



ANNUAL REPORT 2019

รายงานประจำปี 2562



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Message from the Board of Directors

2019 global economy confronted with uncertainty from various factors from US-China trade war, Brexit between UK-Europe and unrested situation in Hongkong since Mid-year 2019. Overall Thai economic situation affected from global economic slowdown. Exporting sector effected from strengthened Thai Baht currency which lower competitiveness to this sector. Investment from both public and private sector could limit grow. Consumption on private could partly support Thai economy.

However, since late January 2020 there was a spread of new coronavirus from Wuhan, China. Number of death and infected cases constantly increased over the globe especially in China. So, tourism and transportation to/from China were cancelled. Now all countries were concerned and worried about the spread of this situation. Economic impact could not be concluded now. Roughly this spread directly affected to tourism sector of Thai economy, which portion around 15-18% of Thai GDP. Tourists number from China was around 28%. Therefore, both public and private sector had to closely monitor this situation and prepared themselves to the impact.

In 2019 the Company had developed and opened Market Place Nanglinchee project (Neighborhood center) by expanding the rental area from 3,000 square meters to 11,000 square meters. This project located on Nanglinchee-Yen Akart intersection in Yannawa District of Bangkok which was opened in December 2019. And Market Place Dusit (Neighborhood center) located on Ratchawithi road in Dusit District. This was two-storey building

and 1 basement parking with 6,500 leasable area opening in February 2019.

Furthermore, the Company planned to renovate Market Place Thonglor 4 shopping center since it had extended the lease agreement of the existing land plot for another 32 years to expand the rental area from 3,000 square meters to 20,000 square meters whilst the shopping center would be turned into a mixed used project, comprising office and shopping center buildings. Target customers were working age and residents in the surrounding areas. The construction was expected to commence in late of 2020 and the project was expected to complete and opened in year 2022.

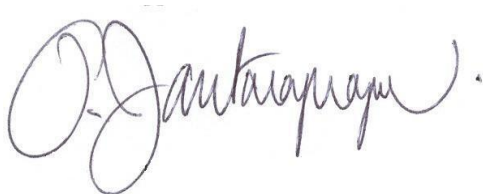
The operating performance of Megabangna project had been continually outstanding. With a development plan to turn surrounded land of Megabangna into Megacity in Mixed used format. During 2019, there was an expansion in Megabangna by strengthen Edutainment tenants with additional 8,500 square meters comprising of Harborland as a new mini anchor and 7 more kids' education and activity tenants which opened in April 2019.

As at 31 December 2019, the Company had 20 projects in total with total rental space of 441,158 square meters. It mainly focused on adjusting the shops as well as developing and improving the existing projects to support the surrounding customers.

However, confronted with economy fluctuation and risk of business operation at present, the Company would put a precaution in considering new projects by focusing on quality management throughout the organization. This would enable the

Company to steadily develop the shopping centers, thereby allowing it to earn sustainable profit and return to the shareholders in a long run. The Board of Directors continued to act professionally and with quality under good corporate governance as well as with ethical and governance transparency in business operation.

The Company's past accomplishment was the result of dedication, commitment and cooperation from all groups of business alliances of the Company in performing their duties. The Board of Directors would like to convey a sincere appreciation to sponsors, shareholders, suppliers, customers, financial institutions, financial advisors and all employees for their continuous trust and support in the past and going forward.

A handwritten signature in dark ink, appearing to read 'Oranop Jantaraprapa', with a stylized, cursive script.

(Mr. Oranop Jantaraprapa)

Chairman

Audit Committee Report

Dear Shareholders of Siam Future Development PLC.

The Audit Committee of Siam Future Development Public Company Limited consists of three independent directors. In 2019 there were four meetings of the Audit Committee. In the meeting, the Audit Committee discussed with the management, auditor and internal auditor, and provided their opinion as well as advice independently in the way it should be. The Audit Committee reported the operating results in four meetings of the Board of Directors, main points and opinions of which as follows:

Accuracy, completeness and creditability of the financial reports: The Audit Committee has reviewed quarterly financial statements, annual financial statements, material accounting policy and material financial reports. From the scopes of audit plan, audit methods and issued found, together with the management and the auditor, the Audit Committee is of the opinion that the Company's financial reports were prepared in conformity with generally accepted accounting principles, accurate, complete and creditable. The adoption of the accounting policy is reasonable.

Sufficiency of the internal control system and internal audit: The Audit Committee has reviewed the reports of the Internal Audit Department and the auditor regarding the evaluation of internal control system as well as the operation of the management according to the suggestion in such reports. The Audit Committee is of the opinion that the Company's internal control system is sufficient and suitable. The Audit Committee has reviewed the annual risk-based

internal audit plan, results from the implementation of such plan and the evaluation of the Internal Audit Department's operation. It also has constantly discussed with the Head of the Internal Audit Department without the management. The Audit Committee, therefore, is of the opinion that the internal audit is independent and appropriate.

Compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business: The Audit Committee has reviewed the compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business, and has regularly followed up on the approach of improvement of the management. The Audit Committee is of the opinion that the Company complies with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business.

Potential conflict of interest transactions: The Audit Committee has placed importance on the consideration of related party transactions and potential conflict of interest transactions to ensure that they comply with the laws and regulations of the Stock Exchange of Thailand. It also has the Internal Audit Department preliminarily checked the accuracy from the report of interest of the directors and the management as well as having the auditor reviewed those transactions annually. The Audit Committee is of the opinion that the related party transactions considered are deemed normal business with the conditions in the ordinary course of business,

reasonable, fair and yield maximum benefit to the Company.

Suitability of the auditor, consideration, selection and nomination of the auditor: An Audit Committee had assessed the independency and 2019 performance of PricewaterhouseCoopers ABAS Ltd. was satisfied by evaluating from independency, reputation, creditability, as well as their performance which complied with general accounting standard. It therefore proposed to the Company's Board of Directors to seek approval from the shareholders' meeting to appoint Mr. Kajornkiet Aroompirodkul C.P.A. (Thailand) no. 3445, Ms.Nuntika Limviriyalers C.P.A. (Thailand) no. 7358, Mr.Pisit Tangtanagul C.P.A. (Thailand) no. 4095 from PricewaterhouseCoopers ABAS Ltd. as the auditors of the Company. Any one of the above persons shall be eligible to conduct an audit and express an opinion to the Company's financial statements for the accounting year of 2019. In the absence of the above named auditors, PricewaterhouseCoopers ABAS Ltd. is authorized to identify one other Certified Public Accountant within PricewaterhouseCoopers ABAS Ltd. to carry out the work.

Overall opinion and observation from the performance of duties in accordance with the charter:

The Audit Committee had cautiously and independently performed its duties in accordance with the charter. It was of an opinion that the Company's internal control and internal audit was efficient. The financial statements were accurately and completely prepared. The Company complied with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business as well as the consideration of related party transactions.



(Mrs. Nantiya Montriwat)

Chairman of the Audit Committee

General Information

Siam Future Development Public Company Limited, “the Company”, was incorporated on August 29th, 1994 by Mr. Pongkit Suttapong and Mr. Nopporn Witoonchart with 10 Million Baht registered capital to run the business in shopping center development and management by focusing on the development and management of open-air shopping center¹. In 2012, the Company has begun to develop and manage super regional mall ², which was Megabangna Shopping Center.

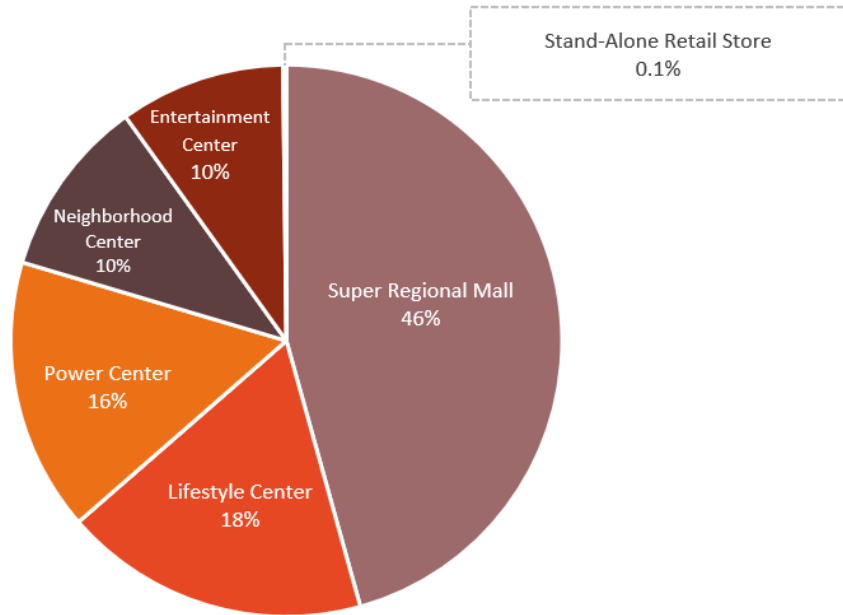
Presently the Company owns altogether 20 operating projects. Currently, the total gross leasable area is 441,158 Sq.m.

	Type of shopping center	Number of shopping centers	Name of Shopping Centers
1	Neighborhood Center	7	Market Place Bangbon, Market Place PrachaUtit, Market Place Sukaphiban 3, Market Place Thonglo soi 4 Market Place Nanglinchee, Market Place Dusit, Market Place Nawamin (Sukapiban 1)
2	Stand-alone Retail Store	2	Mengjai and Bangkae
3	Power Center	3	Petchkasem Power Center, Ekkamai Power Center and SF Major Cineplex Cha Choeng Sao
4	Lifestyle Center	6	J Avenue Thonglor 15, La Villa Ari, The Avenue Chaeng Watthana, Pattaya Avenue, The Avenue Ratchayothin, and Nawamin City Avenue
5	Entertainment Center	1	Esplanade Ratchadapisek
6	Super Regional Mall	1	Megabangna
	Total	20	

1 Open-air Shopping Center defines as the shopping center which has outdoor parking. Generally there is a few 1-3 stories building which locate in straight line, L shape, or U shape and there is no air-conditioner in the corridor.

2 Super Regional Mall defines as the shopping center which has gross building area more than 150,000 sq.m. There are varieties of tenants which comprise of such as a supermarket, restaurants, banks, specialty stores, event area, food court, Office towers.

Y2019 Portfolio by type of shopping center

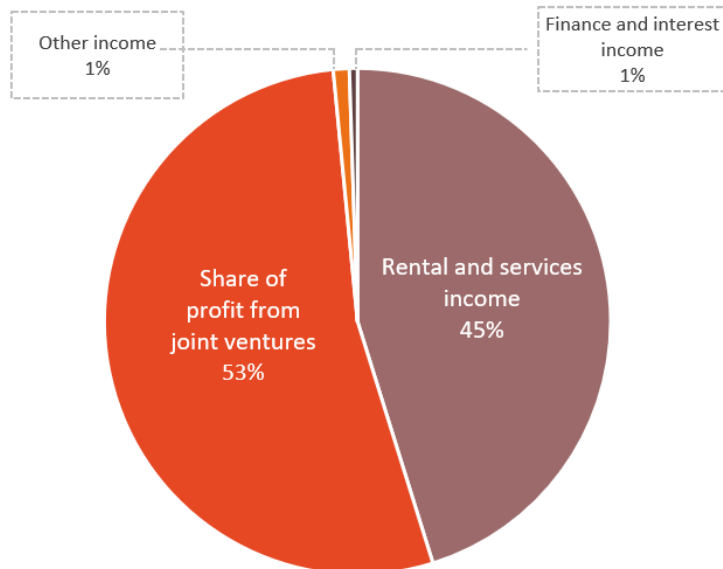


The Company earns its income from 4 groups of major services:

Gross Leasable Area 441,158 sq.m.

1. Revenue from the project rental, management services, and common area maintenance (CAM) including revenue from public utilities services consisting of electricity, water supply telephone and gas bills.
2. Share profit (loss) from joint venture which is mainly from Megabangna
3. Other Income such as revenue from the installation of electricity and water meters
4. Revenue from financials and interest from long-term lease tenants

Revenue Contribution for the year ended 31 December 2019



Company Profile

Company Name	Siam Future Development Public Company Limited
Registration No. :	0107545000187
Registration Date:	August 13, 2002
Address:	Esplanade Ratchadapisek 99 Ratchadapisek Road, Sub-district Din Daeng, District Din Daeng, Bangkok, Thailand 10400. Tel.: 0-2660-9000 Fax: 0-2660-9010, 0-2660-9020, 0-2660-9030 Website: www.siamfuture.com
Registered Capital:	2,131,929,050 Baht with 2,131,929,050 ordinary shares, par value of Baht 1 each.
Issued and Paid-up Capital:	2,131,920,931 Baht with 2,131,920,931 ordinary shares, par value of Baht 1 each.

Vision

Unlike other developers, we create a place for people first then for business.

Membership of International Organization

Member of International Council of Shopping Center (ICSC)

Awards

- J Avenue Thonglo 15 won *The Innovative Design and Development of a New Project* from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006.
- The Avenue Ratchayothin won *The Green Architecture Awards 2009* from The Association of Siamese Architects under Royal Patronage selected by Academic committee, Building Technology and Environment.

Other Reference Persons

1. Securities Registrar:

Thailand Securities Depository Company Limited
93 The Stock Exchange of Thailand Building Tower A,
14th Floor, Rachadapisek Road, Sub-district Din Daeng,
District Din Daeng, Bangkok, Thailand 10400
Tel: 0-2009-9378-89
Fax: 0-2009-9001

2. External Auditors:

Mr. Kajornkiet Aroonpirodkul,
Certified Public Accountant No. 3445
PricewaterhouseCoopers ABAS Limited
15th Floor Bangkok City Tower
179/74-80 south Sathorn Road, Bangkok,
Thailand 10120
Tel: 0-2344-1000, 0-2286-9999
Fax: 0-2286-5050

3. Bond Registrar:

Kasikorn Bank Public Company Limited
11th Floor, Phahonyothin Office
400/22 Phahonyothin Road, Samsennai, Phayatai,
Bangkok, Thailand 10400
Tel: 0-2470-1994
Fax: 0-2470-1998

Major Accomplishments of the Company

1994	- Siam Future Development Public Company Limited was established with the purpose to develop and manage the open-air shopping center
1995 – 2000	- The Company's first neighborhood center was opened in Bangbon with JUSCO as an anchor tenant and expanded up to 14 centers including B-Quik stand alone.
2002	- The Company's status was transformed to a public company and the registered capital increased to THB 150 million with paid-up capital of THB 71 million at par value of 1 Baht per share - The Company was listed on the MAI on December 17 th , 2002.
2003	- The 5th and 6th neighborhood centers were opened in Thong Lo and Thungmahamek - The registered capital was increased to THB 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding. - The Company was granted an approval from the SET to transfer its listing from the MAI to the SET on December 12 th , 2003 and became effective on January 1 st , 2004
2004	- Acquired the Family Center Chaeng Watthana and Piyaom Park - Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, the 1 st Power Center, and J Avenue Thonglor 15, the 1 st Lifestyle Center were opened.
2005	- Wanghin Lotus Express was opened. Petchkasem Power Center and Ekkamai Power Center were opened.
2006	- Raising registered capital to THB 533.95 million by right offering to existing shareholders at the ratio of 5 current shares to 1 newly issued share - 2 new Lifestyle Centers, the Avenue Chaeng Watthana and La Villa Phahonyothin, were opened. Esplanade Ratchadapisek, an urban entertainment center, was opened. - J Avenue Thong Lo received the award of The Innovative Design and Development of a new project from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006
2007	- Pattaya Avenue, a lifestyle center, and Kao Yai Market Village, a power center, were opened and in 2009, the Company sold Kao Yai Market Village to Tesco Lotus.

2008	- One neighborhood center named Market Place Nawamin and one lifestyle center named The Avenue Ratchayothin were opened.
2009	- Raising registered capital to THB 1,047.09 million by right offering to existing shareholders at the ratio of 1 current share to 1 newly issued share for investing in Megabangna Project, joint venture with IKANO Pte. (IKEA) - Nawamin City Avenue Lifestyle Center on Kaset-Nawamin Road was opened.
2010	- Disposal of leasehold right of The Avenue Ratchayothin to Major Cineplex Lifestyle property fund (MJLF) for 30 years.
2011	- Festival Walk Nawamin Art Village on Kaset-Nawamin Road was opened - IKEA Store Bangna, home furniture under brand IKEA, was opened as the first IKEA store in Thailand on November 3 rd , 2011.
2012	- Megabangna, Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 th , 2012. The Company had joint venture with IKANO Pte which is the world famous home furnishing company from Sweden under brand "IKEA".
2013	- Providing the management service for Bangkok University's community mall named "Imagine village". Currently the management contract has been expired.
2014	- Joint venture with IKEA and acquired land for developing new project (Mega Rangsit)
2016	- Started the construction of an additional section at Market Place Nanglinchee Phase 1 and Megabangna, - Partial tender offer by Major Cineplex Group Plc.
2017	- Market Place Nanglinchee Phase 1 was opened in November 2017 - Megabangna's extension (Mega Food-walk) was opened in December 2017
2018	- Renovation on J Avenue Thonglor and started operated in July 2018 - Fully operated of Market Place Nanglinchee in December 2018
2019	- Market Place Dusit was opened in February 2019 - Megabangna's extension (Mega Smart Kids) was opened in April 2019

Financial Highlights

Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2019

Unit: Thousand Baht	Year 2018	Year 2019	%Change in Y2019-2018
Total Assets	19,375,278	21,369,938	10%
Total Liabilities	6,782,922	6,909,043	2%
Shareholders' Equity	12,592,356	14,460,895	15%
Paid-up Capital	1,776,608	2,131,921	20%
Total Revenue	2,684,891	3,318,329	24%
Net Profit	1,653,713	2,031,351	23%
Recurring Profit	482,429	615,588	28%
Book Value per Share (Baht) ¹	6.47	6.26	
Dividend per Share (Baht) ²	0.30	0.22	
Net Profit Margin	61.59%	61.22%	
Return on Equity (ROE) ³	15.18%	16.35%	
Return on Assets (ROA) ⁴	9.03%	9.97%	
Interest Bearing Debt to Equity Ratio	0.20	0.17	
Gross Leasable Area (Sq.m.)	426,044	441,158	4%

Note

1 Book Value per share means total equity attributable to owners of the parent divided by Number of ordinary shares.

2 Dividend per share to be presented to the shareholders' meeting 2020 for approval at Cash dividend at 0.22 Baht/share.

3 Return on Equity (ROE) calculated from (Net profit / Average Equity attributable to owners of the parent) x 100%

4 Return on Asset (ROA) calculated from (Net profit / Average total assets) x 100%



Management Discussion and Analysis (MD&A)

Overview of the Operating Performance for the Year 2019

In 2019, the Company still focused on improving services provided in our shopping centers and keeping the best tenancy mix to acquaint customer's behavior. The Company also found new tenants in our shopping centers to upgrade customer's experience. In this year, occupancy rate increased from 92% to 96%

During the year, the Company had launched Market Place Dusit which located in Dusit district in Bangkok. The Company also records revenue from rental and service from renovated projects in previous year i.e. Market Place Nanglinchee Phase 2 that fully operated in December 2018 and Market Place Sukapibal 3 operated in January 2019

In addition, Megabangna expanded Mega Smart Kids to serve kids and family customers which had gross leasable area approximately 8,500 Sqm. and this project had positive feedback from the customers.

The Company also optimized area in existing projects by allocating common area to event area which could increase variety of shopping experience to projects. This would also help generating more revenue to the Company.

Accounting Policy

In 2010, the Company started to adopt the accounting standard no. 40 regarding investment property whereby fair value appraised by an independent appraiser of those properties owned by the Company intended for rental incomes would need to be shown to reflect the actual market condition. Such fair value could be calculated from the projected cash flow statements throughout the period of lease contract, reduced to the net present value. With this method, the Company would need to appraise the fair value of the investment property for all shopping centers projects, and compare it with the book value upon the commencement of the operation of the projects. After the commencement, the appraisal would need to be conducted every quarter for comparison. Should the fair value increase, it would be recognized as gain from fair value adjustment (please refer to the notes to the financial statements no. 2.8 regarding investment property on page 91 for more details).

Summary of the Financial Results

Company operates business of developing and managing shopping centers. Currently, financial statements of the company presented at fair value and comparable to the cost method. Therefore, the company had provided cost method of income statement presented in No.33 Segment information of Notes to the Consolidated and Company Financial Statements in page 127 Detail as follow:

(Thousand Baht)

Items	2019	2018	Change (%) Increase (decrease)
Revenue			
Rental and service income	1,499,422	1,390,586	7.83%
Finance and interest income	17,079	21,512	(20.61%)
Other income	33,897	42,489	(20.22%)
Share profit from joint venture	501,962	394,403	27.27%
Total revenues	2,052,360	1,848,990	11.00%
Expenses			
Cost of rental and service	1,011,215	990,223	2.12%
Selling and administrative expenses	275,815	256,263	7.63%
Total expenses	1,287,030	1,246,486	3.25%
Profit before finance costs	765,330	602,504	27.02%
Finance costs	(96,128)	(74,937)	28.28%
Income taxes	(34,272)	(28,638)	19.67%
Non-controlling interests	(19,342)	(16,500)	17.22%
Recurring Profit attributable to owners of the parent	615,588	482,429	27.60%
Profit from fair value adjustment on investment property*			
Siam Future Development	149,794	343,369	(56.38%)
Joint venture (Megabangna)	1,265,969	827,915	52.91%
Net profit	2,031,351	1,653,713	22.84%

* Remarks: Profit from fair value adjustment on investment property is comprised of depreciation and amortization expense, land rental expense and change in investment property.

Revenues

Rental and service income accounted for THB 1,499.42 million, increased by THB 108.84 million or 7.83% due to full-year revenue recognition of Market Place Nanglinchee (Phase 2) which was operated in December 2018, Market Place Sukaphiban 3 which was operated in January 2019 and improved occupancy rate.

Other income for THB 33.90 million, decreased by THB 8.59 million due to divestment in Piyaom Place project in 2018.

Share profit from joint venture totalling THB 501.96 million, increased by THB 107.56 million or 27.27% year on year due to 3 main reasons:

1. Increase of rental and service income according to their leasing agreement and replacement of new tenants (Tenants Mix) created the variety of shops and new experiences for customers.
2. The expansion of Mega Smart Kids to serve kids and family customers which had gross leasable area approximately 8,500 Sq.m.
3. Realization of investment in new U-turn bridge connected to Burapha Withi Expressway as an expense in 2018 in amount of THB 95 million.

