persons shall not be the related parties of the Company; provided that the offer prices of newly issued ordinary shares shall not be lower than 90% of the market prices, as per the Announcement of the Office of the Securities and Exchange Commission No. Tor. Jor. 72/2558.
- 38.5 To propose the Shareholders' Meeting to consider and approve the issuance and offer all types of debenture at any one time in the amount not exceeding Baht 5,000 million or equivalent value thereof in foreign currencies.

### **39. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved for issuing by the authorized directors of the Company on February 23, 2017.