Costs and Expenses

Cost of rental and service totalling THB 1,011.22 million, increased by THB 20.99 million or 2.12% year on year mainly due to operating cost including depreciation expense of the new projects operated in 2019.

Selling and administrative expenses accounted for THB 275.82 million, increased by THB 19.55 million or 7.63% year on year, mainly from rise of the administrative expense.

Finance costs accounted for THB 96.13 million, increased by THB 21.19 million or 28.28% year on year from additional borrowing from financial institution to support construction of the new projects operated in 2019.

Gain from Fair Value Adjustment on Investment Property

Profit from fair value adjustment on the Company's investment property accounted for THB 149.79 million, decreased by THB 193.58 million compared to the same period last year because in 2018 there was gain from revaluation from land lease extension for 15 and 18 years (expired in 2037) in La Villa and opening of Market Place Nanglinchee Phase 2, land revaluation of The Avenue Ratchayothin and fair value adjustment in other projects.

Profit from fair value adjustment on Megabangna's investment property accounted for THB 1,265.97, increased by THB 438.05 million year on year, because of gain from the opening of Mega Smart Kids which had gross leasable area 8,500 Sq.m.

Total Assets

(Thousand Baht)

Statements of Financial Position	2019	2018
<u>Assets</u>		
<u>Current assets</u>		
Cash and cash equivalents	53,252	50,981
Short-term investments	15,000	77,551
Trade and other receivables	189,786	122,727
Finance lease receivables due within one year	20,865	21,201
Amounts due from related parties	14,741	22,604
Short-term loans to related parties	12,800	14,500
Other current assets	45,146	36,817
Total current assets	351,590	346,381
<u>Non-current asset</u>		
Restricted cash	621	616
Finance lease receivables	432,236	509,299
Investments in joint ventures	8,653,783	7,082,832
Prepaid rent, net	768	835
Investment property	11,745,296	11,250,082
Building and equipment, net	62,994	61,155
Intangible assets, net	33,490	32,211
Deposits for leasehold land	48,458	48,524
Other non-current assets	40,702	43,343
Total non-current assets	21,018,348	19,028,897
Total assets	21,369,938	19,375,278

As of December 31st, 2019, the Company's total assets was THB 21,369.94 million, increased by THB 1,994.66 million or 10.29% year on year which could elaborated as follows:

- Investment in joint venture in 2019 accounted for THB 8,653.78 million, increased by THB 1,570.95 million year on year contributed by the shared profit of Megabangna from increases in operating profit and fair value adjustment for THB 1,779.22 and income from Megabangna realization of dividend at THB 196.98 million
- Investment property in 2019 accounted for THB 11,745.30 million, increased by THB 495.21 million due to an increase in revaluation mainly from Market Place Dusit and fair value adjustment in other projects.

Total Liabilities

(Thousand Baht)

Statements of Financial Position	2019	2018
<u>Liabilities</u>		
<u>Current liabilities</u>		
Bank overdrafts and short-term loans from financial institution	379,765	859,817
Trade and other payables	203,544	320,880
Amounts due to related parties	9,501	2,546
Current portion of unearned rental and service income	48,267	40,714
Current portion of long-term borrowings	806,478	152,000
Finance lease liabilities on land leases current portion	160,293	121,168
Corporate income tax payable	9,976	4,951
Other current liabilities	233,182	241,416
Total current liabilities	1,851,006	1,743,492
<u>Non-current liabilities</u>		
Unearned rental and service income	527,542	359,825
Long-term borrowings	1,202,337	1,523,842
Deposits received from customers	533,637	498,996
Deferred tax liabilities	1,167,638	1,139,175
Finance lease liabilities on land leases	1,573,774	1,473,647
Employee benefit obligations	53,108	43,945
Total non-current liabilities	5,058,037	5,039,430
Total liabilities	6,909,043	6,782,922

As of December 31st, 2019, the Company's total liabilities were THB 6,909.04 million, increased by THB 126.12 million or 1.86% year on year, which could be elaborated as follows:

1. Short-term loan from financial institution in 2019 accounted for THB 379.77 million, decreased by THB 480.05 million year on year because of refinance of promissory notes which supported construction of Market Place Dusit.
2. Current portion of long-term borrowings in 2019 accounted for THB 806.48 million, increased by THB

654.48 million year on year because there was one debenture of THB 500 million matured in January 2020. The company had refinanced this debenture to long-term borrowings already.

3. As of December 31st, 2019, the Company's interest bearing debts account for THB 2,388.58 million. The Company's debt to equity ratio and net interest bearing debt to equity were 0.48 times and 0.17 times, respectively. Nevertheless, the Company required to maintain debt to equity ratio of no more than 1.5 times according to the debenture covenant.

Shareholders' Equity

(Thousand Baht)

Statements of Financial Position	2019	2018
Equity		
Authorised share capital	2,131,929	1,776,618
Issued and paid-up share capital	2,131,921	1,776,608
Share premium	634,028	634,028
Retained earnings		
Appropriated – legal reserve	213,192	177,667
Unappropriated	10,374,503	8,910,911
Other components of equity	(446)	(446)
Non-controlling interests	1,107,697	1,093,588
Total equity	14,460,895	12,592,356

As of December 31st, 2019, the Company's shareholder's equity was THB 14,460.90 million, increased by THB 1,868.54 million or 14.84% year on year. The figure was resulted from the Company's net profit and shared profit from Megabangna less dividend payment from the operating results in 2019 of THB 532.97 million. Thus, the return on equity (ROE) was 16.35%, increased from 2018 which was 15.18%.

Cash Flow and Sources of Fund

Cash Flow

1. In 2019, cash flow from operating activities accounted for THB 502.21 million, decreased by THB 326.11 million year on year. Aside from profit for the year, during 2019 there was a change in operating assets and liabilities in amount of THB 326.24 million compared to previous year which mainly from disposal of short-term investment to invest in developing project during 2019.
2. In 2019, cash flow from investing activities accounted for THB 166.46 million, decreased by THB 510.44 million year on year because in 2018 there was

investment in Marketplace Nanglinchee phase 2 and Market Place Dusit as well as project renovation in Market Place Sukhapiban 3.

3. In 2019, cash flow from financing activities accounted for THB 333.47 million, increased by THB 198.18 million year on year due to loan repayment to financial institutions.

Sources of Fund

The Company had long-term loan in total of THB 332.58 million for investment in Market Place Dusit and Market Place Thonglo.

Nature of Business

Chronology and Major Development

Siam Future Development Public Company Limited was established on 29 August 1994 by Mr.Pongkit Suttapong and Mr.Nopporn Witoonchart with the registered capital of THB 10 million as the shopping center developer and management service provider.

The Company has a goal to be a leading company in developing and managing community mall developers in Thailand, so the Company set a plan to expand 10,000 – 20,000 square meters of gross leasable area (GLA) per year in order to develop various shopping centers to increase variety of services to retailer and customer are as follow:

Neighborhood center is an open-air shopping center which has supermarket as an anchor tenant day-to-day product and specialty stores for another 15-20 tenants.

Convenience center is a small shopping center in an area close to the main road with a parking lot for merely 3–10 cars. The convenience center is available for 2–3 tenants, e.g. auto service center, convenience store, and/or school.

Stand-alone retail store is a one-shop retail store in an area close to the main road. The stand-alone retail store is available for 1 tenant, e.g. auto service center, convenience store or retail shop.

Power center is a large scale shopping center with more than 2 anchor tenants and specialty stores such as hypermarket and cinema, etc.

Lifestyle center is an open-air shopping center which has up-scale supermarket as an anchor tenant, day-to-day product and specialty stores such as cinema, cafe, restaurant, bakery shop, beauty shop, music school.

Entertainment center is a combination of entertainment complex and retailers catered to consumers desiring for amusement experiences and leisure spending.

Super regional mall is a center type provides general merchandise (a large percentage of which is apparel) and services in full depth and variety. Its main attractions are its anchors: traditional, mass merchant, or discount department stores or fashion specialty stores. A typical regional center is usually enclosed with an inward orientation of the stores connected by a common walkway and parking surrounds the outside perimeter.

Launch and Expansion of Shopping Center

In 1995, the Company opened Bangbon project as its first neighborhood shopping center with Jusco Supermarket as the anchor tenant. (Currently, the anchor tenant is Eco Ring which is the second-hand retail shop from Japan. The store was opened in December 2018 and was well-suited with the target market around that area.)

In 1996, the Company opened its second and third neighborhood shopping centers, i.e. PrachaUtiti and Sukhapiban 3 projects. At present, Maxvalu and Tops Market are the anchor tenants, respectively.

In 1998 the Company opened a neighborhood shopping center on Sukhumvit 71 (Klong Tan) Road with Jusco Supermarket as the anchor tenant. Currently, the land lease agreement was expired and the Company did not renew the contract anymore.

In 2000, the Company successfully developed and provided the business premises for B-Quik Service Company Limited, an auto service company under the name of “B-Quik” under its 14 branches. The Company developed 2 branches as convenience centers and 8 branches as stand-alone retail stores. B-Quik’s remaining 2 branches were established on the Company’s existing neighborhood shopping centers.

In 2002, the Company also opened a new neighborhood shopping center in soi Thong Lo. Tops Market under the name “Market Place” was the anchor tenant.

In 2003 the Company opened a new neighborhood shopping center in Thungmahamek with Tops Market as the anchor tenant. Currently, the Company renamed to Market Place Nanglinchee.

In 2004, the Company opened 5 new shopping centers 1) the Family Center Chaengwattana 2) Ladprao Soi 120 Convenience Center currently land lease agreement was expired 3) Major Cineplex Cha Choeng Sao 4) Lifestyle Center “J Avenue Thonglor 15” 5) Piyarom Place Sukhumvit 101/1 which had already expired.

In 2005, the Company opened 3 new shopping centers as follows 1) Wanghin Convenience Center 2) Petchkasem Power Center with Big C Supermarket, Major Cineplex, Makro Food Service and Amulet Market as the anchor tenants 3) Ekkamai Power Center with Big C Supermarket and Index Living Mall as the anchor tenants.

In 2006, the Company opened 3 new shopping centers as follows 1) the Avenue Chaeng wattana 2) La Villa Ari 3) Esplanade Ratchadapisek with Major Cineplex, Ratchadalai Theatre, Tops Supermarket, We Fitness Society and Art in Paradise as the anchor tenants.

In 2007, the Company opened 2 new shopping centers as follows: 1.) The Pattaya Avenue with Major Cineplex, Major Bowl, Villa Market and Fitness7 as anchor tenants 2.) Kao Yai Market Village with Tesco Lotus as an anchor tenant. In 2009, the Company disposed Kao Yai Market Village to Tesco Lotus.

In 2008, there are 2 new shopping centers i.e. Neighborhood Center named Market Place Nawamin (Sukapiban 1) with Big C supermarket as an anchor tenant, Lifestyle Center named the Avenue Ratchayothin with Villa market as an anchor tenant.

In 2009, the Company opened a new shopping center, Nawamin City Avenue Lifestyle center, located on Kaset-Nawamin Road and Villa market as an anchor tenant.

In 2010, the Company sold 30-year leaseholds rights of 11,109 sq.m. short-term lease of the Ratchayothin Avenue to Major Cineplex Lifestyle Property Fund (MJLF).

In 2011, the Company opened 2 new shopping centers 1) Festival Walk Nawamin Art Village, an expansion of Nawamin City Avenue, on Kaset-Nawamin. 2) the first IKEA store in Thailand, one of the anchor tenants of Megabangna which is the joint venture between the Company and IKANO Pte with the occupied area of 40,000 sq.m.

In 2012, the Company opened one super regional mall. Megabangna, located on Bangna-Trad road K.M. 8, the Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden. Megabangna is anchored by IKEA, Major Cineplex, Big C, Homepro, and Robinson with gross leasable area of 180,000 sq.m.

In 2013, the Company provided project management service for Bangkok University's community mall named “Imagine Village” which was opened in April 2013. The management contract has expired in 2015.

In 2016, the Company renewed the land lease agreements of Market Place Thonglo and Market Place Nanglinchee for another 20 years and 30 years respectively. For Market Place Nanglinchee, the Company leased additional land for 30 years to expand the rental area for major renovation so as to modernize our image and in response to the high end customer. The 1st phase of construction had already commenced on Q3'2016. Moreover, the Company has started the construction of the additional section and extended the parking building in front of Megabangna to increase the diversification of shops in the mall areas and add more parking spaces for customer's convenience.

In 2017, the Company renewed the land lease agreement of Market Place Sukapiban 3 for another 20 years. Moreover, the Market Place Nanglinchee phase 1 and Mega Food-walk which is the extension phase of Megabangna with 2,700 sq.m. of Tops Market and more than 30 restaurants were opened.

In 2018, the Company renovated J Avenue Thonglo by upgrading partial area to Indoor Food Hall providing new customers experience. Also in Market Place Sukapiban 3, the Company expanded building area, added new glass house, added parking space and enhance traffic flow. Construction in Market Place Nanglinchee completed and fully operated in December 2018.

In 2019, the Company opened one new project Market Place Dusit in February 2019 which had Tops Market as an anchor tenant.

In summary, as of 31 December 2019, the Company operates 20 centers, the gross leasable area in the amount of 441,158 sq.m. with 96% occupancy rate.

Funding

Siam Future Development Public Company Limited launched business in 1994 with the registered capital of THB 10 million.

In 1997, the Company increased its registered capital from THB 10 million to 20 million to support further expansion, after that the company has highlight funding as follows:

In 2002, the Company was first listed on the MAI with an increase in registered capital from THB 20 million to 150 million and the total paid-up capital of THB 71 million.

In 2003, the Company increased its registered capital to THB 500 million via additional share allocation totaling 24 million shares to Major Cineplex Group Public Company Limited at a price of 3.99 Baht per share, and 142.50 million shares to the existing shareholders at a proportion of 1:1.5 of existing shares: new shares at a price of Baht 1 per share and the Company was granted an approval to transfer the listing of its shares from the MAI board to the main board on December 12th, 2003.

In 2005, the Company issued the 5-year Amortizing Debenture in the amount of 1,000,000 units with par of 1,000 Baht each, total value of THB 1 billion to institutional investors. Fitch Ratings (Thailand) Co., Ltd. has assigned National Long-term Ratings of BBB+

In 2006, the Extraordinary General Meeting of Shareholders No. 1/2006 approved the increased registered capital from THB 424.12 million to THB 533.95 million by right offering to existing shareholders at the ratio 5 current shares to 1 newly issued share at the price 5 Baht per share. As of 31 December 2006, the Company had the paid-up capital of THB 508.94 million from right offering.

In 2007, the Company issued the 3-year Bullet Debenture in the amount of 940,000 units with par of 1,000 Baht each, total value of THB 940 million which was redeemed on 2010.

In 2009, the Company raised the capital by right offering to existing shareholders at the ratio 1 current share to 1 newly issued share at the price of 1.20 Baht per share in order to invest in the joint venture, named “SF Development Co., Ltd.”, with IKANO Pte. The Company has registered capital of THB 1,047.09 million and paid-up capital of THB 1,026.30 million. Moreover, the Company issued 3.5-year debenture of 500,000 units at par value 1,000 Baht each. The total amount of debenture was THB 500 million which was redeemed on 15 March 2013.

In 2010, the Company issued 3-4 year debenture of THB 1,200 million which was redeemed on 2013 for THB 700 million and on 2104 for THB 500 million.

In 2012, the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share operating result in the total of 130 million shares. The Company had the registered capital of THB 1,169.86 million.

In 2013 the Company issued 3-4 year debenture of THB 1,450 million which was redeemed on 2016 for THB 750 million and on 2018 for THB 700 million, beside the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share for the total amount of 146.16 million shares. The Company had the registered capital of THB 1,316.02 million.

In 2014, the Company had a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share for the total amount of 164.50 million shares. The Company had the registered capital of THB 1,480.52 million.

In 2015, the Company issued 5-year debenture of THB 500 million which will be redeemed on 2020, besides the Company had a stock dividend to shareholders at the ratio of 5 existing shares to 1 new share for the total amount of 296.09 million shares. The Company had the registered capital of THB 1,776.62 million.

In 2016, at Extraordinary General Meeting 1/2016 approved the partial tender offer from Major Cineplex Group Public Company Limited. The tender offer period has started from 21 December 2016 to 26 January 2018. The Company obtained Notification of Receipt of the copy of the report on the result of the tender offered by Major Cineplex Group Public Company Limited on 2 February 2018. The total number of securities held by Major Cineplex Group Public Company Limited is 447.57 million shares or 25.19% of the total issued and paid-up capital.

In 2018, the Company issued 5-year debenture of THB 500 million which will be redeemed in November 2022.

In 2019, the Company had a stock dividend to shareholders at the ratio of 5 existing shares to 1 new share operating result in the total of 355.31 million shares. The Company had the registered capital of THB 2,131.93 million.

Revenue Structure

In 2017-2019, the rental and service income from anchor tenants and co-tenants of the Company are as follows:

Tenants	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	200.73	26.07%	179.08	22.33%	199.53	22.60%
2. Co-Tenants	569.11	73.93%	623.06	77.67%	683.18	77.40%
Total	769.84	100.00%	802.14	100.00%	882.71	100.00%

Details of the 20 existing projects

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Market Place Bangbon	Eco Ring	Neighborhood Center	6,982	74
2	Market Place PrachaUtiti	MaxValu Supermarket	Neighborhood Center	6,155	93
3	Market Place Sukaphiban 3	Tops Market	Neighborhood Center	7,170	79
4	Market Place Thonglo	Tops Market	Neighborhood Center	4,152	64
5	Market Place Nanglinchee	Tops Market, HomePro	Neighborhood Center	11,441	96
6	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, Fitness7	Lifestyle Center	20,313	87
7	Cha Choeng Sao	Major Cineplex	Power Center	8,930	74
8	J Avenue (Thonglo 15)	Villa Market, WE Fitness Society	Lifestyle Center	8,385	95
9	Bangkae	Seacon Square	Land Rental	405	100
10	Meng Jai*	B-Quik	Stand-Alone Retail Store	466	100
11	Petchkasem Power Center	Big C, Major Cineplex, Makro Food Service, Amulet Market	Power Center	46,436	99
12	Ekkamai Power Center	Big C, Index Living Mall	Power Center	15,174	100
13	La Villa (Ari)	Villa Market	Lifestyle Center	5,631	100
14	Esplanade (Ratchadapisek)	Major Cineplex, Blu-O, Ratchadalai Theatre, WE Fitness Society, Tops Market, Art in Paradise	Entertainment Center	42,876	99
15	Pattaya Avenue	Major Cineplex, Major Bowl, Villa Market, Fitness7	Lifestyle Center	24,668	97

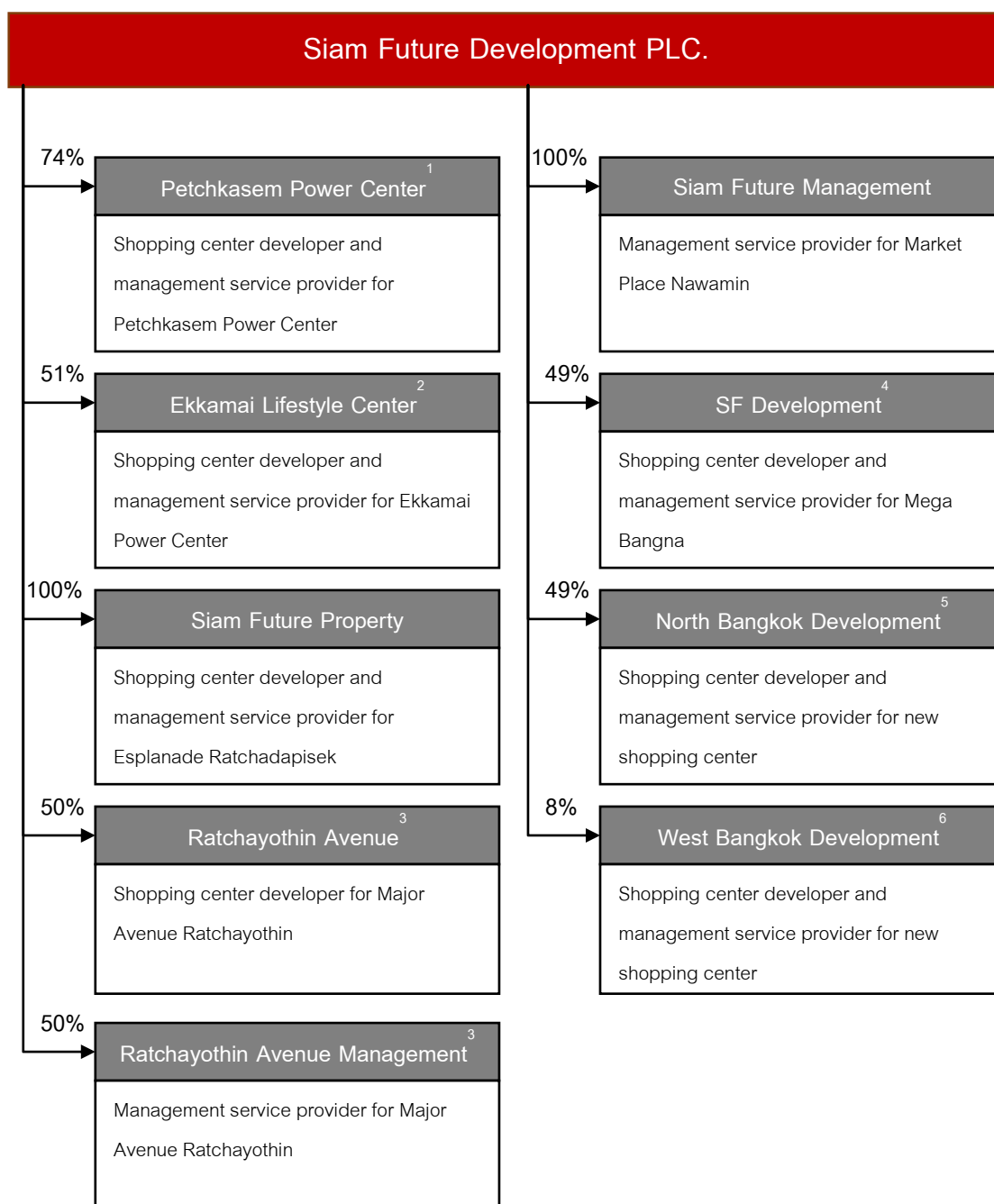
	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
16	Market Place Nawamin	Big C Market	Neighborhood Center	4,331	79
17	The Avenue Ratchayothin	Villa Market	Lifestyle Center	3,356	89
18	Nawamin City Avenue*	Villa Market, Bosch	Lifestyle Center	16,738	87
19	Market Place Dusit	Tops Market, Jetts Fitness	Neighborhood Center	6,058	72
20	Megabangna	IKEA, Major Cineplex, Major Bowl, Ice Skate, Big C, HomePro, Robinson	Super Regional Mall	201,491	100
	Total			441,158	96

Remarks: As at December 31st, 2019

No. 10, B-Quik is the only one.

No. 18 For managing purpose, the Company decided to integrate Nawamin City Avenue and Festival Walk to be united.

Shareholding Structure



¹ Connect Consultant Co., Ltd. holds 26.0%

² Connect Consultant Co., Ltd. holds 49.0%

³ Major Cineplex Group PLC. holds 50.0%

⁴ IKANO PTE LTD holds 49.0% and S.P.S. Global Trade Co., Ltd holds 2%

⁵ IKANO PTE LTD holds 49.0% and Thai Vanasiri Co., Ltd holds 2%

⁶ SF Development Co., Ltd. holds 83.2%, IKANO PTE LTD holds 8.2% and S.P.S. Global Trade Co., Ltd holds 0.4%

Remark Shareholding and voting rights are the same proportion.

Market and Competition

(a) Marketing Policy of Major Products or Services

The Company classifies customers into two groups as follows: **Anchor tenants** i.e. supermarkets, hypermarkets, movie theaters, etc. This group of customers is important and essential to the shopping centers of the Company as these anchor tenants will be a magnet for co-tenants as well as customers of the shopping centers. Therefore, the Company oversees, monitors turnover and facilitates anchor tenants to ensure their business is operated smoothly. **Retail tenants** More than 1,500 shops are the Company's retail tenants. The Company continually monitors their business and analyzes market information so that tenants of the shopping centers are well mixed. It also procures new tenants to create new atmosphere and add diversity to each project.

The Company organizes events to meet its customers to obtain feedback on those areas which need improvements so that the needs of shops and customers are genuinely responded.

Additionally, marketing campaigns have been continually implemented with a focus on providing support to shops in the project to boost sales of shops in the Company's shopping centers. Marketing department always finds distinctive, modern and creative activities to create good experiences from using services in the shopping centers.

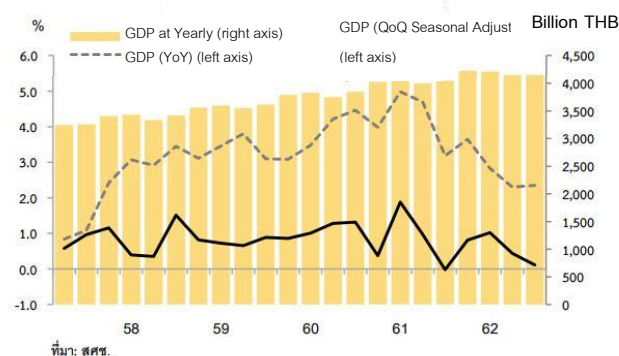
(b) Industry Overview and Competition

Domestic Economic Situation in Quarter 3 of 2019

A growth of Thai economy in the 3rd quarter of 2019 continually increased from 2.3% in the 2nd quarter to 2.4%, resulting in the growth rate of 2.5% during the first 9 month of 2019.

Table illustrating Thailand economic index
in quarter 3 of 2019

Thai economy in quarter 3 of 2019



Source: The Bank of Thailand, the Office of the National Economic and Social Development Board (NESDB)

Retail Business Overview

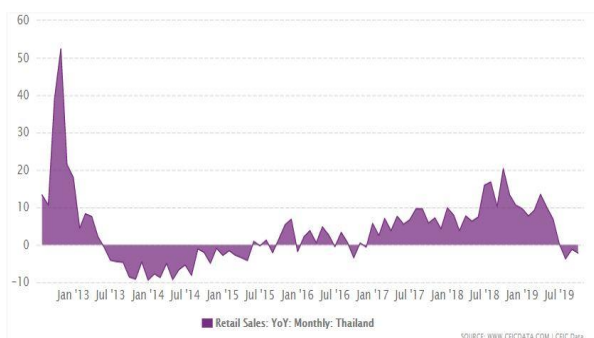
In 3rd quarter of 2019 overall retail business was sluggish because lower confidence rate of Thai and lower purchasing power due to high household debt level. Consumer Confidence Index (CCI) in September reached the lowest rate since past 39 months and there was a decrease in retail index as well. This challenge including fast growing of e-commerce had influenced retail development to create new experience and new service to maintain existing customers and gain new customers.

Consumer Confidence Index (CCI) was down to 72.2 in September lower 10.1 point or 12.3% Y-o-Y. Household debt level was 78.7% of GDP. These affected to overall purchasing power.

Source: 1. CBRE

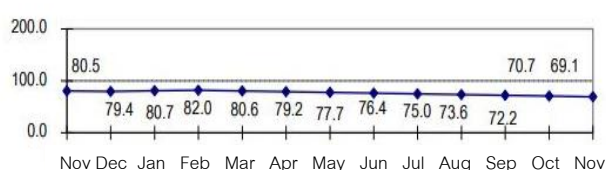
2. Business/Industry trend 2019-2021: Modern trade retail business, *Krungsri Research, Krungsri Bank*

Table illustrating Thailand retail index 2013-2019



Source: CEIC: Financial Data & Economic Indicator, CEIC Holdings Limited.

Table illustrating consumer confidence index in 2019



Source: Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce

In October 2019 most of consumers considered overall economy in poor level. Consumer confidence index in October 2019 was at 57.9, index below 100 reflected low confidence on overall economic. This index could represent quite low confidential rate on overall economic due to concern in political situation at present and in the future as well as slow growth of Thai economy with low spending of Thai people. Moreover, uncertainty of global economic such as U.S.-China trade war, U.K.-Europe Brexit and Thai Baht appreciation affected to the index.

Complying with Consumer confidence index in November 2019 was continuously declined for 9 months and reached the lowest point for 67 months since May 2014 from 57.9 to 56.4. Overall economic confidence index in November 2019 of good, normal and poor was 6.4% 43.6% and 50.0% respectively

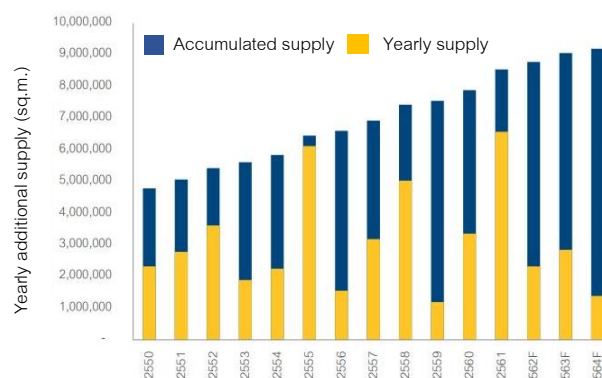
Source: Consumer Confidentiality Index 2019. Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce

During early of 2020 until now, Coronavirus situation or COVID-19 are continually spreaded over the world. Within 1-3 months, Kasikorn research center estimated that adaptation on Thai people behaviour might negatively effect many industry especially Thai tourists might cancel or delay their domestic vacation trip which values around 13,100-17,500 Million Baht. Impact on retail business and food business might limit. Some of them can benefit and some sales can lower. Closely monitoring on COVID-19 situation might have impact on dining and spending on public area. Therefore, within 1-3 months, net income of food and retail business might loss around 900-1,500 Million Baht. This was not a good start of the year 2020.

Source: Kasikorn Research Center, 'Thais adjust their behavior to cope with novel coronavirus outbreak, weighing in medical treatment or vaccination in their decision to resume their normal lifestyle (Current Issue No.3082)'

Supply

Table illustrating retail supply and estimated retail supply during 2007-2021



Source: Research Department, Colliers International Thailand Ltd.

In quarter 3 of 2019, the retail space in Bangkok rose was 8,715,466 square meters rose by 103,500 square meters from previous quarter and estimated area rose in quarter 4 of 2019 would be approximately 50,000 square meters as well as approximately 284,052 square meters might complete during year 2020. New opening

projects during quarter 3 of 2019 were Samyan Mitrtown 36,000 square meters in urban area and another 3 projects of Central Village, Mixt Chatuchak and Makro Digital Store with 40,000 square meters 25,000 square meters and 2,500 square meters respectively.

Central Village, new community outlet mall was developed by Central Group which located near Suvarnabhumi airport. This mall was the first mover in outlet segment that would have a new project of 'Simon Premium Outlet' a joint-venture company between Siam Piwat Group and Simon Property Group, the international leader of shopping center located on outbound of Motorway-Chonburi in the near future.

Although retail business in Thailand was continually grown, retail developers had to adapt themselves by applying online shopping platform and developed new shopping center on suburb Bangkok area which expected to complete in quarter 4, 2019.

Source: Research Department, Colliers International Thailand Ltd.

Accumulated retail area categorized by type and opening year

Most of retail supply in Bangkok was department store in amount of 5.252 million square meters or around 60% of Bangkok retail supply (30% located in urban area of Bangkok). Following retail type was community mall which accounted for 16% of supply. During past few years most of new community malls located in urban area of Bangkok or near residential area. However late of 2019 there was a signal on deflation on community mall because there were number of unsuccessful community malls which generated low rental rate.

51% of retail area was in suburban area of Bangkok which mostly was a residential area. Large-scale of shopping centers and hypermarkets were developed to support this area including metropolitan area of Nonthaburi, Pathum Thani and Samutprakarn province which still had vacant land. Developers now had to adapt

their format to respond consumer behavior and lifestyle such as opening 24 hours mall.

Table illustrating retail space in Bangkok and neighboring area categorized by type

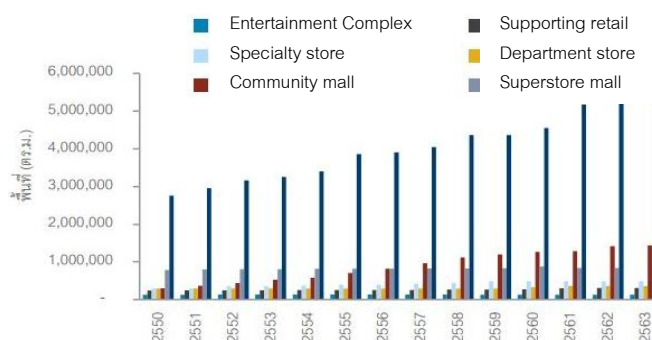
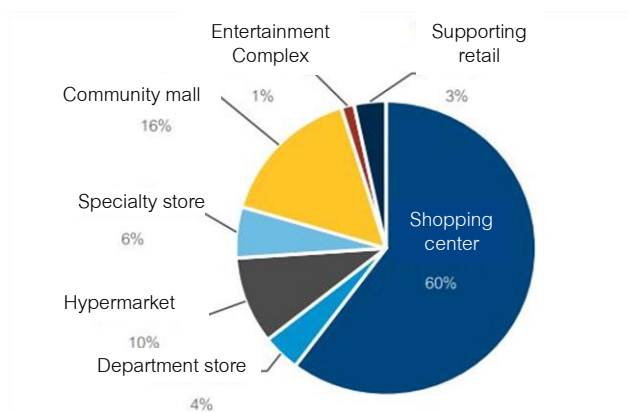


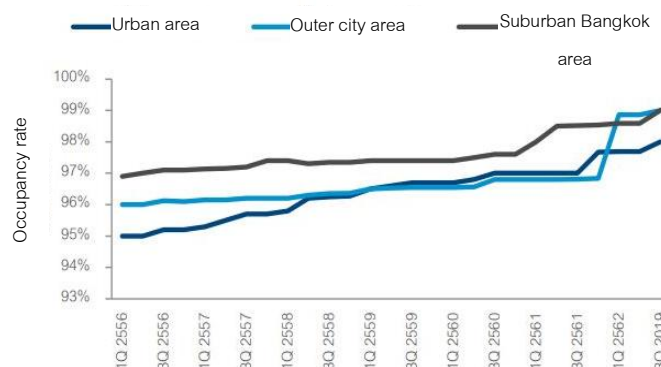
Table illustrating the retail space in Bangkok and neighboring areas categorized by type as at quarter 3 of 2019



Source: Research Department, Colliers International Thailand Ltd.

Demand

Table illustrating the average occupancy rate classified by location during quarter 1 2013 – quarter 3 2019



Source: Research Department, Colliers International Thailand Ltd.

In quarter 3 2019 average occupancy rate was in the same level of previous quarter. There was an increase

in vacancy area because project accessibility or traffic for example projects on Rama 1 road and Rama 4 road. However, occupancy rate of new supply in quarter 3 2019 mostly reached 100% due to good location and clear project concept.

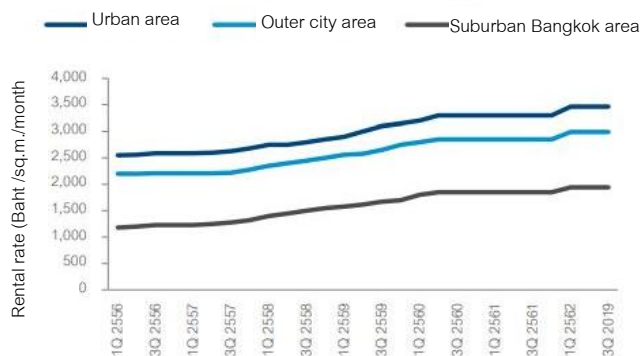
Existing projects opening more than 10 years had plan to renovate projects or relocate their tenants by replacing new interesting brand. Recent project during past 2-3 years had an outstanding design and good tenants mixed. So existing projects had to redevelop their projects to compete in the market.

Currently shopping center developers concerned about online shopping. Large-scale retailers launched their own website to sales their products and coordinated with commercial bank to do marketing plan for customers spending by credit card providing cash voucher or extra credit card point. Retailers foresaw that digital or online shopping would grow continually grow in 2019 due to a convenience, low operating cost and modern lifestyle of current customers behavior.

Source: Research Department, Colliers International Thailand Ltd.

Rental Rate

Table illustrating the average rental rate of retail space classified by locations during quarter 1 2013 – quarter 3 2019



Source: Research Department, Colliers International Thailand Ltd.

The average rental rate remained the same level with previous quarter implying confidential on retailer in the market. Average rental rate of outer city area of Bangkok increased 5-10% especially in large-scale shopping center higher than smaller center in the same area.

The CBD had the highest rental rate in range THB 3,000-4,000 per square meter per month. In some shopping centers rental rate reached THB 5,500 per square meter per month. While outer city area of Bangkok had rental rate from THB 800-3,000 per square meter per month. For community mall in outer city area rental rate could be down to THB 300 per square meter per month. This low rate of community mall was from unsuccessful mall that lower demand of community mall in the market.

Rental rate in 2019 was expected to increase 3-5% especially large-scale shopping centers in a good location from high demand. This rate might differ depending on project location. Retail market still had room to grow in the future but there might be an effect from new technology depending on consumer behavior. Retail developer had to differentiate their shopping centers to compete with online shopping and to serve new customer lifestyle.

Source: Research Department, Colliers International Thailand Ltd.

Future of Retail Business

Economic trend in year 2020, Office of the National Economic and Social Development Council (NESDC) decreased Thai's GDP growth of 2020 from 2.7%-3.7% to 1.5%-2.5% (average 2.0%). This decrease was from Coronavirus situation (COVID-19), drought in many area and delay of government capital budget 2020.

However Thai economy has positive impact from slow improvement on economy and world trade. Lower pressure in trade war between U.S.-China, Brexit deal, expanding in domestic private spending as well as investment from private and public sector and government spending could be positive factor.

NESDC estimated growth in 2020 of export value at 1.4%, private consumption at 3.5% and private investment at 3.6%. Inflation would be around 0.4-1.4% and government current account surplus 5.3% of GDP.

Source: Office of the National Economic and Social Development Council (NESDC)

Retail Situation in the Past

During 2016-2018, retail sector was slightly improved from increasing demand complying with a growth in retail sector index. Retailers concentrated in marketing campaign as well as shopping center renovation to satisfy more customers especially in CBD which had high purchasing power. Additionally, number of tourists also benefit to retail especially shopping center in CBD.

Table illustrating GDP and private consumption

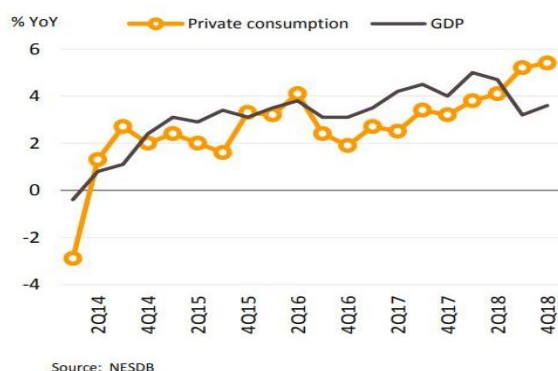


Table illustrating retail index



During 2008-2017 there was a retail growth in Bangkok and metropolitan area both closed-mall and community mall that expanded along new residential area especially along BTS or MRT in sub-urban area.

Closed-mall took around 70% of retail area mostly located in sub-urban area that new residential area expanded to. Each project size ranged from 70,000 – 200,000 square meters. Because of restriction of Bangkok city plan and scarce vacant land in urban area, new

projects scattered to sub-urban area that had residential or business zone to support for example Megabangna, Central Plaza Changwattana, Central Plaza Salaya, Central Westgate, Central Eastville.

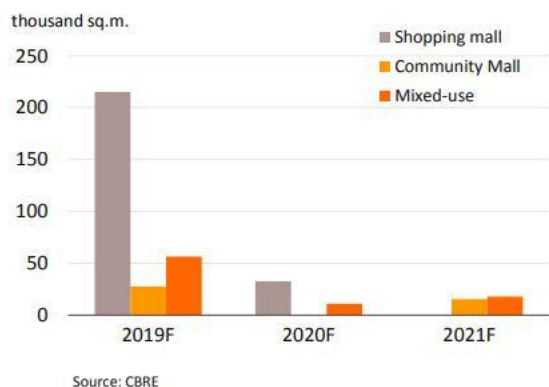
Community mall format was developed to serve customer need that required more convenient lifestyle nearby residential area or workplace. Bangkok Regulation 2005 and Bangkok City Planning 2013 were not allowed developers to construct large retail area in CBD, community mall format was complied with the regulation and quickly grew during year 2012-2014 around 18% (Source: Collier International) and investment in community mall was not so high. This led to stronger competition in both community mall itself and community mall – shopping center. Some malls were not success to drive their occupancy rate resulted in their closure.

Related to community mall study in 2014 covering operating 103 community malls, there were only 12 well-success malls, 31 medium performance malls and 60 unsuccess malls. Mall owners were real estate developers and landlords themselves. Then during year 2015-2016 there was a slow growth which down to 11% (source: Collier International) because of lower medium-low income population which was main target customers of the mall. Therefore, big players of retail developers were more interest to invest in large scale shopping center.

Industry Trend

Retail business during 2019-2021 expected to grow related to room of consumption growth and public investment plan in infrastructure that could help stimulus in private investment related to retail business. Tourism growth could support more spending which led to good signal to retail business that had a challenge with online shopping.

Table illustrating new retail supply in Bangkok
Metropolitan Area



Additional retail area during 2019-2021 would be around 376,000 square meters (average 125,000 square meters per year) such as The Market by Platinum, Whizdom 101, Smile Square, Central Village, Samyarn Mitrtown. Most of additional retail would complete in 2019 around 299,000 square meters. For the rest would launch in 2020-2021 around 39,000 square meters per year. This increase in 2020-2021 was not aggressive compared to the past 3 years which increased around 140,000 square meters per year. Demand in retail could be continually grow from international brand would like to invest in Bangkok (especially in CBD which had mass transit transportation, and had higher income population). Occupancy rate of CBD was more than 90%. However accumulated supply retail area was increased, existing shopping centers need to renovate to serve modern need of customers to maintain high rental rate.

Table illustrating demand-supply in Bangkok Metropolitan Area



Source: Krungsri Research, Krungsri Bank

In long-term, retail competition would be stronger from new mixed-use projects in the future. CBRE had claimed that mixed-use projects were comprised of office, hotel, service apartment, condominium and retail which will be completed in 2025. Retail area would increase around 1 million square meters in that year which implied to more retail area would launch in the market.

However, spreading on Coronavirus (COVID-19) situation occurred while Thai economy decelerated from trade war situation, deceleration on world economy and drought in many area which affect to lower GDP in quarter 4-2019 at 1.6% per year (GDP full year 2019 at 2.4%). COVID-19 will rapidly affect to quarter 1, 2020. Income from tourist lost around 220 billion Baht. Furthermore, export-import related to China's supply chain will negatively impact from factory temporary closure in China. GDP in quarter 1, 2020 might not growth.

Collaboration between fiscal policy and monetary policy would be important to maintain GDP year 2020 to be not less than 2.0% especially when government budget 2020 was not ready to spend during February-March 2020. Monetary policy to support liquidity of business effected from COVID-19 would be rapidly implemented to prevent business close-down and would affect to employment of their staff. Government continually implemented monetary policy nowadays. If government wanted to maintain GDP growth at 2.0%, new funding must be injected around 100 billion Baht to stimulus economy under assumption of COVID-19 can be controlled by quarter 1-2020.

Overall economy in 2020 was estimated to grow under 2.5-3.0%. To reach growth number at 2.0%, funding size of 100 billion Baht have to be injected in economic system by the rest of 2020. This growth will be revised again on 16th March 2020.

Source: Kasikorn research center, 'Fiscal and monetary policy must be collaborated to maintain Thai economy and GDP at 2.0%'

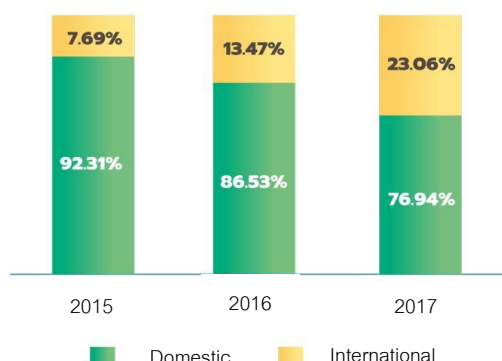
Table illustrating e-commerce value in B2C format
2016-2017

Growth	2016-2017
China	17.01%
U.S.	14.78%
Japan	-0.62%
South Korea	80.87%
Thailand	18.64%
Malaysia	10.98%
Indonesia	55.20%
Vietnam	20.47%
Singapore	11.62%
Philippines	260.78%

Source: Electronic Transactions Development Agency

Comparison on e-commerce value of B2C with other countries e.g. China, U.S., Japan, South Korea and ASEAN found that in 2017 e-commerce value of B2C increased every year except Japan especially countries that specialized in technology and telecommunication such as China, U.S. and South Korea.

Table illustrating Thai e-commerce value divided by domestic and international trade (2015-2017)



Thai e-commerce operators were focused on domestic online sales of goods and service. In 2017, of sales value in domestic was 76.94% while sales value in international market was 23.06%. Trend of e-commerce sales in international market was increasing since year 2016 was at 13.47% and year 2017 was at 23.06%.

The reason that sales in international increased every year was from government policy to support and promote Thai's e-commerce to other region as well as investment in Thailand from international operator. These eased

selling to international market for example exporting goods to China through Alibaba.

e-Commerce was one of the largest challenge for retail. Omnichannel, combination of online and offline, was an important tool for modern retailer to create good experience for customers and convenient customer selection. For example, customers made an order online then picked up at store or made order at store then deliver to their place.

New technology to apply in 2019 was intelligent technology such as Virtual Reality (VR), Augmented Reality (AR) and Artificial Intelligence (AI). These technologies were implemented to serve customers need by adding new experience to customers and enhance customers service quality. For example, 'Chatbot' was implemented to rapidly and easily response to improve customers' communication, 'Automation' was a replacement of manpower. Amazon Go, stores without cashier, customers could pick-up their goods and leave the store immediately without queuing or paying at cashier. Smartphone with Amazon Go application would be automatically calculated selected goods and directly charged to Amazon account. Therefore, retailers in the future must collaborate with technology to upgrade their service level.

Under strong competition and changes in customers behavior, retailers were speedy developed and invested related to digital disruption. Gartner, Inc., leader of research and advisor company, forecasted that in 2019 expense related to technology would increase 3.6% or valued 203.06 billion USD. This number will grow at the same rate for 2 years especially in software investment.

During past 3-4 years, growth of retailers in Thailand was around 2-3% per year, lowest growth in ASEAN. While growth in neighboring countries was around 8-12%. This low number was from retailer in upcountry and many SME were not well developed and lack of know how to compete with competitors. Moreover Thai's retailers were not connected with tourism that much compared with

other countries such as Hong Kong, Singapore, Taiwan, South Korea or Japan. Their SME retailers adapted themselves to complying with tourism or creating products especially for tourists. Therefore, Thai SME retailer could adapt themselves as well by adjust products or packages or applying electronic payment to ease tourists.

Source: website SME ONE managed by Office of Small and Medium Enterprises Promotion (OSMEP)

5 Trends on 'e-Commerce 2020'

Today Thai's e-Commerce value was around 2.5 trillion Baht increased 14% compared with previous year. e-Commerce was an opportunity to business especially SME. Related to research from Bank of Thailand, 75% of SME with various sales channel had more chance to grow.

Operators which sell through online channel was 53%, omnichannel was 38% and offline channel was 9%. Online operators with offline store was 42% and 80% of retailers would also sell through online channel. Main platform for online channel was on social media.

Research from Electronic Transactions Development Agency (ETDA) found that popular online platform was social media at 40%, online stores e.g. Lazada, Shopee, JD Central, Wemall at 15% and another 25% for individual online brands e.g. Mom and Kids Products,

Health & Beauty Products. Electronic payment was mobile banking at 43%, credit card online payment at 38% and automatic machine 17%.

Here are 5 trends for e-commerce business in 2020.

1. E-Commerce is global. E-commerce business is not only cross-border but covered all the globe. Delivery service between countries will be faster and faster. Today delivery time from China to Thailand was only 6 days.
2. DTC: Direct to Consumer. Selling to consumers is directly from retailer to consumer with no distributor. This improve relationship with their own brand.
3. Thailand World's Leader in Social Commerce. Related to Facebook research, Thai behavior shops through social commerce around 40%. In 2020, social commerce platform (Facebook, Instagram and Line) can close deal with consumers in single application.
4. Ride Hailing will expand from food delivery service to e-commerce delivery. Today Thailand has high competition on this service from open market.
5. Omnichannel can serve many lifestyle of consumers.

Source: website Bangkokbank, Business trend E-Commerce 2020

Risk Factors

Risk of land acquisition for new projects

Land is the major raw material in developing and managing the shopping centers. The search for land in a proper area with the upside potential for the business both operationally and financially may take some time. In some area, there are only a few suitable places available. In renting or purchasing the lands, the negotiation with landlords can take both time and effort especially when there are many owners involved in the negotiation. Moreover, the expansion of large modern trade retailers would elevate the Company's risk in the search of lands for new projects as those retailers will compete with the Company in the searching process.

However, with long-time experience in the business, management of the Company has effective skills and techniques in contacting and negotiating with landlords. Thus, the Company has received considerably good conditions in rental agreements for every project. The Company also received the advices from retailers on the land which retailers would like the company to develop the new projects.

About the competition with other retailers in land acquisition, the Company will moderate the risk by signing the memorandum of understanding with landlords before negotiation in order to prevent the owners from contacting with other retailers. The Company tries not to offer higher price for the lands to compete with retailers since the higher price affects the project feasibility or the profit level. In contrast, the Company will negotiate with other competing retailers to develop and manage the shopping centers for them instead.

Risk of business competition

Risk of business competition mostly incurred from the indirect competitors, which are retailers who want to develop and manage the shopping centers themselves. Those retailers would compete with the Company in land acquisition and customers and tenants' attraction. The Company also faces risk of lower number of consumers which are tenants' customers if there are other new shopping centers opened in the nearby areas. This will affect the businesses of tenants, which in turn has an effect on the occupancy rates and rental and service fees of the company. From the past experience, the indirect competition does not have strong impact on the company as the company's projects located in the most outstanding location in the area. In addition, the coverage areas¹ of the Company's open-air shopping centers are only 1-2 kilometers, thus, the company is not significantly affected from the opening of new shopping centers in the same area. However, in order to reduce the effect of competition and to maintain the occupancy rate and rental and service fees, the company has done promotions occasionally and rolled over the tenants on the magnet areas to attract more tenants and consumers to the shopping centers. The Company also faces direct competition but at the low magnitude because there are few numbers of open shopping center operators and most of them are small entrepreneurs who are not professional operators. Besides, the other large capitalized competitors For example the discount stores such as Tesco Lotus and Big C are tendency to focus only on retail distributors. Therefore, these competitors are likely to be our potential business partner by our project management services.

Note

1. Coverage Area is defined by the household area of which the target consumer for tenants located.

Risk of dependence on anchors of the neighborhood shopping centers

Anchors in the neighborhood shopping centers will draw co-tenants to Company's projects. Therefore, the Company would incur risk if the anchors terminate the contracts or close their businesses, in which may cause the co-tenants to terminate contracts with the Company. This results in the lower revenue of the firm. However, the Company has requested the down payments of rental and service fees from all anchors and some co-tenants on the contract date, so the risk would be much lower. In case that the anchors terminate the contracts because of their internal policy such as when Seiyu Supermarket ("Seiyu") from Japan, the previous anchor of Sukhapiban 3 neighborhood shopping center, had policy to close its foreign stores, Seiyu then found another anchor (with approval from the Company) to re-rent the spaces (at present, Tops Market is the anchor at Sukhapiban 3). The Company then earns revenue continuously. Moreover, if any tenants close the businesses and do not pay rental and service fees, the Company can repossess the spaces and re-rent to other anchors without refunding of prepaid rental and services fees. Currently, the Company believes that there will be no problem in finding new tenants especially the anchors because of the continuous expansion in retail business. The Company also frequently receives rental demand from potential tenants.

Note

1. Anchor Tenant refers to the tenants that occupy the majority of shopping center's area such as supermarket, cinema, large-size furniture store, etc.
2. Co-Tenants refers to the retail stores or shops within the shopping center such as coffee shop, restaurant, beauty salon, book store, school and clinic, etc.

Risk of finding tenants

The Company may have risk in finding tenants in some shopping centers such as PrachaUtitt Project where the Company has 30-year contracts with landlords but has only 20-year contracts with tenants, respectively. Therefore, in the 20th year, the Company has to find other anchors to rent the spaces for another 10 years. However, the Company believes that there will be no problem in finding the new tenants because of the rapid expansion in retail business. The Company also receives rental demand from potential tenants continuously. At present, PrachaUtitt project, Jusco Supermarket (Now renamed to MaxValu), an existing anchor tenant, had already extended the lease agreement for another 10 years. Another risk is the risk in finding tenants to meet full occupancy rate especially in some space that are not of the interest of tenants such as on the 3rd floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1st and 2nd floors but prefer quiet atmosphere on the 3rd floor and lower rental fee when compare to the 1st and 2nd floors such as language schools, tutorial schools, and tae kwon do schools. Though there are only few spaces left in some shopping centers, the Company strictly consider tenants who are not directly compete with the existing ones, operate the moral businesses, have strong financial position, and create the good tenants mix of each project.

Risk of an increasing cost of land for the new projects

The cost of lands for new projects may increase either because the rental fees increase or because the Company has to purchase the lands. Rental fees may increase due to higher market price of land, the Company may have to purchase land due to landlords want to sell instead of renting in the long-run and there are no other good potential areas for shopping center development in each region. Generally, the Company chooses to develop only the profitable projects. If cost of the lands increase, the Company would charge higher rental and service fees in order to sustain the current rate of return. Then, the Company can reduce risk if an increasing cost of lands. Due to the stronger competition in retail business, most retailers are willing to pay high rental charge to take advantage of the superior locations over the competitors.

Risk of discontinuity on projects

As the Company rents lands from landlords for the shopping center operation, the Company incurs risk if the rental agreements are not extended after they are expired. However, the Company has 15-30 year long-term rental agreements for most projects. However, the Company intends to extend the contracts as appropriate.

Remaining Land Lease Term From 31 Dec 2019	Gross Leasable Area (sq.m.)	Percentage (%)
Less than 5 years	29,648	7%
5 - 10 Years	21,987	5%
More than 10 years	184,675	42%
Land Ownership	204,848	46%
Total Leasable Area	441,158	100%

Risk of dependence on limited numbers of experienced personnel

The development and management of shopping centers require experienced and expert personnel for land acquisition, concept design of projects, tenant finding, and management of the project and common areas. If the Company loses or does not have sufficient number of personnel, the operation would be affected. The Company has prevented this type of risk by, firstly, providing both on-the job training and outside training to improve knowledge, skills, and experience of the employees. Employees of the Company can rotate to do the job in case some resign. Moreover, the Company encourages the employees to acquire additional knowledge about developing and managing the shopping centers. The Company also provides additional source of information, for instance, books, magazines, and other related techniques that concern the business so that employees have sufficient knowledge and are able to apply the knowledge to actual operations.

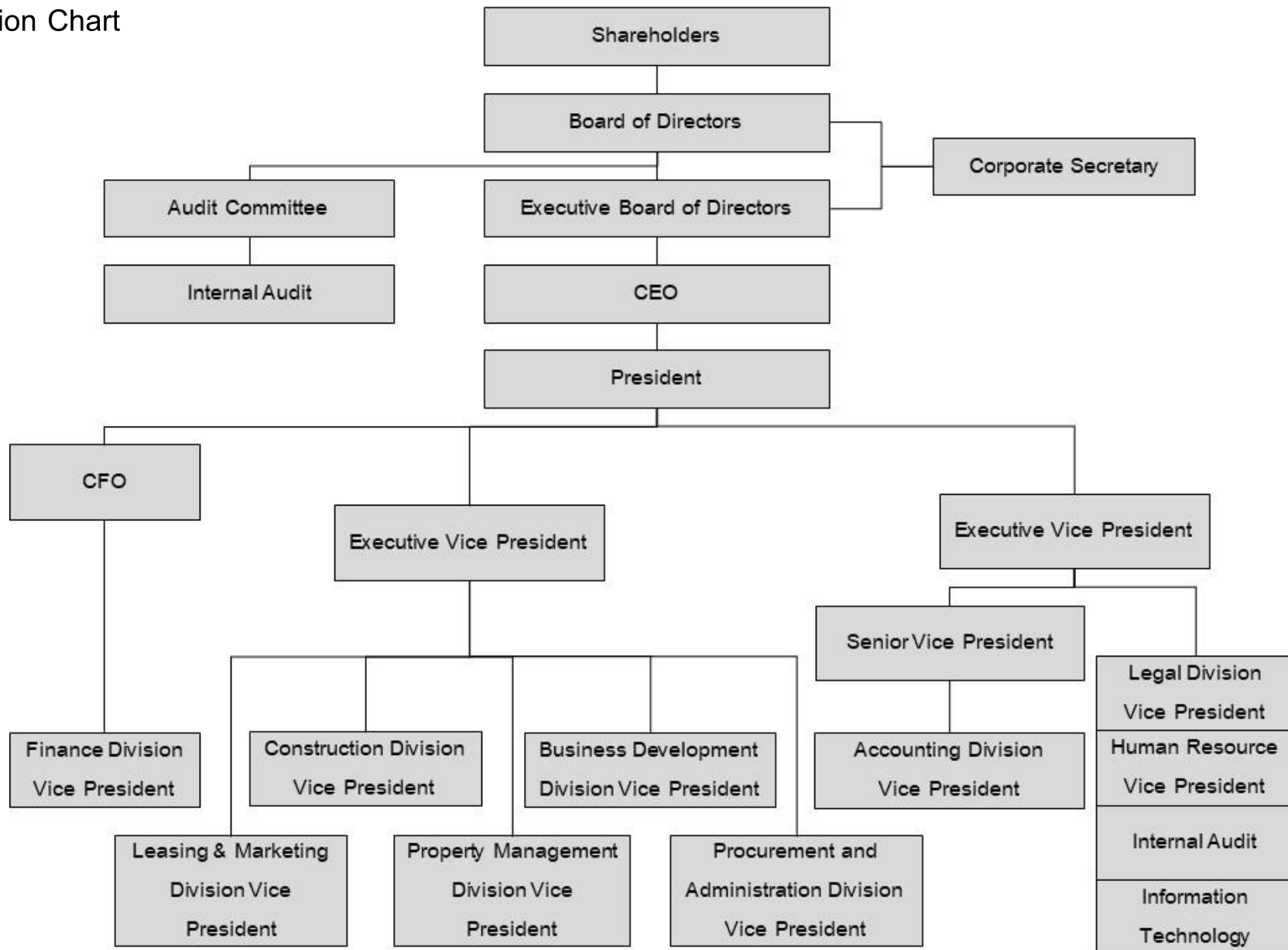
Risk of the delay from receiving the rent of all projects

Rent of space is the Company's main income. If the tenants are inability to pay the rent on time, it will affect the operating performance of the Company. However, there are groups of long-term lease contracts especially anchors which the Company receive a lump sum of advance rental and service. These anchors have not much burden to pay the rest rental and service fee. Therefore, it can mitigate the risk of not pay the rental and service fee from anchors. Besides, the Company always looks after the rental and service fee payment from both anchors and co-tenants in order to mitigate the risk of delay receiving the rental and service fee.

Risk of maintaining financial ratio according to covenants of debenture

Refer to covenants of debenture between issuer and debenture holder, the Company must maintain Interest Bearing Debt to Equity Ratio not exceed 1.5 : 1 as at the end of each financial year. As of 31 December 2019, the Company had Interest Bearing Debt to Equity Ratio equal to 0.17 Therefore; the Risk of maintaining financial ratio is less.

Organization Chart



Shareholding Structure and Management

Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 30 December 2019 are as follows:

	Name of Shareholders ¹	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited ²	598,892,071	28.09
2	Lucky Securities, Inc ³	172,393,639	8.09
3	Mr. Nopporn Witoonchart	131,829,073	6.18
4	Mr. Pongkit Suttapong	122,814,184	5.76
5	Mr. Suttikul Jiratiwat	93,828,720	4.40
6	Morgan Stanley & Co. International Plc ³	70,800,000	3.32
7	Ms. Artitaya Jantaraprapa	49,570,663	2.33
8	Mrs. Gasinee Witoonchart	37,663,200	1.77
9	Ms. Thanjira Pojkasemsin	31,310,822	1.47
10	Thai NVDR Co., Ltd.	29,113,858	1.37
Total		1,338,216,230	62.77
No. of ordinary shares		2,131,920,931	100

Remark:

1. All of top 10 shareholders mentioned above have no relationship related to the Article no. 258 of SET Act year 1992. However, shareholder no.3 and no.8 are related as aunt and nephew.
2. Major Cineplex Group Plc, the Company's major shareholder, assigned Mr. Vicha Poolvaraluck, Mr. Verawat Ongvasithand, Ms. Thitapat Issarapornpat, as directors of the Company.
3. These shareholders such as Lucky Securities, Inc and Morgan Stanley & Co. International Plc do not have any influence over the Company's strategic or operational management.

Dividend Policy

The policy of the Company is to pay dividends not less than approximately 40% of its operating net profit from separate financial statement after the deduction of retained loss (if any), under the condition that the dividend payment will not impact the normal operation and with sufficient capital for investment purpose.

For the dividend policy of the subsidiary companies that the Company holds shares more than 50%, it will depend on the availabilities of the liquidity within the subsidiary companies and the Company.

This will allow the Company to pay dividend according to the stated policy. The subsidiary companies are to pay dividends not less than approximately 60% of its operating net profit from separate financial statement after the deduction of retained loss (if any).

In 2019, the resolution from 2019 Annual General Meeting of the Shareholder on March 26th, 2019 was to make a dividend payment of 0.30 Baht per share divided in 2 portions, 1) Stock dividend 5 existing shares to 1 new share in amount of THB 0.20 per share 2) Cash dividend in amount of THB 0.10 per share.

Management Structure

The directors of Siam Future Development Public Company Limited can be divided into 3 committees as follows:

1. Board of Directors
2. Executive Committee
3. Audit Committee

1. Board of Directors

The Company's Board of Directors consists of 12 directors as at 31 December 2019 are as follows:

First Name — Last Name		Position
1. Mr. Oranop	Jantarapapa	Chairman
2. Mr. Pongkit	Suttapong	Vice Chairman
3. Mr. Nopporn	Witoonchart	Director and Chairman of Executive Committee
4. Mr. Somnuk	Pojkasemsin	Director and President
5. Mr. Kittinanth	Sumruatruamphol	Director and Chief Financial Officer
6. Mr. Vicha	Poolvaraluck	Director
7. Mr. Verawat	Ongvasith	Director
8. Ms. Thitapat	Issarapornpat	Director
9. Ms. Nantiya	Montriwat	Chairman of the Audit Committee and Independent Director
10. Ms. Sabaihip	Suntaros	Member of the Audit Committee and Independent Director
11. Mr. Vorawit	Chailimpamontri	Member of the Audit Committee and Independent Director
12. Mr. Chai	Jroongtanapibarn	Independent Director

Authorized Directors

The directors authorized to sign on behalf of the Company are Mr. Oranop Jantaraprapa, Mr. Pongkit Suttapong, Mr. Nopporn Witoonchart, Mr. Somnuk Pojkasemsin, and Mr. Kittinanth Sumruatruamphol. The documents must be signed by any two of these Directors and affixed with the Company's stamp to bind the Company.

Authority and Responsibility of the Company's Board of Directors

1. Duty of the Board of Directors

In performing their duties, the Board of Directors has carefully utilized their knowledge, capability and experiences and complied with the Company's objectives, articles of association and shareholders' resolutions for the best interest of the Company and responsibility to the shareholders.

2. Review and approval of the appropriate policy

Except for the matters which prior resolution from the shareholders' meeting is required by law, the Board of Directors is responsible to review and providing opinion on the Company's policies and business strategies proposed by the Executive Committee

3. Governing of the Executive Committee

The Board of Directors is responsible for supervising the Executive Committee to effectively comply with the policies set forth and the regulations of SET and

SEC on the applicable material matters and connected transactions. The Board of Directors may engage an independent advisor to provide professional opinion and/or advice to assist the Board of Directors in making their decisions on the matters materially affect the Company's operations, where necessary.

4. Establishment of an internal audit and control

The Board of Directors has supervised the Company to establish the effective internal control and internal audit systems in order to monitor the operations of the Company and to coordinate with the Audit Committee.

5. Independence of non-executive Directors' duty

The Audit Committee has independently and adequately utilized their discretion in reviewing the Company's strategies, business management, appointment of directors, matters affecting the stakeholders, accessing financial & other business information, operational policies as well as annual budget.

6. Authorization of Board of Directors

The Board of Directors has an authorization to perform all duties in compliance with the law, articles of association. Defines visions, strategies, operation plans, annual budget, salary and bonus, organization chart, human resource, borrowing from financial institution, bad debt, recruit transfer terminate employee of assistant manager level.

2. Executive Committee

The Executive Committee comprises of 5 directors as at 31 December 2019 are as follows:

First Name – Last Name	Position
1. Mr. Nopporn Witoonchart	Chairman of Executive Committee
2. Mr. Vicha Poonvoruluck	Executive Director
3. Mr. Somnuk Pojkasemsin	Executive Director
4. Mr. Kittinanth Sumruatruamphol	Executive Director
5. Ms. Thitapat Isarapornpat	Executive Director

Authority and Responsibility of the Executive Committee

1. To command, plan, and operate businesses of the Company following policy determined by the Directors.
2. To approve the new investment projects.
3. To approve the expenses or payments beyond the authority of management which more than THB 1,000,000/time
4. To appoint the staff and manage from the department level and above for the benefits of effective and transparent management.
5. To determine the employees' benefits that suit the situations, and norms and at the same time comply with the prevailing laws

6. To perform other functions as occasionally assigned by the Board of Directors.

The approvals from the Executive Committee discussed above will not include transactions related to members the Board of Directors or person with potential conflict of interest with the Company or subsidiary as well as the connected transactions and acquisition/disposal of the material assets of the Company of which resolution from the shareholders is required pursuant to the SET regulation.

3. The Audit Committee

The Audit Committee comprises 3 members as at 31 December 2019 are as follows:

First Name – Last Name	Position
1. Mrs. Nantiya Montriwat	Chairman of the Audit Committee
2. Mrs. Sabathip Suntaros*	Member of the Audit Committee
3. Mr. Vorawit Chailimpamonti	Member of the Audit Committee

Authority and Responsibility of the Audit Committee

1. To review the company's financial report to ensure accuracy and adequacy;
2. To ensure that the company has an appropriate and efficient internal control system and internal audit;
3. To review the company's performance to ensure compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand or laws relating to the company's business;
4. To consider, select, nominate and propose remuneration of an external auditor
5. To consider the disclosure of the company's information in the case that there is a connected transaction or transaction that may lead to conflict of interest, so as to ensure accuracy and completeness;

6. To prepare the Audit Committee report, duly endorsed by the Chairman of the Audit Committee, to be disclosed in the company's annual report; and
7. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee

In performing the above-mentioned duties, the Audit Committee is directly responsible for the Board of Directors' action. The Board of Directors, however, continues its responsibility to the external parties for the company's operation

Management

Management of the Company comprises of 5 members as at 31 December 2019 are as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Acting Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Mr. Kittinanth Sumruatruamphol	Chief Financial Officer
4.	(In the recruiting process)	Executive Vice President
5.	(In the recruiting process)	Executive Vice President

Chief Executive Officer

Authority and Responsibility of the Chief Executive Officer

(Minutes of the Board of Directors' Meeting 1/2002 as of August 26th, 2002)

- To administer the operation of management team to be in line with the policies as authorized by the Board of Directors
- To operate businesses and approve the transactions as assigned by the Board of Directors e.g.
 - Sign on the land lease/sales agreements and rental/service agreements on behalf of the Company
 - Approve the expenses or payments of no more than THB 1,000,000/time
 - Appoint the staff **Except** the Chief Executive Officer shall not approve any transactions that the Company's regulations, law enforcement, or any regulations from the Securities and Exchange Commission and the Stock Exchange of Thailand require the Chief Executive Officer to obtain the consent from the Board of Directors' meeting or the Shareholders' meeting.
- For any investment and borrowing decisions, the Chief Executive Officer has to propose to be acknowledged and approved by the Board of Directors.
- For the related transactions and the acquisition or disposal of assets of the Company, the Chief Executive

Officer will conduct to be aligned with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand

President

Authority and Responsibility of the President

(Minutes of the Board of Directors' Meeting 1/2002 as of August 26th, 2002)

The President has duties and responsibilities to be similar to the Chief Executive Officer's except the amount of expenses or payments to be approved by the President is less than the Chief Executive Officer.

Company Secretary

The Board of Directors of the Company has appointed Mr.Rattipoom Sutapakul as a company secretary, effective February13th, 2019 whose duties and responsibilities to advice about the legal and accounting related considerations and other regulations require the Board of Directors to acknowledge. Besides, the Company Secretary has to oversight the overall activities of the Board of Directors as well as facilitates the compliance of the resolutions of the Board of Directors.

Board of Directors' Meeting

In 2017- 2019, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	Position	2017 (5 meetings)	2018 (6 meetings)	2019 (4 meetings)
Mr. Oranop Jantaraprapa	Chairman	4	6	3
Mr. Pongkit Suttapong	Vice chairman	5	6	4
Mr. Nopporn Witoonchart	Director	5	6	3
Mr. Somnuk Pojkasemsin	Director	5	6	4
Mr. Kittinanth Sumruatruamphol	Director	5	6	4
Mr. Vicha Poolvaraluck	Director	5	6	4
Mr. Verawat Ongvasith	Director	5	6	4
Ms. Thitapat Isarapornpat	Director	5	6	4
Mr. Chai Jroongtanapibarn	Independent Director	5	6	4
Ms. Nantiya Montriwat	Chairman of Audit Committee and Independent Director	4	6	4
Mr. Dej Bulsuk ¹	Member of Audit Committee and Independent Director	5	1	-
Ms. Sabaitip Suntaros	Member of Audit Committee and Independent Director	5	6	4
Mr. Vorawit Chailimpamontri ²	Member of Audit Committee and Independent Director	-	4	4

1 Mr. Dej Bulsuk has passed away on February 23rd, 2019. As a result, he vacated the positions as independent director and audit committee member

2 Mr. Vorawit Chailimpamontri was appointed as a director on March 22nd, 2019

Selection of the Directors and Executives

The Board of Director of the Company acts as a nominating committee. The qualification, capability, experience and availability to regularly attend the meeting with the Board of Directors are the criteria considered by the Company in selecting the Directors. However, the appointment of Directors must be approved by the resolution of shareholders' meeting, according to the following procedures:

1. Each share has one voting right.
2. Each shareholder may exercise all of his/her voting rights pursuant to 1) above to appoint one or several persons as Director(s). In case the shareholder votes for more than one person, his/her voting right must be allocated equally among the nominees voted for by such shareholder.
3. The Directors will be appointed based upon the number of votes of each nominee and the number of nominees to be appointed will be in accordance with

the then vacancy. In a situation where there is more than one nominee with equal number of votes, the final selection will be made by Chairperson of the meeting at his/her discretion.

In every Annual General Meeting of Shareholders, the term of service of one-third of the Board of Directors will expire randomly. In the following years, the Directors who have been in their position for the longest period will be automatically ceased from service. However, the leaving Directors according to their term of service may be re-elected.

Audit Fee

In 2019, the audit fee out of the Company has been paid for audit firm that the auditor work for amounted to THB 855,000.

Non-Audit Fee

-None-

BOARD OF DIRECTORS

1. Mr.Oranop Jantaraprapa • Age 72 years • Shareholding 0.17%

Position	Chairman • Authorized Director
Education	<ul style="list-style-type: none"> • M.B.A., East Texas State University, U.S.A. • B.A. (Accounting), Chulalongkorn University • The Role of Chairman Program (RCP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2002 – Present: Chairman, Siam Future Development Plc., Shopping Center Developer • 1980 – 1990: Siam Cement Group Vice President of Operation Division, Construction and Supply Machine President, SCT Computer Co., Ltd., Computer President, Pan Supplies Co., Ltd (Siam Cement Group), Construction Material and Decoration Manager of Accounting Department, Manager of Trading Department, Manager of Finance Department, Siam Cement Trading Co., Ltd. International Trading

2. Mr. Pongkit Suttapong • Age 60 years • Shareholding 5.76%

Position	Vice Chairman • Authorized Director
Education	<ul style="list-style-type: none"> • M.B.A. (Marketing), National Institute of Development Administration (NIDA) • B.E. (Industrial Engineering), Khon-Kaen University • Director Certification Program (DCP) Class #35, Thai Institute of Directors Association (IOD) • Politics and Governance in Democratic Systems for Executives Class #9 (PorPorRor. 9), King Prajadhipok's Institute, year of 2005 • The Joint State-Private, National Defense College, (WorPorOr. 2006), year of 2006
Experience	<ul style="list-style-type: none"> • 1994 – Present: Vice Chairman, Siam Future Development Plc., Shopping Center Developer • 1993 – 1994: Director & General Manager, The International Engineering Plc., Telecommunication • 1990 – 1993: Senior Vice President, The International Engineering Public Co., Ltd., Telecommunication • 1989 – 1990: Regional Marketing Manager (South East Asia) Nokia Mobile Phone, Nokia (SEA) Pte. Ltd, Singapore Office • 1986 – 1989: Mobile Phone Department Manager, The International Engineering Plc., Telecommunication • 1984 – 1986: Marketing Planning Manager, Sabina Fareast Co., Ltd., Lingerie

3. Mr. Nopporn Witoonchart • Age 55 years • Shareholding 6.18%

Position	Director • Chairman of Executive Committee • Acting Chief Executive Officer • Authorized Director
Education	<ul style="list-style-type: none"> • B.E. (Computer Engineering), King Mongkut's Institute of Technology • Director Certification Program (DCP) Class #70 in 2005, Thai Institute of Directors Association (IOD) • Top Executive Program (CMA #8), Capital Market Academy 2009 • Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010 • Top Executive Program in Urban Green Development (Mahanakorn #1), Urban Green Development Institute Bangkok 2011 • Diploma, National Defence College, The Joint State – Private Sector Course Class 55, National Defence College of Thailand • Top Executive Program in Industry and Investment Business Development, Institute of Business and Development (IBID1) • Top Executive Program in Energy Literacy for the world – Class #6, Thailand Energy Academy 2015 • Top Executive Program in Advance Insurance Leadership – Class #6, Thailand Energy Academy 2016 • Top Executive Program in Tourism – (Gortorsor #1), Tourism Authority of Thailand • Business Revolution and Innovation Network (BRAIN #1), The Federation of Thai Industries • Academy of Business Creativity (ABC #8), Sripatum University 2018
Experience	<ul style="list-style-type: none"> • 1994 – Present: Director, Chairman of Executive Committee, Siam Future Development Plc., Shopping Center Developer • 1994 – Present: Managing Director, Siang Somboon Co., Ltd., Real Estate • 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate • 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer

4. Mr. Somnuk Pojkasemsin • Age 63 years • Shareholding 0.20%

Position	Director • Executive Director • President • Authorized Director
Education	<ul style="list-style-type: none"> • M.S. (Accounting), Thammasat University • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2002 – Present: Director, President, Siam Future Development Plc, Shopping Center Developer • 2001 – 2002: Corporate Services Group Director, Motivation Asia (Thailand) Ltd., Marketing Service • 1991 – 1999: Senior Vice President Internal Affair, The International Engineering Plc. (IEC), Telecommunication • 1988 – 1991: Finance Manager, Bangkok Weaving Mill Co., Ltd., Weaving • 1985 – 1988: Cost Accountant, Laem-Thong Corporation, Agricultural Industry • 1980 – 1985: Senior Auditor, SGV-Na Thalang & Co., Ltd., Audit Firm

5. Mr. Kittinanth Sumruatruamphol • Age 57 years • Shareholding 0%

Position	Director • Executive Director • Chief Financial Officer • Authorized Director
Education	<ul style="list-style-type: none"> • M.B.A. (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Computer Science, Boston University, Massachusetts, USA. • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2009 – Present: Director, Executive Director, and Chief Financial Officer, Siam Future Development Plc. Shopping Center Developer • 2005 – 2008: Director of Research, Hunters Investments, Fund • 2004 – 2005: Advisor, Hard-thip Plc. • 2003 – 2004: Chief Investment Officer, Siam Commercial Asset Management Co., Ltd. • 2002 – 2003: Executive Vice President, Siam Commercial Securities Co., Ltd • 1997 – 2002: Head of Thailand Research, Salomon Smith Barney, Financial Advisor

6. Mr. Vicha Poolvaraluck • Age 57 years • Shareholding 0%

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> • M.B.A., United States International University of San Diego, USA. • B.A. (Accounting), Chulalongkorn University
Experience	<ul style="list-style-type: none"> • 2003–Present: Director, Executive Director, Siam Future Development Plc., Shopping Center Developer • 2012–Present: Chairman of Executive Committee, Major Care Foundation • 2008–Present: Director and Vice Chairman of the Board of Directors, M Pictures Entertainment Plc. • 1998 – Present: Director, Chairman of Executive Committee, Major Cineplex Group Plc., Cinema and Bowling

7. Mr. Verawat Ongvasith • Age 49 years • Shareholding 0.03%

Position	Director
Education	<ul style="list-style-type: none"> • M.B.A., Boston University, USA. • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer • 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling • 2011 – Present: Chairman of Executive Committee, Oak Tree Co.,Ltd., Sofitel So Bangkok Hotel • 2011 – Present: Executive Director, Chief Executive Officer, Veranda Resort Public Co.,Ltd., Hotel • 2011 – Present: Chairman of Executive Committee, Veranda Beach Pattaya Co.,Ltd., Hotel

8. Ms.Thitaphat Issarapornpat • Age 51 years • Shareholding 0%

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> • M.B.A., Chulalongkorn University • Bachelor of Accounting, Ramkamhaeng University • Director Certification Program (DCP 148/2011), Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer • 2013 – Present: Chief Finance Officer and Company Secretary, Major Cineplex Group Plc., Cinema and Bowling • 2019 – Present: Director, Tai Major Co., Ltd. • 2019 – Present: Director, Mtel (Thailand) Co.,Ltd. • 2016 – Present: Director, CJ Major Entertainment Co., Ltd. • 2013 – Present: Director, Major Kantana Broadcasting Co., Ltd. • 2012 – Present: Director, M Pictures Entertainment Plc. • 2011 – Present: Director, Thaiticket Major Co., Ltd. • 2011 – Present: Director, EGV Entertainment Plc.

9. Mrs. Nantiya Montriwat • Age 72 years • Shareholding 0.03%

Position	Chairman of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • M.A. (Actuarial Science), University of Manitoba, Canada • B.A. (Statistics), Chulalongkorn University • Director Certification Program (DCP) in 2000, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Chairman of the Audit Committee and Independent Director, Siam Future Development Plc, Shopping Center Developer • 2008 – Present: Director, Thai Samut Asset Co., Ltd. • 2007 – Present: Chairman, Muang Thai Management Security Guard Co., Ltd. • 2007 – 2015: Director, Muang Thai Real Estate Pcl. • 2004 – 2008: Advisor to the President, Muang Thai Life Assurance Co., Ltd. • 2000 – 2003: Senior Executive Vice President, Muang Thai Life Assurance Co., Ltd. • 1999 – 2008: Director, Muang Thai Insurance Co., Ltd. • 1999 – 2004: Director, Muang Thai Holding Co., Ltd.

10. Mrs. Sabaithip Suntaros • Age 72 years • Shareholding 0.07%

Position	Member of Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003– Present: Member of Audit Committee and Independent Director, Siam Future Development Plc, Shopping Center Developer • 2009 – 2016: Independent Director, Hua Seng Heng Gold Future Co., Ltd., Trading Gold Future • 2003 – 2006: Member of Working Group, TISCO Charity Foundation • 2001 – 2002: Senior Vice President Custodian Services, TISCO Finance Plc. • 1997 – 2001: Senior Vice President Financial Division, TISCO Finance Plc.

11. Mr. Chai Jroongtanapibarn • Age 65 years • Shareholding 0%

Position	Independent Director
Education	<ul style="list-style-type: none"> • M.S. (Accounting), Thammasat University • B.A. (Accounting), Chulalongkorn University • Director Certification Program (DCP) in 2003, Thai Institute of Directors Association (IOD) 29/2003 • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD) 24/2005
Experience	<ul style="list-style-type: none"> • 2003 – Present: Independent Director, Siam Future Development Plc., Shopping Center Developer • 2019 – Present: Chairman and Independent Director, Veranda Resort Plc, Hotel • 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc, Cinema and Bowling • 2007 – Present: Independent Director, Audit Committee and Risk Management Director, Siam Food Plc., Exporting of Canned Fruits • 2006 – Present: Independent Director, Audit Committee and Chairman of Risk Management Director, Oishi Plc., Soft Drink and Restaurants • 2014 – Present: Chairman and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel Trading and Services • 2000 – Present: Independent Director and Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit • 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading and Manufacturing

12. Mr. Woravit Chailimpamontri • Age 50 years • Shareholding 0%

Position	Member of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • M.B.A. in International Business, Schiller International University, London, England • B.A. (Marketing), Bangkok University • Director Certification Program (DCP) Class#100/2008 and Advanced Audit Committee Program (AACP) Class#28/2019, Thai Institute of Directors Association (IOD) • Top Executive Program (CMA#8), Capital Market Academy 2009 • Top Executive Program in Commerce and Trade (TEPCoT#3), Commerce Academy 2010 • Top Executive Program in Politics and Governance in Democratic Systems (Class#14), King Prajadhipok's Institute 2011 • Certificate of Housing Finance Program at the Wharton School, University of Pennsylvania 2012 • The Programme for Senior Executives on Justice Administration (Class#16), National Justice Academy, Office of Judiciary 2013 • Top Executive Program in Energy Literacy for a Sustainable Future (Class#4), Thailand Energy Academy (TEA) in 2014 • Top Executive Program in Metropolitan Management and Development (Mahanakorn Class#4), Institute of Metropolitan Development, Navamindradhiraj University in 2015 • Public Order Management Program (Class#3), Police Education Bureau 2016 • Thailand Insurance Leadership Program (Class#6) Office of Insurance Commission (OIC) 2017
Experience	<ul style="list-style-type: none"> • Mar 2018 – Present: Member of the Audit Committee and Independent Director, Siam Future Development Plc. • Apr 2018 – Present: Director and Independent Director, 2S Metal PLC. • 2017 – Present: Director and Chairman of the Audit Committee and Independent Director, National Power Supply Plc. • 2017 – Present: Director and Executive Director, International Research Corporation Plc. • 2015 – Present: Director, Thailand-Cambodia Friendship Association

Remark:

- No relationship among each director.

Management

1. Mr. Nopporn Witoonchart • Age 55 years

Please see the Details in Board of Directors

2. Mr. Somnuk Pojkasemsin • Age 63 years

Please see the Details in Board of Directors.

3. Mr. Kittinanth Sumruatruamphol • Age 57 years

Please see the Details in Board of Directors.

Report on Compliance with Principles of Good Corporate Governance

The Board of the Directors of the Company was aware of the roles, duties and responsibilities according to the code of best practices for the directors of listed company in order for the transparency of the operation and to increase the credibility to be in accordance with international standard as well as sustainable growth of the Company. The Board of the Directors, therefore, adopted self-assessment form on the compliance with good corporate governance principles as a tool to develop the Company's corporate governance system to be in compliance with the good corporate governance principles set out by the Stock Exchange of Thailand. The Company set out an approach and operational methods which could be divided into five sections as follows:

Section 1 Shareholders' Rights

The Company was aware of the rights of the shareholders. Sufficiency and timeliness of the information used in decision making and disclosure of information of the Company was in compliance with the regulations of related entities

Opportunity for the shareholders to consider the information prior to the date of the shareholders'

- In order for all shareholders to receive clear and sufficient information with enough time to study in advance before the date of the shareholders' meeting, the Company had clearly disclosed the information regarding the date, time, venue and meeting agenda through SET Portal/ SETLink of the Stock Exchange of Thailand and on its website approximately one-two months prior to the date of the shareholders' meeting.
- In delivering the document for the shareholders' meeting, the Company assigned Thailand Securities Depository Company Limited, its share registrar, to deliver an invitation letter for the 2019 Annual General Meeting of the Shareholders 14 days prior to the

meeting. The Company also disclosed the information supplementary to the meeting agenda both in Thai and English on its website prior to the delivery of the document so that the shareholders had sufficient time to consider the meeting agenda and supplementary information. The information was similar to the paper document that the Company delivered to the shareholders, which consisted of:

1. Invitation letter for the 2019 Annual General Meeting of the Shareholders
2. Attachment 1: Minutes of the 2018 Annual General Meeting of the Shareholders
3. Attachment 2: 2018 Annual Report
4. Attachment 3: Details on the provisioning of legal reserve for the 2018 operating results and dividend payment
5. Attachment 4: Details on the capital decrease
6. Attachment 5: Details on the increase of a registered capital and allotment of the new shares to support dividend payment
7. Attachment 6: Details on the amendment of the Memorandum of Ass
8. Attachment 7: Details on the re-election of the directors whose terms expired and to consider an appointment of the new directors
9. Attachment 8: Details on directors' remuneration
10. Attachment 9: Details on the appointment of auditors for the year 2019 and the determination of audit fee
11. Profile of Independent Director for principals
12. Proxy Form A
13. Proxy Form B
14. Proxy Form C
15. Evidence for proving the rights to attend the shareholders' meeting

16. Articles of Association regarding the meeting of the shareholders

17. Map for the meeting venue

- The delivery of document to the shareholders was in compliance with the regulations of the Stock Exchange of Thailand. The Company's information was also disclosed through the SET Portal / Setlink
- To facilitate those shareholders who could not attend the meeting in person, the Company provided an opportunity to give a proxy to an independent director or other persons to attend the meeting on their behalf using the proxy form delivered together with the meeting invitation letter. The Company had attached the document or evidence required to be provided prior to the meeting as well as profile of the independent director assigned as proxy by the Company. The shareholders could download the proxy form, both in Thai and English versions, through the Company's website.

Process on the Date of Shareholders' Meeting

1. Facilitation for the shareholders to use their rights

- On the date of shareholders' meeting, the Company facilitated the shareholders and their proxies in the registration for meeting attendance by using barcode system in the registration and vote counting. The barcode specified the registration number of each shareholder. Such system helped speed up the registration process. Ballots were also distributed to those shareholders who attended the meeting in person prior to the meeting. Additionally, the Company arranged the document checkpoint for proxy and prepared duty stamp to be attached with the proxy form. Staff had been arranged to facilitate the registration. The registration was also open at least two hours prior to the meeting.
- On the meeting date, prior to the meeting time, the master of ceremonies would explain details of the

meeting rules, voting process and vote counting method as provided in the meeting invitation letter to the shareholders again which could be summarized as follows:

- (1) The number of votes of each shareholder equaled the number of shares held by such shareholder. One share equaled one vote.
 - (2) Ballot with more than one mark, ballot with conflicting votes, ballot with deleting mark without endorsement, or ballot with marks more than entitled votes would be considered voided ballot. The shareholders who would like to change their votes would cross out the existing mark and affix their signatures. Votes which differ from the aforementioned would be considered invalid.
 - (3) In case of foreign shareholders who appointed custodians to be share depository and custodians, their votes would be separated whether in approval, disapproval or abstention on each agenda item, with the number of votes separated equivalent to the number of shares they held.
 - (4) For agenda 7, re-electing directors that expired on their tenures, to comply with a good qualification of shareholders' meeting. The Company gives a right to vote for the director individually.
- The Company allowed the shareholders to join the meeting after the Chairman opened the meeting. These shareholders were entitled to vote on the agenda under consideration which had not been voted. They would be counted as meeting quorum from the attended agenda and afterwards. Therefore, the number of votes in each agenda might not be equal.
2. Opportunity for the shareholders to provide opinion
- Prior to the voting, the Company provided the shareholders an equal opportunity to provide opinions, suggestion or raise questions on the matters related to the agenda so that the

shareholders could receive sufficient information and details of each agenda. The shareholders were requested to avoid repeated questions or opinions to provide the opportunity for other shareholders to use their rights and to ensure the meeting was held within appropriate period.

- Should the shareholders have questions not related to the agenda under consideration, they were open to raise questions or provide suggestions in other agenda at the end of the meeting so that the meeting could be continually conducted according to the order of the agenda.

Disclosure of the Resolutions of the Shareholders' Meeting and the Preparation of Meeting Minutes

- The Company disclosed the meeting resolutions through the SET Portal / Setlink of the Stock Exchange of Thailand and on Company website (www.siamfuture.com) for Annual General Meeting of Shareholders 2019 so that public could be informed of the voting results of each agenda.
- The Company thoroughly recorded the minutes of the shareholders' meeting which comprised important information, i.e. names of the directors who attended the meeting, voting results of each agenda, questions and answers, suggestions and opinions of the shareholders presented in the meeting, and submitted the minutes of the annual general meeting of the shareholders to the Stock Exchange of Thailand and the Ministry of Commerce within the period required by law within 14 days from the meeting date.

Section 2 Equitable Treatment of Shareholders

The Company was aware of the care, protection of interest of all shareholders, be it major shareholders, minor shareholders, individual shareholders, institutional investors, Thai investors or foreign investors. All shareholders were treated and entitled equally for the maximum benefits of shareholders. As such, the following policy to facilitate the shareholders was set out:

Provision of Opportunity for the Shareholders to Propose the Meeting Agenda and Nominate Candidates for the Company's Directors in Advance

The Company provided the opportunity for the shareholders to propose the meeting agenda and nominate candidates for the Company's directors in advance. Such rules were disclosed on the SET Portal of the Stock Exchange of Thailand and on the Company's website (www.siamfuture.com). For the 2019 Annual General Meeting of the Shareholders, the Company provides the opportunity for the shareholders to propose the meeting agenda and nominate candidates for the Company's directors from 27 December 2018 to 25 January 2019. Form of meeting agenda proposal and form of nomination for the Company's directors and support evidence could be submitted to the Investor Relation. Rules were as follows:

The Company provided the rights to one or several shareholders who held at least 5% of the total issued shares of the Company as at the date of meeting agenda proposal to propose the meeting agenda and nominate candidates for the Company's directors in advance. The Company's Board of Directors would screen out whether to include the proposal as the meeting agenda according to the Company's rules and disclose in the meeting invitation letter as the agenda proposed by the shareholders.

However, during such period, no shareholders proposed the meeting agenda and nominated candidates for the Company's directors in advance.

Provision of the Opportunity for the Shareholders Who Could Not Attend the Meeting in Person to Assign Proxy to Attend the Meeting and Vote on Their Behalf

The Company provided the rights to the shareholders who could not attend the meeting in person to assign an independent director who had no interest in the agenda under consideration or other persons as their proxy to attend the meeting and vote on their behalf by using the proxy form provided by the Department of Business

Development, the Ministry of Commerce. The proxy form was submitted together with the meeting invitation letter 14 days before the meeting date. It was also published on the Company's website.

Prevention of the Use of Insider Information

The Company gave importance to the use of its insider information, information which had not been disclosed to public, or information which might have an impact on the Company's share price. As such, the following guidelines were set out for the management and staff:

- The Company supervised the use of insider information by requiring the management and staff to keep the information of the Company and customers confidential. The information which might be obtained by virtue of position was not to be used for their own benefit or not to be used to damage the Company and its customers.
- The directors and management were required to report the change in their ownership in the Company's securities according to the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- The regulations were set to prevent the Company's directors and management from trading the Company's securities one month prior to the disclosure of the Company's financial statements to public.
- The Company consistently reviewed the securities trading of related parties and prohibited staff related to the preparation of the financial statements from disclosing the financial statements to other persons not relating to the preparation of the financial statements from the closing date of the financial statements to the disclosing date of such financial statements.

Interest of the Directors

To prevent any potential conflict of interest, the Company set out policy and conduct of the potential

conflict of interest transactions and related party transactions as follows:

- Require the directors and high-level management to report their and related party's interest when first taking the position of directors or high-level management.
- The Company's Board of Directors has the power to consider the investment or the transaction with related benefits. However, the directors with related benefits or with interest are not entitled to cast their vote in the meeting.

Section 3 Roles of Stakeholders

The Company gave importance to the rights of all groups of stakeholders by considering to protect their rights and to fairly treat all related parties. Approaches to treatment of all groups of stakeholders were as follows:

1) Staff and family

The Company believed in value of each person and was aware that people were major valuable resources which would drive the Company to continue to succeed. Therefore, the Company was determined to take care of and nurture quality of life in all aspects for staff, be it remuneration and welfare, environment, health, safety, knowledge development, or staff activities, all of which could be summarized as follows:

- The Company appropriately remunerated and provided welfare to all staff by fairly considering their works which could be measured, both in terms of monthly remuneration, annual bonus, life insurance or provident fund, etc. and reconsidered these benefits complying with the Company both short-term and long-term performance.
- The Company gave rights for staff to take sick leave for 30 days per year, personal leave for 7 days per years and after one year of working in the Company staff will get annual leave for 10 days per year.
- Good health of staff was one of concern of the Company, so the Company supported annual health

check up as well as medical expenses to all level of staff.

- The Company treated all staff fairly and equally, e.g. staff evaluation, keeping work profile confidential, staff's exercise of their rights, etc.
- The Company was determined to continually support and develop skills and knowledge of human resources through continual training arrangement and putting the management and staff at all levels to the seminars. Not only training from human resource department but also proposed training from each department to fill up more potential in each profession.
- The Company was aware of the rights of staff. It provided an opportunity for staff to submit a complaint or ask directly to management by a comment box provided by human resources department if they were not fairly treated.
- The Company always took care of work environment for the safety, hygiene and efficiency of works.
- To ensure safety in office, the Company provided yearly fire drill and emergency evacuation training.

2) Customers

In order for customers to be confident and optimally satisfied, the Company was focused on nurturing long-term relationship and cooperation with the customers by holding to the principles of honesty, belief and trust. Additionally, in response to the needs of new customers, the Company continually develops the potentials of shopping centers so that they were diversified, modern and be consistent with the consistent changes in economic and social situation.

Moreover, the Company gave first priority to the problems and needs of the customers. It had duty to maximize satisfaction of the customers through the care and responsibilities. Therefore, the Company set

out a measure for all management and staff to comply as follows:

- Develop and manage shopping centers with concerning of standard, safety and meet customer need in each community
- Concentrate on safety, cleanliness and convenience to tenants and customers in shopping centers
- Provide CCTV to record incident to ensure safety in shopping center
- Adhere to the compliance with the terms and conditions of the contracts agreed with the customers.
- Quotation and commercial terms proposed to the customers within the same group must be equal or have similar rental rate.
- Give accurate information on type of the projects, location and position of the rental area to the customers to build confidence and fairness to the Company's customers.
- Be prepared to respond to the customers' questions, including consistent action on complaint, suggestion and monitoring of progress of issues informed by the customers.
- Manage shopping centers with the international standard related to International Council of Shopping Centers (ICSC)

However, the Company set out compensation standard for those customers damaged from violation. It supervised the customers according to the policy of customer's supervision. Project managers were appointed as a center of complaint submission if the customers had problems and need direct assistance.

3) Creditors

The Company was aware of the relationship with all related parties including creditors. It had the following guidelines to build confidence and fairness to the creditors:

- The Company had duties to create relationship and treat the creditors by holding to the principles of honesty, belief and trust
- The Company had duties to be responsible for, to care and to strictly comply with the terms and conditions agreed with the creditors
- Notify the creditors without hiding the truth if it cannot comply with any terms and conditions or upon an event of default so that solution is mutually and reasonably considered
- Manage appropriate capital structure to support the operation of the Company and to build trust to the creditors

4) Shareholders

The Company gave importance to equal rights of shareholders. It had duties to protect and respect the fundamental rights of the shareholders as required by law and the Company's Articles of Association, i.e. rights to trade or transfer shares, rights to share profit of the Company, rights to receive sufficient information of the Company, rights to attend the shareholders' meeting to appoint or remove the directors, appointment of the auditors, determination or amendment of the Articles of Association or the Memorandum of Association, capital increase or reduction, approval of extraordinary transactions, etc. The Company had duties to promote and support the shareholders in exercising their rights in the Annual General Meeting of the Shareholders as disclosed in Section 1 Rights of the Shareholders and Section 2 Fair Treatment to the Shareholders.

Presently, the Company proceeded to protect and supervise the fundamental rights of the shareholders, both rights in receiving the information and rights to attend the shareholders' meeting, as well as supporting the exercise of other rights according to the law. In addition, it assessed and monitored the action to prevent damages from violation of the

shareholders both within and outside the organization by assessing with the department which supervised the rights of the shareholders. External assessment was in form of AGM Checklist annually assessed by the Office of the Securities and Exchange Commission, Thai Investors Association and Thai Listed Companies Association.

5) Business partners

The Company had duties to strictly comply with the commercial terms and agreement made with business partners. It gave an equal opportunity for all business partners to propose their services. The management and staff would treat business partners honestly and equally. Any consideration and decision was made based on quality and other conditions with the first priority to the Company's short and long term benefit. Additionally, related management and staff were required to keep information of the business partners confidential and prohibited from requesting or receiving any assets or benefits from the business partners, and prohibited from disclosing the information or proposal of one or several business partners to others whether directly or indirectly.

6) Competitors

The Company treated competitors fairly according to the framework of moral trade competition under the law and ethics. It also did not take advantage of the competitors using illegal action or by discrediting the competitors using negative accusation without true information.

7) Analysts, investors and financial institutions

The Company gave an opportunity for the analysts, investors and financial institutions to be informed of its business information and outlook of the operation results as deemed appropriate and in compliance with the law and good corporate governance on the information disclosure. Contact channel for the request of information was through the Investor

Relation (IR) at tel.02-660-9464-5, 02-660-9474, or in form of face-to-face meeting, or through email sajjapong@siamfuture.com, pakorn@siamfuture.com or through the Company's website (www.siamfuture.com).

The Company normally attended Opportunity Day set up by the Stock Exchange of Thailand (SET) every year to present important information and update project progress. Moreover, the Company usually attended meeting with fund manager or analyst both domestic and international to create good relationship.

Whistleblowing and Complaints

- In the case that employees or stakeholders suspect any unlawful activities or those in violation of the law, rules, regulations, or code of business conduct, or lack of internal control, they can deliver alert or complaints directly to the Company's Internal Control Unit. Internal Control Unit of the Company will be a channel for staff, customers, suppliers, shareholders and other people that have transaction with the Company. They all can inform alert or complaint in case of suspicious to corruptive incident or conflict incident to the Board of Director. The Company will investigate and proceed the incident. Detail of channel to deliver alert or complaints are as follow.

Internal Control Unit

Siam Future Development Public Company Limited
6th Floor Esplanade Ratchdapisek
99 Ratchadapisek road, Din Deang, Bangkok 10400
Tel: 02-660-9473
E-mail: rattipoom@siamfuture.com

- The Board of Directors specifies not to disclose any information related to the complaints and whistleblowing issues.
- After receiving the complaints or whistleblowing issues, the Internal Control Unit will collect data and evidence, summarize, and then propose its findings

to the Audit Committee. If the finding is perceived to be harmful to the Company, the Audit Committee will propose to the Board of Directors for acknowledgement and further consideration.

Anti-Corruption or Corruption

- The Company attaches great importance to honesty and adherence to accuracy which is cultivated as one of the vital practices for every employee.
- The Company had internal control process by allowing to be audited and appropriate check and balance, which has an objective to prevent corruption.
- The Company assigned its employee to attend the training session for Collective Action Coalition against Corruption (CAC) on August 9th, 2018.
- In 2018, the Company became a member in Thaipat Institute in order to receive the guideline for anti-corruption handbook.

Section 4 Disclosure and Transparency

The Company set out policy on the corporate governance by giving high importance to equal treatment of all parties, be it shareholders, the Company's stakeholders or any related parties. It arranged to have sufficient information disclosed, be transparent and could be checked. Throughout the year of 2019, the Company had accurately, completely, timely and transparently disclosed both financial and non-financial information according to the regulations specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand through the SET Portal / Setlink of the Stock Exchange of Thailand and through the Company's website. The Company had never been preceded by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand from the violation of the regulations, and had strictly complied with the deadline for information disclosure. It also assessed

and controlled potential unavoidable risks by having sufficient control and internal audit. Moreover, the Company set out policy of operation to comply with the law and normal commercial ethics.

The Company had assigned finance department to act as investors relation. Their responsible was to answer questions and communicate with investors and analysts from various institutions as deemed appropriate. The Company had accurately, completely and promptly disclosed both financial and non-financial information through various electronic channel and media of the Stock Exchange of Thailand and the Company's website. The investors could request additional information of the Company with Investor Relation at tel. 02-6609464-5, 02-660-9474 or at website <http://www.siamfuture.com>. At present the Company disclosed Thai and English information on the website. In 2019, the Company attended various meetings for the CFO to present the operating results and future investment plan to the investors and analysts. The Company had attended Opportunity Day and continual company visits and conference calls with the investors both domestic and international.

The Company's Board of Directors was responsible for the Company's financial statements and financial information as disclosed in the Annual Report that such financial statements were prepared in accordance with Thai Financial Reporting Standards by consistently adopting and complying with appropriate accounting policy using cautious discretion and best forecast in the preparation. Material information was also sufficiently disclosed in the notes to the financial statements. The Board of Directors arranged to maintain efficient internal control system to reasonably ensure that accounting records were accurate, complete and sufficient to preserve assets, and to reasonably build confidence in the reliability of the Company's financial statements.

Remuneration policy for the Company's directors and management was apparent and transparent. Remuneration of the Board of Directors would be determined by the shareholders in a fixed amount annually. The Company's Board of Directors had a policy in determining the directors' remuneration at appropriate level to be sufficient to attract and maintain capable directors.

Section 5 Responsibilities of the Board of Directors

1. Policy on the Good Corporate Governance

- 1.1 The Company's Board of Directors intended to supervise the business based on the good corporate governance principles. It was aware of the benefit and importance of the good corporate governance which supported efficient, transparent, and checkable operation. As a result, the Company's competition capability was increased while value was added to the shareholders in a long run.
- 1.2 Consideration of the shareholders' rights and provision of rights to the shareholders in various matters, e.g. rights to propose the agenda for the shareholders' meeting in advance, rights to nominate candidates for directors position in advance, etc. It also did not perform any action which violated or derogated the rights of the shareholders.
- 1.3 Fair and equal treatment to the shareholders, investors, stakeholders and related parties
- 1.4 Disclosure of accurate and sufficient information to all shareholders, investors, stakeholders and related parties equally within the determined deadline through appropriate channels so that the shareholders and related parties could access the information conveniently, e.g. through the Company's website, etc.

- 1.5 Conduct of duties and responsibilities of the Company's Board of Directors in supervising and managing the business with honesty, ethics, cautiousness and care in order to achieve the Company's target and to maximize benefits for the Company and shareholders with no conflict of interest
- 1.6 Manage with transparency under the internal audit and control system.
- 1.7 Control and manage risk of the Company in an appropriate level to the operation
- 1.8 Do the business with honesty under law and regulation as well as business ethic

2. Structure of the Board of Directors

- 2.1 The Company's Board of Directors consisted of three executive directors, five non-executive directors and four independent directors. The independent directors accounted for 33% of total Board of Directors, allowing for efficient check and balance. The number of the remaining directors was according to the investment of each group of shareholders.
- 2.2 The Company clearly determined tenor of the directors.
- 2.3 The Board of Directors considered the appropriateness of the qualification of the "Independent Director" in order for the Company's independent directors to be genuinely independent according to the special nature of the Company.
- 2.4 The Board of Directors had not determined the number of the companies in which each director could have a position, to suit the nature or characteristics of the Company. However, each

director had complied with appropriate code of conduct.

- 2.5 The Board of Directors had not clearly determined the policy and guidelines for the CEO and high-level management to have a director position in other companies.
- 2.6 Chairman of the Board of Directors and CEO are not the same persons with different responsibilities. Duties and power of the Chairman and the CEO had been clearly determined.
- 2.7 Presently the Chairman of the Board of Directors was not an independent director.
- 2.8 In 2008 the Company appointed Secretary to provide advice on legal, accounting and regulations which the Board of Directors must be aware of, and to supervise the activities of the Board of Directors as well as coordinating to have the resolution of the Board of Directors complied.

3. Sub-Committee

- 3.1 Apart from the Audit Committee required by the regulations of the Stock Exchange of Thailand, the Company had not set up other sub-committees for good corporate governance, i.e. Compensation Committee, Nomination Committee and Corporate Governance Committee. At present, the Company's Board of Directors acted as Compensation Committee and Audit Committee also acted as the Corporate Governance Committee.
- 3.2. For the transparency and independency, majority of the sub-committee members were independent directors while the Chairman of the sub-committee was independent director.
- 3.3 Chairman of the Board of Directors was not the Chairman or the member of the sub-committee in order for the genuine independency of the sub-committee.

4. Roles, Duties and Responsibilities of the Board of Directors

- 4.1 The Company's Board of Directors participated in approving the vision, mission, strategy, target, business plan and budget of the Company. It also clearly determined the roles and duties of the Executive Committee and the management, and supervised the management to efficiently and effectively operate according the determined plan and budget.
- 4.2 The Board of Directors arranged to have the policy on corporate governance written and approved such policy, which would be reviewed consistently at least once a year.
- 4.3 The Company's mission specified that the Board of Directors, management and staff shall perform their duties with honest, ethics and morality, and shall be responsible which would result in transparent and checkable operation.
- 4.4 The Board of Directors had determined the conflict of interest with care. The approach in considering transaction with potential conflict of interest should be clear and for the benefit of the Company and shareholders as a whole. Person with interest should not participate in the decision making. The Board of Directors had supervised to ensure the compliance with the regulations concerning the process and accurate and thorough disclosure of information of the transaction with potential conflict of interest.
- 4.5 The Company gave importance to the good internal control system for the transparency of the operation. It also maximized the effectiveness of the operation. However, as the Company was considered relatively small in terms of the number of staff while the management structure was not

complicated, which was considered one of the Company's advantages, the internal control and audit could be easily conducted through the review of order of authorization power, review of the document path, and clear separation of duties. Additionally, the utilization of the Company's assets had been controlled to ensure maximum benefit from the utilization. Check and balance was appropriately in place. In 2008, the Company engaged an internal audit company to increase the efficiency of the Company's internal control system.

- 4.6 The Company also arranged for risk management to minimize potential damage by seeking opinion from independent financial expert when it was required to enter into any transaction which may be exposed to the risk, e.g. registration of the long-term lease of land with high value compared with the Company's total assets, or upon an offering of ordinary shares for private placement.

5. Meeting of the Board of Directors

- 5.1 The Company scheduled the meeting of the Board of Directors in advance and notified each directors of such schedule to allow the directors to be able to arrange their time for the meeting.
- 5.2 Normally the meeting would be held regularly every three months. The meeting date was set in advance while there may be additional meetings as deemed necessary. The Secretary of the Board of Directors would prepare the document, meeting invitation letter and meeting agenda seven days prior to the meeting so that the Board of Directors had enough time to study the information prior to the meeting. However, the meeting of the Company's Executive Committee was held every month while every report on the operating results was also submitted to other directors.

5.3 Chairman of the Board of Directors and the CEO had jointly considered the selection of the agenda for the meeting of the Board of Directors to ensure that the significant matters had been included. Each director was free to propose the matters for the meeting agenda.

5.4 In 2019, four meetings of the Board of Directors were held. Each meeting took approximately 2 – 3 hours. The Secretary had recorded and prepared the minutes of each meeting in writing, and had kept the minutes of the meeting certified by the Board of Directors for audit.

5.5 The Board of Directors would support the CEO to invite the high-level management to attend the meeting of the Board of Directors to provide additional details of the information as they were directly involved in the situation, and to provide the opportunity to be acquainted with the high-level management for succession plan.

5.6 The Board of Directors could request additional necessary information from the CEO, the Company's Secretary, or other assigned management within the scope of determined policy.

5.7 Non-Executive Board of Directors could arrange their meetings as deemed necessary to discuss problems under consideration without the management. Results of the meeting would be informed to the CEO.

6. Self-Assessment of the Board of Directors

The Board of Directors would arrange for self-assessment in order for them to jointly consider the results of the work and problems for improvement afterwards. Criteria would be set for systematic comparison of the results.

7. Remuneration

7.1 Directors' remuneration was set to be comparable with normal practice of the industry based on experiences, obligation, accountability and responsibility as well as benefits expected from each director. Directors with additional roles and responsibilities, e.g. as a member of sub-committee, would receive additional remuneration as deemed appropriate.

7.2 Remuneration of the CEO and the high-level management was in compliance with the principles and policy determined by the Board of Directors within the limit approved by the shareholders' meeting and for the maximum benefit of the Company. Level of the remuneration as salary, bonus and long-term incentives should be consistent with the Company's achievement and performance of each management. In 2019, remuneration of the Company's Board of Directors and management comprised salary, meeting attendance fee and provident fund which amounted to THB 36.01 million in total, whereby

1. 12 members of the Board of Directors received meeting attendance fee of THB 6.00 million in total.
2. 5 members of Executive Committee and management received remuneration of THB 24.80 million in total.
3. Other remuneration, i.e. provident fund, equaled THB 5.21 million.

All non-executive directors or Compensation Committee would assess the CEO annually to be used in considering the remuneration of the CEO. However, criteria, including financial results, achievement in long-term strategic objectives, development of the management, etc., would be set with the CEO in advance.

8. Development of the directors and management

- 8.1 The Board of Directors supported and facilitated the training and education to persons related with the Company's corporate governance system, e.g. directors, Audit Committee, management, the Company's Secretary, etc., for the continual improvement of the operation. They had attended the trainings with the Thai Institute of Directors (IOD).
- 8.2 For every change of the directors, the Company would provide useful document and information on the duties of new directors, including an introduction of the nature of business and the Company business approach, to new directors.
- 8.3 The Board of Directors would determine concrete development and succession plan in writing afterwards. The CEO and high-level management had prepared the successor if they were not able to perform their duties.
- 8.4 In developing the management, the Company arranged its management to attend academic seminars and meetings organized by the International Council of Shopping Centers (ICSC) and MAPIC, which were international organizations with objectives to educate shopping centers information, news and statistics related to the shopping centers and retail business around the world, as well as to connect persons related to the shopping centers.

Corporate Social Responsibility: CSR

Overall Policy on Social Responsibility

The Company's core business is developing and managing open-air shopping center. Our vision is **"Unlike other developers, we create a place for people first then business"**.

The Company had acted upon the principles of good corporate governance, professional and quality management as well as ethical and governance transparency for the benefit of all stakeholders. The Company emphasized on continuous improvement of the existing projects to maintain the existing customer base so that it will be able to steadily develop the shopping centers to gain sustainable profit and return to the shareholders in a long run. The Company is thus cautious in considering new projects to ensure the feasibility of the investment. The Company's approaches towards the social and environmental responsibility are:

1) Fair Business Operation

The Company puts an emphasis on promoting free, honest and fair trade competition in compliance with the law and business ethics. It avoids the practice that may cause conflict of interest by abiding by rules of equal competition based on fair return to both parties. The Company sets out a policy on fair business operation as follows:

- Free to propose goods/service from business partner.
The Company will consider and procure on quality comparison basis with concerning on both short-term and long-term benefit.
- No request or acceptance of assets or other benefits outside of the commercial terms
- Keep confidential the information of business partners by not using it wrongfully for the benefit of itself or related persons whether directly or indirectly

- Strictly comply with the commercial terms and conditions, and not exploiting customers' information for the benefit of itself or related persons
- Focus on shopping center development, nurturing good relationship with business partners to enhance potential and efficiency of doing business together in a long run. Also treat the business partners with honesty and equality.
- Strictly prohibit any operation to infringe intellectual property. As well as promote management and staff to use goods and service with copyright. And do not support goods and service with infringement copyright.

The Board of Director focus on disclosure with correct, clear and cover information to investors and related person through SETPortal of Stock Exchange of Thailand or the Company's website (<http://www.siamfuture.com> "Investors Relation")

2) Respect of Human Rights

The Company sets out a policy and process to relieve and solve an impact of its operation on human rights. It promptly assigns channel to communicate with public or customers should concern arises. Moreover, apart from law, the Company also gives importance to equality by treating staff, public, business partners or customers fairly without discriminating any person because of the similarity or difference in look, race, religion, age, gender or education. It also does not support any director, management or staff to violate human rights.

3) Fair Treatment to the Labor

The Company pays attention not only to business target but also staff safety and welfare. The Company concerns on staff remuneration, staff skill development

complying with the Company operation as well as retirement plan.

- The Company appropriately remunerated and provided welfare to all staff by fairly considering their works which could be measured, both in terms of monthly remuneration, annual bonus
- The Company gave rights for staff to take sick leave for 30 days per year, personal leave for 7 days per years and after one year of working in the Company staff will get annual leave for 10 days per year.
- Good health of staff was one of concern of the Company, so the Company supported annual health check up as well as medical expenses to all level of staff. During year 2019, there was no accident from operation.
- The Company was determined to continually support and develop skills and knowledge of human resources through continual training arrangement and putting the management and staff at all levels to the seminars. Not only training from human resource department but also proposed training from each department to fill up more potential in each profession.
- The Company treated all staff fairly and equally, e.g. staff evaluation, keeping work profile confidential, staff's exercise of their rights, etc.
- The Company was aware of the rights of staff. It provided an opportunity for staff to submit a complaint or ask directly to management by a comment box provided by human resources department if they were not fairly treated.
- The Company always took care of work environment for the safety, hygiene and efficiency of works.
- To ensure safety in each project, the Company provided yearly fire drill and emergency evacuation training for staff of projects and staff of tenants.

4) Responsibility to the Consumers

The Company had continually developed the shopping centers to gain confidence from customers. It also endeavored to differentiate itself from other operators

to respond to diversified needs of the customers and gain all group of customers. The Company has policy to take care of tenants in each shopping center and customers visiting in center with honest, reliable and trust each other to create relationship and long-term collaboration between shopping center, tenants and customers. Here are norms of the Company operation.

- Develop and manage shopping centers with concerning of standard, safety and meet customer need in each community
- Concentrate on safety, cleanliness and convenience to tenants and customers in shopping centers
- Provide CCTV to record incident to ensure safety in shopping center
- Quotation and commercial terms proposed to the customers within the same group must be equal or have similar rental rate.
- Adhere to the compliance with the terms and conditions of the contracts agreed with the customers.
- Be prepared to respond to the customers' questions, including consistent action on complaint, suggestion and monitoring of progress of issues informed by the customers through the Company's staff or website.
- Manage shopping centers with the international standard related to International Council of Shopping Centers (ICSC)

5) Environment and Social Responsibility

The Company pays attention and is aware of a negative impact on the environment. Therefore, the Company focus on the mixture of business development and sustainable environment treatment by encourage management and staff to realize the impact on environment with detail as follow.

- Comply with rules, regulations and laws related to real estate industry.
- To develop community, the Company concentrates on green area. Design of shopping center will be adapted to save old big tree in leased land or maximize green area in the center for example in J Avenue Project

(Thonglo) had a big Rain Tree on the land plot so the design of building was adjusted to save this tree.

- During construction, the Company builds temporary fence and/or fabric to cover construction area to prevent dust in surrounded community.
- Alternative energy program (Solar cell) was installed to generate electricity consumed in shopping center by solar. Energy saving light bulbs were also installed to lower energy consumption.
- Develop new green area in shopping center to serve nearby community for example in the Company had developed Mega Park in Megabangna by building activity area for kids, jogging routes and garden on land size around 7 rais (11,200 sq.m.) with free of charge. This park opened since January 2019.

- Campaign to separate waste before dispose in both shopping centers and office.

6) Stakeholders

The Company gives importance to the stakeholders and therefore sets out rules to determine groups of stakeholders who are directly and indirectly affected by any process of its operation, e.g. tasks of the staff in every unit, construction process, sale and purchase process, or after-sale process, both within and outside the organization.

As in the operation the Company needs to contact a number of stakeholders, it sets out an approach of conduct and strategy for supervising stakeholders in the following table:

Stakeholders	Approaches and Supervision Strategy
Customers	Develop quality and diversified shopping centers to satisfy the needs of customers
Staff	Fair remuneration and benefit, improve knowledge, treat fairly on human rights basis, and care for safety
Suppliers	Treat on the basis of moral business competition through independent procurement system
Business partners	Pay appropriate remuneration, develop labor potentials and quality for future collaboration
Community	Operate business fairly without causing trouble to surrounded community
Shareholders	Operate business according to good corporate governance, disclose the information transparently
Investors	Treat investors fairly, provide assistance and advice
Creditors	Comply with the conditions of the agreement honestly, professionally manage capital by create cash flow projection to prevent default
Governmental entities	Cooperate with governmental entities morally
Mass media	Disclose the information transparently, correctly and promptly
Competitors	Treat competitors fairly under moral business competition basis

Business Operation with Impact to the Social Responsibility

In the mean time of developing, constructing and managing shopping centers, the Company is aware of the importance of its impact to communities residing around the shopping centers. Here are operation plans to manage this impact.

- The Company designed shopping centers to secure green area in community.
- Prepare appropriate parking area as well as entrance-exit in shopping centers.
- Construction plan was set lower constructing period.
- During construction, the Company builds temporary fence and/or fabric to cover construction area to prevent dust in surrounded community.
- Prepare waste water treatment system in shopping center before drains waste water to public system.
- Prepare an area or build garbage room with standard.
- Control noise volume for surrounded community by do not provide area for noisy tenant during night time.

After Process Activities for the Benefit of Society and Environment

During 2019 the Company had activities below.

- Opened Mega Park in Megabangna by building green and activity area for kids, jogging routes and garden on land size around 7 rais (11,200 sq.m.) to serve nearby community with free of charge.
- Supported event area to public relation of horse-riding competition 'Princess Cups Thailand 2019' at La Villa on 29th October 2019. This event was to promote horse-riding sport, train and experience riders as well as create good relationship between horse-riders and riding clubs. The competition would held during 19th-24th November 2019 at horse-riding stadium, King's Guard, 2nd Cavalry Division, Sanam Pao, Bangkok.
- Supported event area of La Villa on 31st May 2019 to set 'World no tobacco day' event to encourage Thai people to stop smoking for better life, suggest stop smoking method from expert and support from

successfully smoking quitters. This event was prepared by Johnson & Johnson Co., Ltd. and Boots (Retail) Co., Ltd.

- Thai Red Cross created campaign 'Drink and Support Thai Red Cross' by installed ready-to-drink vending machines around country. People can easily support this program. The objective is to raise fund for construction and procurement of medical tools of new building in Queen Savang Vadhana Memorial Hospital located in Siracha, Chonburi. The Company supported area and electricity charge in 4 shopping centers e.g. Nawamin City Avenue, The Avenue Changwattana, Market Place Sukaphiban 3 and Petchkasem Power Center.

Additional Approaches on Anti-Corruption

The Company sets out a policy on operational transparency and anti-corruption within the organization by setting up audit process, determining organization structure according to the good corporate governance principles, cultivating ethical consciousness to the staff and managing human resources transparently with detail as follow.

- Instill honesty awareness and attitude to staff by complying with rules and regulations
- The Company had internal control process by allowing to be audited and appropriate check and balance, which has an objective to prevent corruption.
- Forbidden director, management and staff do anything to request or accept benefit that might cause a negative impact to the Company rightful benefit
- Forbidden director, management and staff offer benefit to third party to intend them to illegally do their work

On 11th Mar 2016 the Company had subscribed to be a member in 'Partnership Against Corruption for Thailand (PACT Network)', which aims to emphasize on anti-corruption. This network originated from Thaipat Institute and many partners which have the same objective to anti-corrupt in Thailand. In 2015, there was

more than 100 companies subscribed as members in PACT Network. They would receive recommendation and evaluation their progress on anti-corruption procedure from PACT Network, which related to developed practice based on international practice from United Nations Global Compact and Transparency International. The Company is ready to develop policy to be a part of 'Thailand's Private Sector Collective Action Coalition Against Corruption: CAC'

Internal Control and Risk Management

An Opinion of Board of Directors on the Company's Internal Control System

In 2019, the Board of directors, which consists of the independent directors and audit committee, overviewed the sufficiency and suitability of the Company's internal control in accordance with the annual sufficiency audit of internal control from the office of the Securities and Exchange Commission and Stock Exchange. They concluded that the Company has adequate internal control systems including the organization control and environment, risk management, management control, information and communication, and monitoring. Moreover, the internal auditor, Dharmniti Internal Audit Co.,Ltd. has inspected the internal control systems and concluded that the Company has sufficient internal control, thus, they are in agreement with the Board of Directors, in which the details are as follows:

1. Organization Control and Environment

The Company has laid the clear operating goal which is reasonable and measureable along with vision, strategy, and budget planning which allow the business operation to comply with it. The authorization is also well set in order for every employee to acknowledge their own authorities, roles, and responsibilities. By doing so, they will be able to work on their best competency and efficiency.

Good governance is an important principle for the corporate sustainability and growth. All employee within the Company has to abide by the policies of good governance. The employment handbook includes the topic of Code of Conducts and Code of Best Practice at workplace. The major content is about to perform the job in best effort, be honest, and fair-minded. The management and employee shall not use the Company's confidential information to gain the benefits to oneself and they shall not act

in any way to cause an impact to the Company's interests. There is a clear disciplinary action if the rules and regulations are violated.

In terms of financial transactions and procurement, the Company has determined the payment approval and procurement methods in writing. The rules, conditions, and authority to approve the payment as well as the methods to create procurement contract are clearly stated in order to prevent any fraud from the transactions.

2. Risk Management

The Company has established the standardized and effective risk management process in order to mitigate risks from internal or external factors that could impact the Company's operation. Thus, the Financial Committee was appointed to assist the Board of Directors to overview and manage the risks that might arise from financial and operating transactions. The process of overviewing and evaluating such risks is continuous so that the Company are assured about the risk mitigation and controlling in a manageable level. Moreover, all employee has the responsibilities to manage their own risk within their scope of work and report the Board of Directors accordingly.

3. Management Control

To make sure that all the employee are able to work in the right direction consistently, the Company has set goals and year plan clearly along with the authorities and responsibilities of the employee. Moreover, for the transparency and flexibility in the operation, the Company has set the scope of authority and approval amount for all executives and managing level. There are segregation of duties that could lead to corrupt practices. For the related parties' transactions, such transaction should be

treated as a normal practice and the responsible person should determine the appropriate and fair condition in the interests of shareholder and the Company in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests. For other transactions, the type and size will be determined and oversight by the Company secretary and Internal Control Unit to be in accordance with the regulations of the Stock Exchange of Thailand. The reports of the related parties' transactions are to be acknowledged by the Audit Committee according to the related transaction policy. The transactions should be reviewed by the Internal Control Unit and auditor to be assured that the Company has complied with the rules and regulations.

4. Information and Communication

All the decisions should be made based on the accurate, adequate, and up-to-date information. Thus, in order for the Board of Directors to approve any issue, the management and involved person should provide accurate and sufficient information along with the analysis and recommendation. The Board of Directors should receive the meeting invitation and the attached document 7 days prior to the meeting. The management and involved person should participate in the meeting to provide the comments and more details to the Board of Directors. The resolutions of the meeting will be recorded by the Company secretary. The communication of operating details, job related information, policies, and regulations are well provided to all employees. The storing of audit

related document and information are managed to be completed for the transparency and sufficiency of information for the operation.

5. Monitoring

The Company has an organized monitoring process. There are weekly meeting for Project Planning and Management Committee, monthly meeting for Financial Committee and Executive Committee, and quarterly meeting for the Board of Directors to order to consider, analyze, and evaluate the operating result to be in accordance with the target. The problem solving and changing of plan might be executed to be consistent with such circumstance. Moreover, the Internal Control Unit has the responsibilities to overview the alignment of operations to internal control and report to the Audit Committee every quarter. If any fraud is detected, it shall be reported to the Audit Committee immediately.

From the overview of the sufficiency and suitability of the Company's internal control, the Audit Committee concluded that the Company has adequate internal control systems and approved the annual plan, operation monitoring report, operation examining result, and other reports, assigned the management to solve the issues that the internal auditor detected, and provided the advice for in the monitoring and evaluating process, and risk management.

An opinion of Audit Committee

The Audit Committee overviewed the sufficiency and suitability of the Company's internal control in accordance with the annual sufficiency audit of internal control from the office of the Securities and Exchange Commission and Stock Exchange and agreed with the Board of Directors.

Head of Internal Control Unit

Mr. Ratiipoom Sutepakul is the head of the Internal Control Unit with the sufficient experience and knowledge in internal audit.

Related Transactions

Details of the related transactions that the Company entered to perform the transactions with person/juristic person that may have conflict of interests in the year of 2018 and 2019 as follows.

Person/Juristic Person that might have Conflict of Interests	Relationship	Detail of Transaction	Transaction Value (Thousand Baht)		Justification and Rationale for Related Transactions
			2018	2019	
Major Cineplex Group Public Company Limited ("Major")	Major shareholders	<ul style="list-style-type: none"> SF earns rental and service income as share percentage in which SF or its subsidiaries have made rental and service contracts with Major. 	43,196	42,964	<ul style="list-style-type: none"> The rental and service income was collected based on the normal market rate which is equivalent to the rate that SF received from other tenants. The Audit Committee has considered the information of related transactions of the Company were the reasonable transactions according to the general trade condition or according to the appropriate and fair condition in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power and without benefit transfer between the Company and the person or juristic person that may have conflict of interests.
		<ul style="list-style-type: none"> Major provides management service for Ratchayothin Avenue in which the expense occurs monthly and the payment amount is stated in the contract. 	12,213	22,888	

Justification and Rationale for Related Transactions

The rental and service income has been collected based on the normal market rate which is equivalent to the rate that SF received from other tenants. The Audit Committee has considered the information of related transactions of the Company in the year of 2018 and 2019 and deemed that the Company's related transactions in the accounting year ended 31 December 2018 and 2019 were the

reasonable transactions according to the general trade condition or according to the appropriate and fair condition in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests.

Approval Procedure of Related Transactions

According to the policy of the Company, the processes of performing the related transactions must be executed under the principle considered and approved by the Board of Directors and the meeting should involve the Audit Committee to mutually consider and approve the transaction. The Company shall comply with Securities and Exchange Law and regulation, announcement, order or requirement of the Stock Exchange of Thailand, and also comply with the requirement of disclosure for the connected transaction performing information. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

Policy or Trend of Future Related Transaction Performing

The Company expects that the policy or trend of future related transaction performing will be similar to the past transactions. The Company has the policy to perform future related transactions to be aligned with the general trade condition and fair price and it should be comparable with the transaction performing between the Company and the general person. The Company determines that the Audit Committee shall consider and comment about the necessity in participating in performing transaction and price appropriateness of the said transaction before proposing to the Board of Directors and/or the

Shareholders' Meeting as the case may be for further consideration and approval. In the event that the Audit Committee is not expert in considering the contingent related transaction, the Company shall assign the independent appraiser, independent specialist or the Company's auditor to comment about performing the said related transaction so that the Audit Committee can use it as decision making support, and to give opinion to the Board of Directors and/or the shareholders as the case may be for approval on the said transaction before entering to perform the transaction. The consideration and approval on the said related transaction performing shall be complied with Securities and Exchange Law, regulation, announcement, order or requirement of the Stock Exchange of Thailand. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

Investor Protection Measure

- In the Company's regulation, it has stated clearly that the person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing such related transaction.
- The Company shall disclose related transactions with the rationale for such related transaction to the shareholder in the Annual Report of the Company.

SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2019

Independent Auditor's Report

To the shareholders of Siam Future Development Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Siam Future Development Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company 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 my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine two key audit matters: Valuation of investment property and Additional investment properties. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>Valuation of investment property</i></p> <p>Refer to note 11 in the financial statements regarding Investment property</p> <p>The fair value of the investment property at 19 locations is Baht 11,745.30 million, representing 55% of the total assets in the consolidated financial statement as at 31 December 2019. A loss from fair value adjustment to investment property of Baht 97.94 million was recognised in the consolidated statement of income.</p> <p>I focused on the valuation of investment property because of the complexity of the valuation model using income approach, which inherently requires judgements by management. Management engages an independent external valuer to assess the fair value of the investment property every three years.</p> <p>In determining the valuation, the valuer took into accounts of current information, such as current tenancy agreements and rental income earned by the assets, as well as certain assumptions that are agreed with management.</p> <p>Key assumptions in the model included current market rental rates, availability and occupancy of retailing space of the Group and rental contracts on hands, and a discount rate based on the dividends yield of property funds adjusted by risk factors.</p>	<p>My procedures in relation to the valuation of investment property included:</p> <ul style="list-style-type: none"> - Evaluate the independent external valuer's competence, capabilities, independence and objectivity. - Assess the methodologies used and the appropriateness of the key assumptions based on my knowledge of the industry and the available evidences. This includes assessing the market rent for property in a comparable location and condition, and assessing the discount rate by comparing it with the industry average. - Check, on a sample basis, the accuracy and relevance of the input data used by comparing it with the current rental contracts. <p>I found that the key assumptions were supported by the available evidences and the valuation was within an acceptable range of reasonable estimates.</p>

Other information

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

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

In connection with my audit of the consolidated and separate financial statements, my 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

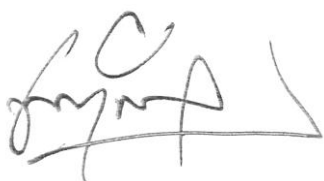
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with the audit committee, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Kajornkiet Aroonpirodkul

Certified Public Accountant (Thailand) No. 3445

Bangkok

12 February 2020

Statements of Financial Position

As at 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	5	53,252,211	50,981,417	25,025,936	26,765,088
Short-term investments	4, 6	14,999,876	77,550,644	14,999,876	77,550,644
Trade and other receivables	7	189,785,642	122,726,934	141,756,489	75,837,014
Finance lease receivables due within one year	8	20,865,306	21,201,375	11,860,057	13,299,179
Amounts due from related parties	31 b)	14,740,981	22,604,438	913,595,551	771,940,834
Short-term loans to related parties	31 c)	12,800,000	14,500,000	1,200,000	7,500,000
Other current assets	9	45,144,634	36,816,309	35,030,113	25,900,263
Total current assets		351,588,650	346,381,117	1,143,468,022	998,793,022
Non-current assets					
Restricted cash		621,391	615,903	-	-
Finance lease receivables	8	432,236,068	509,299,113	265,011,010	322,521,071
Investments in subsidiaries	10	-	-	257,925,000	257,925,000
Investments in associates	10	-	-	126,380,790	-
Investments in joint ventures	10	8,653,782,734	7,082,831,552	1,852,200,000	1,978,580,800
Prepaid rent, net		768,407	834,752	-	-
Investment property	4, 11	11,745,296,354	11,250,081,788	5,911,567,416	5,523,392,174
Building and equipment, net	12	62,994,249	61,154,550	34,520,990	32,580,363
Intangible assets, net	13	33,489,899	32,210,972	28,549,748	27,498,495
Deposits for leasehold land		48,457,932	48,523,721	48,457,932	48,523,721
Other non-current assets		40,701,843	43,344,520	35,886,857	38,105,482
Total non-current assets		21,018,348,877	19,028,896,871	8,560,499,743	8,229,127,106
Total assets		21,369,937,527	19,375,277,988	9,703,967,765	9,227,920,128

The accompanying notes are an integral part of these consolidated and separate financial statements.

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings					
from financial institutions	14	379,765,115	859,817,291	379,765,115	859,817,291
Trade and other payables	15	203,543,788	320,880,069	138,626,517	269,130,170
Amounts due to related parties	31 d)	9,500,784	2,545,722	23,842,654	18,654,467
Short-term borrowings from subsidiaries	31 e)	-	-	717,800,000	426,800,000
Current portion of unearned rental and service income	19	48,267,382	40,714,193	19,988,043	13,458,032
Current portion of long-term borrowings	16	806,478,073	152,000,000	806,478,073	152,000,000
Liabilities on land leases - current portion	18	160,292,996	121,168,094	124,157,816	87,287,195
Corporate income tax payable		9,975,899	4,950,825	-	-
Other current liabilities	17	233,181,831	241,415,474	130,347,511	155,853,120
Total current liabilities		1,851,005,868	1,743,491,668	2,341,005,729	1,983,000,275
Non-current liabilities					
Unearned rental and service income	19	527,542,227	359,824,907	263,829,017	77,624,641
Long-term borrowings	16	1,202,337,282	1,523,842,377	1,202,337,282	1,523,842,377
Deposits received from customers		533,636,799	498,996,260	314,904,466	299,455,000
Deferred tax liabilities	20	1,167,638,498	1,139,174,935	406,983,222	405,857,801
Liabilities on land leases	18	1,573,773,948	1,473,646,519	1,125,114,198	1,012,881,133
Employee benefit obligations	21	53,108,158	43,945,195	53,108,158	43,945,195
Total non-current liabilities		5,058,036,912	5,039,430,193	3,366,276,343	3,363,606,147
Total liabilities		6,909,042,780	6,782,921,861	5,707,282,072	5,346,606,422

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)

As at 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	22				
Authorized share capital		2,131,929,050	1,776,618,036	2,131,929,050	1,776,618,036
Issued and paid-up share capital		2,131,920,931	1,776,607,541	2,131,920,931	1,776,607,541
Share premium		634,028,511	634,028,511	634,028,511	634,028,511
Retained earnings					
Appropriated - legal reserve	23	213,192,093	177,666,690	213,192,093	177,666,690
Unappropriated		10,374,503,364	8,910,911,222	1,017,990,060	1,293,456,866
Other components of equity		(445,902)	(445,902)	(445,902)	(445,902)
Equity attributable to owners of the parent		13,353,198,997	11,498,768,062	3,996,685,693	3,881,313,706
Non-controlling interests		1,107,695,750	1,093,588,065	-	-
Total equity		14,460,894,747	12,592,356,127	3,996,685,693	3,881,313,706
Total liabilities and equity		21,369,937,527	19,375,277,988	9,703,967,765	9,227,920,128

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Income

For the year ended 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Revenues					
Rental and services income		1,499,421,707	1,390,586,513	833,955,225	766,053,794
Finance and interest income		17,078,648	21,511,543	13,690,208	15,159,051
Dividends income	31 a)	-	-	253,975,000	285,060,000
Other income		33,897,548	50,475,106	162,971,989	175,074,800
Share of profit from joint ventures	10	1,767,931,192	1,222,318,295	-	-
Total revenues		3,318,329,095	2,684,891,457	1,264,592,422	1,241,347,645
Expenses					
Cost of rental and services		626,209,314	567,373,324	386,699,836	329,715,817
Loss (gain) from adjustments on investment property, net	11	196,567,707	(281,829,792)	216,324,668	399,680,733
Selling expenses		44,136,955	48,820,953	40,825,282	44,172,483
Administrative expenses		231,678,549	207,440,754	213,146,754	188,915,266
Total expenses		1,098,592,525	541,805,239	856,996,540	962,484,299
Profit before finance costs and income tax					
		2,219,736,570	2,143,086,218	407,595,882	278,863,346
Finance costs	25	(96,127,976)	(74,937,238)	(103,882,556)	(80,314,511)
Profit before income tax		2,123,608,594	2,068,148,980	303,713,326	198,548,835
Income tax	26	(71,645,196)	(171,961,812)	(11,421,561)	15,978,975
Profit for the year		2,051,963,398	1,896,187,168	292,291,765	214,527,810
Profit attributable to:					
Owners of the parent		2,031,350,713	1,653,713,356	292,291,765	214,527,810
Non-controlling interests		20,612,685	242,473,812	-	-
		2,051,963,398	1,896,187,168	292,291,765	214,527,810
Earnings per share					
	27				
Basic earnings per share		0.95	0.78	0.14	0.10

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Comprehensive Income

For the year ended 31 December 2019

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Profit for the year		2,051,963,398	1,896,187,168	292,291,765	214,527,810
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined employee benefit plans	21	923,017	-	923,017	-
Income tax relating to actuarial gains		(184,603)	-	(184,603)	-
Other comprehensive income for the year, net of tax		738,414	-	738,414	-
Total comprehensive income for the year		2,052,701,812	1,896,187,168	293,030,179	214,527,810
Total comprehensive income attributable to:					
Owners of the parent		2,032,089,127	1,653,713,356	293,030,179	214,527,810
Non-controlling interests		20,612,685	242,473,812	-	-
		2,052,701,812	1,896,187,168	293,030,179	214,527,810

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2019

Consolidated financial statements								
Attributable to owners of the parent								
	Notes	Issued and paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Other components of equity Baht	Non- controlling interests Baht	Total equity Baht
Opening balance 1 January 2018		1,776,607,541	634,028,511	177,666,690	7,701,341,726	(445,902)	855,034,253	11,144,232,819
Cash dividends	28	-	-	-	(444,143,860)	-	-	(444,143,860)
Dividends paid from a subsidiary to non-controlling interests		-	-	-	-	-	(3,920,000)	(3,920,000)
Total comprehensive income for the year		-	-	-	1,653,713,356	-	242,473,812	1,896,187,168
Closing balance 31 December 2018		1,776,607,541	634,028,511	177,666,690	8,910,911,222	(445,902)	1,093,588,065	12,592,356,127
Opening balance 1 January 2019		1,776,607,541	634,028,511	177,666,690	8,910,911,222	(445,902)	1,093,588,065	12,592,356,127
Cash dividends	28	-	-	-	(177,658,192)	-	-	(177,658,192)
Shares dividends	28	355,313,390	-	-	(355,313,390)	-	-	-
Legal reserve	23	-	-	35,525,403	(35,525,403)	-	-	-
Dividend paid from a subsidiary to non-controlling interests		-	-	-	-	-	(6,505,000)	(6,505,000)
Total comprehensive income for the year		-	-	-	2,032,089,127	-	20,612,685	2,052,701,812
Closing balance 31 December 2019		2,131,920,931	634,028,511	213,192,093	10,374,503,364	(445,902)	1,107,695,750	14,460,894,747

The accompanying notes are an integral part of these consolidated and separate financial statements.

Siam Future Development Public Company Limited

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2019

	Notes	Separate financial statements					Total equity Baht
		Issued and paid-up share capital Baht	Share premium Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Other components of equity Baht	
Opening balance 1 January 2018		1,776,607,541	634,028,511	177,666,690	1,523,072,916	(445,902)	4,110,929,756
Cash Dividends	28	-	-	-	(444,143,860)	-	(444,143,860)
Total comprehensive income for the year		-	-	-	214,527,810	-	214,527,810
Closing balance 31 December 2018		1,776,607,541	634,028,511	177,666,690	1,293,456,866	(445,902)	3,881,313,706
Opening balance 1 January 2019		1,776,607,541	634,028,511	177,666,690	1,293,456,866	(445,902)	3,881,313,706
Cash dividends	28	-	-	-	(177,658,192)	-	(177,658,192)
Share dividends	28	355,313,390	-	-	(355,313,390)	-	-
Legal reserve	23	-	-	35,525,403	(35,525,403)	-	-
Total comprehensive income for the year		-	-	-	293,030,179	-	293,030,179
Closing balance 31 December 2019		2,131,920,931	634,028,511	213,192,093	1,017,990,060	(445,902)	3,996,685,693

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows

For the year ended 31 December 2019

	Notes	Consolidated Financial statements		Separate Financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Cash generated from operations	29	650,897,089	955,608,710	216,528,700	632,850,879
Interest paid		(93,436,586)	(73,232,264)	(105,358,026)	(76,954,261)
Income tax paid		(55,251,402)	(54,052,888)	(27,102,984)	(27,609,652)
Net cash generated from operating activities		502,209,101	828,323,558	84,067,690	528,286,966
Cash flows from investing activities					
Purchases of intangible assets		(5,360,207)	(8,001,750)	(5,074,684)	(7,992,750)
Purchases of building, equipment and investment property		(419,674,322)	(868,204,268)	(364,097,970)	(835,278,403)
Short-term loans made to subsidiaries	31 c)	-	-	-	(58,200,000)
Proceeds from disposal of investment in joint ventures		10	-	10	-
Repayments received from short-term loans to subsidiaries and related parties	31 c)	1,700,000	1,400,000	6,300,000	90,200,000
Proceeds from disposal of equipment and investment properties		58,808,172	-	58,808,172	-
Dividends received	10	196,980,000	196,980,000	253,975,000	285,060,000
Interest received		1,081,655	919,035	251,245	35,236,954
Net cash used in investing activities		(166,464,692)	(676,906,983)	(49,838,227)	(490,974,199)
Cash flows from financing activities					
Proceeds from short-term loans from financial institutions		624,947,824	1,300,192,141	624,947,824	1,300,192,141
Proceeds from long-term borrowings from financial institutions	16	496,083,233	191,178,651	496,083,233	191,178,651
Proceeds from borrowings from subsidiary	31 e)	-	-	364,700,000	150,400,000
Repayments to short-term loans from financial institutions		(1,105,000,000)	(1,070,000,000)	(1,105,000,000)	(1,070,000,000)
Repayments to long-term borrowing from financial institutions	16	(163,500,000)	(107,500,000)	(163,500,000)	(107,500,000)
Paid for debenture issuance cost	16	(1,841,480)	(1,099,283)	(1,841,480)	(1,099,283)
Repayments to short-term loans from subsidiary	31 e)	-	-	(73,700,000)	(47,700,000)
Dividends paid	28	(177,658,192)	(444,143,860)	(177,658,192)	(444,143,860)
Dividends paid from subsidiary to non-controlling interests		(6,505,000)	(3,920,000)	-	-
Net cash used in financing activities		(333,473,615)	(135,292,351)	(35,968,615)	(28,672,351)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2019

	Consolidated		Separate	
	Financial statements		Financial statements	
	2019	2018	2019	2018
Notes	Baht	Baht	Baht	Baht
Net increase (decrease) in cash and cash equivalents	2,270,794	16,124,224	(1,739,152)	8,640,416
Cash and cash equivalents,				
at beginning of the year	50,981,417	34,857,193	26,765,088	18,124,672
Cash and cash equivalents at end of the year	53,252,211	50,981,417	25,025,936	26,765,088

Supplementary information for cash flows:

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated		Separate	
	Financial statements		Financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of purchases of building, equipment and investment property	19,926,191	4,891,747	18,966,936	3,918,315
Investment property increases due to reversal of finance lease contracts	38,931,687	-	31,836,591	-
Increase in liabilities on land leases	218,953,644	330,201,457	218,953,644	330,201,457

The accompanying notes are an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2019

1 General information

Siam Future Development Public Company Limited ("the Company") is a public limited company, which is incorporated and domiciled in Thailand. The address of its registered office is as follows:

99 Ratchdapisek Road, Khwaeng Din Daeng, Khet Din Daeng, Bangkok 10400.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The principal business operating of the Company and its subsidiaries (the Group) is the rental of building space and provision of utilities services in four categories as follow:

- (a) Short-term and long-term rental of building space, with rental terms of 1 - 3 years and 10 - 30 years, respectively.
- (b) Managing and provision of services relating to common areas where by the term of service is in accordance with the term of rental.
- (c) Provision of utilities, which comprise electricity, water supplies and telephones.
- (d) Location procurement services.

These consolidated and separate financial statements have been approved by the Board of Directors on 12 February 2019.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 3.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group.

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019.

- a) Thai Financial Reporting Standard no.15 (TFRS 15), *Revenue from contracts with customers*

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts TAS 18, Revenue and related interpretations.

The Group's management has assessed and considered that the above standard does not have a material impact on the Group except for disclosure.

- b) Thai Accounting Standard no.28 (revised 2018), *Investments in associates and joint ventures*

The amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

The Group's management has assessed and considered that the above revised standard does not have a material impact on the Group.

- c) Thai Accounting Standard no.40 (revised 2018), *Investment property*

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The Group's management has assessed and considered that the above revised standard does not have a material impact on the Group.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Group.

- a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32 Financial instruments: Presentation

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

The Group's management is currently assessing the impact of initial adoption of these standards.

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Group's management is currently assessing the impact of initial adoption of this standard.

c) Other new/amended standards

The new and amended financial reporting standards that will have significant impact on the Group are:

TAS 12 Income tax

TAS 19 Employee benefits

TAS 23 Borrowing cost

TAS 28 Investments in associates and joint ventures

TFRIC 23 Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 23, Borrowing costs - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures) - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, *Financial instruments* before applying the loss allocation and impairment requirements in TAS 28, *Investments in associates and joint ventures*.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group's management is currently assessing the impact of these above revised standards.

2.3 Principles of consolidation and equity accounting - Investment in subsidiaries, investment in associates, and interest in joint ventures

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment

Intercompany transactions, balances and unrealised gains or loss on transactions between the Group are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's Principle Subsidiaries is set out in Note 10.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for at cost less impairment.

c) Joint ventures

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group's share of its joint venture's post-acquisition profits or losses is recognised in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interests in joint ventures. When the Group's share of losses in joint venture equals or exceeds its interests in joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

In the separate financial statements, investments in joint ventures are accounted for at cost less impairment. Under the cost method, income from interests in joint ventures will be recorded when dividends are declared.

A list of the Group's joint venture is set out in Note 10.

d) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently shares of its associates and joint ventures' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates and joint ventures equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

2 Accounting policies (Cont'd)

2.3 Principles of consolidation and equity accounting - Investment in subsidiaries, investment in associates, and interest in joint ventures (Cont'd)

e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

f) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call financial institution, short-term highly liquid investments with maturities of three months or less from acquisition date.

In the statements of financial position, bank overdrafts are shown in current liabilities.

2.5 Short-term investment

Short-term investment is investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and short-term is defined as a year. The short-term investment is presented at a fair value in the statement of financial position. The fair value of unit trust is based on net assets value of the fund on the last business day of the year. The change of investment valuation are recognised a net gain or loss in the statement of income.

An impairment review is carried out by the Group when there is a factor indicating that such investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful accounts based on a review of all outstanding amounts at the closing date. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the income statement within selling and administrative expenses

2.7 Building and equipment

Building and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation as at the statement of financial position date. Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, or, if it is shorter, the lease term to its residual value over the estimated useful life as follows:

Buildings and improvements	Land leased contracts being 15 - 30 years
Motor vehicles	5 years
Office equipment	5 years
Computer and computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference will be recorded as impairment loss in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.8 Investment property

Investment property comprises freehold properties that are held for rentals yields, or for capital appreciation or both, and that is not occupied by the companies in the Group. Investment property also includes property that is being constructed or developed for future use as investment property. It is carried at fair value based on valuations by independent valuers which will be revalued every three years. However, managements will review the fair value to reflect market conditions at the end of the reporting period. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted. Any gain or loss arising from a change in fair value is recognised in the statements of income.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Properties interest on land held under operating leases is classified and accounted as investment property and is accounted for as if it was a finance lease under "Finance lease liabilities on land leases". Finance cost incurred from such recording is presented by net from gain or loss arising from a change in fair value.

Borrowing costs to finance the construction of properties are capitalised as part of cost of the asset during the period of time that is required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings. Capitalisation of borrowing costs will be suspended during extended periods in which active development is interrupted.

2 Accounting policies (Cont'd)

2.8 Investment property (Cont'd)

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those that a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

2.9 Accounting for long-term leases

Where the Group is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property acquired under finance leases is depreciated over the useful life of the asset. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.10 Intangible assets

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in intangible asset in the consolidated statement of financial position.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Accumulated impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2 Accounting policies (Cont'd)

2.10 Intangible assets (Cont'd)

Computer software licenses

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight line method over their useful lives 10 years.

2.11 Impairment of assets

Building and equipment and other non-current assets which are non-financial assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.12 Deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the Group is not recognised deferred income tax as it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.14 Employee benefits

The Group operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions made by the Group to the provident funds are charged to the statement of income in the year to which they relate.

The Group provides for post employment benefits to employees under the labour laws applicable in Thailand. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality rate, length of service and other. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.15 Borrowings

Borrowings are recognised initially at fair value of proceeds received. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the statements of income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Revenue and expenses recognition

Revenue from rentals and services are recognised over the period in accordance with the agreement and rental and services are rendered. Revenue from leases are recognised in accordance with the accounting policy per Note 2.9 - Accounting for long-term leases.

Unearned rental and service income are recognised using the straight-line method over the period of lease.

Interest income is recognised on an accrual basis unless collectibles is in doubt.

Expenses are generally recognised on an accrual basis.

2.17 Financial instruments

Significant financial assets carried on the statement of financial position include cash and cash equivalents, short-term investment, trade accounts receivable, finance lease receivable, amount due from related parties and loan to related parties. Significant financial liabilities carried on the statement of financial position include trade accounts payable, amount due to related parties and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2 Accounting policies (Cont'd)

2.17 Financial instruments (Cont'd)

The Group does not has policy to trade or speculate in any financial instruments.

The Group is party to derivative financial instruments, which are interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 10

2.18 Dividends

Dividends are recorded in the consolidated and separate financial statements in the period in which they are approved by shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as chief executive officer that makes strategic decisions.

2.20 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 Critical accounting estimates, assumptions and judgements and capital risk management

3.1 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment of receivable and finance lease receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables and finance lease receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of management estimates.

c) Building and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's building and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

d) Employee benefits obligations

The present value of the retirement benefits 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 retirement benefits obligation.

The Group determines 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 retirement benefits obligations. In determining the appropriate discount rate, the Group considers 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 retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in note 21.

e) Investment property

The fair value of investment property is carried based on valuations by independent valuers.

Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted which are at the rates between 7% to 12% per annum.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4 Fair value

4.1 Fair value estimation

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2019.

	Consolidated financial statements		
	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
Assets			
Short-term investments - trading securities	15,000	-	15,000
Investment property	-	11,745,296	11,745,296

	Separate financial statements		
	Level 2	Level 3	Total
	Baht'000	Baht'000	Baht'000
Assets			
Short-term investments - trading securities	15,000	-	15,000
Investment property	-	5,911,567	5,911,567

4.2 Valuation techniques used to derive Level 2 fair values

The fair value of trading securities - units trust that are not traded in an active market are classified as Level 2 fair value.

The Group determined fair value by using Net asset value per share which was quoted by the issuer - Asset Management Company at the last business day of financial position date.

4.3 Fair value measurements using significant unobservable inputs (Level 3)

The Group disclosed the movement of investment property which is reclassified as Level 3 in Note 11. In 2018, the Group engaged an external valuer to conduct a revaluation of the property according to the Group's accounting policy.

There was no other changes in valuation techniques during the year.

4.4 Group's valuation processes

The Group's finance department including an independent valuer conduct the valuation of assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the finance committee. Discussions of valuation processes and results are held between the finance committee and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

The main Level 3 input used by the Group pertains to the discount rate for investment property. It is estimated based on discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate is estimated based on the average yield rate of property funds listed in the Stock Exchange of Thailand that are, in the opinion of the management, in a comparable financial position including the appropriate risk premium and reflects current market assessments of the time value of money and risk adjusted which mainly are at the rates of 12% per annum. The discount rate of finance lease liabilities on land leases is ranging from 5.19% to 8% per annum. The independent valuer conducts the estimates of such information as part of the valuation of investment property.

The sensitivity analysis of the significant assumption for the fair value measurement of investment property as at 31 December 2019 are as follows:

Impact to fair value of investment property			
Consolidated financial statements			
Change in assumption		Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 513,708	Increase 594,145

Impact to fair value of investment property			
Separate financial statements			
Change in assumption		Increase in assumption Baht'000	Decrease in assumption Baht'000
Discount rate	1%	Decrease 324,362	Increase 388,978

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	194	97	126	36
Deposits at call with banks	53,058	50,884	24,900	26,729
	53,252	50,981	25,026	26,765

The interest rates of deposits at call with banks are ranging from 0.20% to 0.63% per annum (2018: 0.20% to 0.63% per annum).

6 Short-term investments

As of 31 December 2019 and 31 December 2018, the Company has investments in securities as follows:

	Consolidated and Separate financial statements			
	2019		2018	
	Cost	Fair Value	Cost	Fair Value
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term investments				
Trading securities - equity	15,000	15,000	77,546	77,551

During the year ended 31 December 2019, the movements of investments in securities are as follows:

	Consolidated and Separate financial statements
	2019
	Baht'000
Beginning balance, net	77,551
Additions	510,000
Disposals	(572,581)
Revaluation surplus on fair value	30
Ending balance, net	15,000

7 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables	152,080	89,615	118,971	57,171
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Trade receivables, net	152,080	89,615	118,971	57,171
Prepayments	5,729	3,194	4,725	2,125
Property tax receivable	18,861	25,428	5,549	12,535
Other receivables	13,115	4,490	12,511	4,006
	189,785	122,727	141,756	75,837

Outstanding trade accounts receivable can be aged as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Current	126,939	71,115	102,455	43,115
Overdue 1 to 6 months	17,330	16,661	8,648	14,056
Overdue 7 to 12 months	1,890	1,786	1,804	-
Overdue over 12 months	5,921	53	6,064	-
	152,080	89,615	118,971	57,171
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	152,080	89,615	118,971	57,171

8 Finance lease receivables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	38,103	41,357	23,331	26,516
Due within 2 to 5 years	161,362	173,672	98,414	110,486
Due later than 5 years	417,048	515,670	250,262	322,065
	<u>616,513</u>	<u>730,699</u>	<u>372,007</u>	<u>459,067</u>
The present value of minimum lease payments receivable				
Due within 1 year	20,865	21,201	11,860	13,299
Due within 2 to 5 years	94,166	98,224	57,519	62,273
Due later than 5 years	338,070	411,075	207,492	260,248
	<u>432,236</u>	<u>509,299</u>	<u>265,011</u>	<u>322,521</u>
	453,101	530,500	276,871	335,820
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>453,101</u>	<u>530,500</u>	<u>276,871</u>	<u>335,820</u>
Unearned finance income	<u>163,412</u>	<u>200,199</u>	<u>95,136</u>	<u>123,247</u>

Unearned finance income is calculated based on the discount rate between 6% to 12% per annum.

The significant characteristic terms of the leasing arrangements are:

- the lease term covers the major part of the economic life of the asset although title to the asset is not transferred by the end of the lease term;
- the lease amount which the lessee agrees to pay to the lessor at the commencement of the lease will not be obliged by the lessor to refund; and
- in case of the lessee cancels the lease, the lessor's losses associated with the cancellation are borne by the lessee.

9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Withholding tax deducted at sources	44,625	31,188	35,030	21,121
Value-added tax	520	5,628	-	4,779
	<u>45,145</u>	<u>36,816</u>	<u>35,030</u>	<u>25,900</u>

10 Investments in subsidiaries, investments in associates and investments in joint ventures

Movements in investments in subsidiaries, investments in associates and investments in joint ventures are as follows:

	Separate financial statements	
	2019 Baht'000	2018 Baht'000
Investments in subsidiaries		
Opening book value	257,925	257,925
Movement	-	-
Closing book value	257,925	257,925

	Consolidated financial statements	Separate financial statements
	2019 Baht'000	2019 Baht'000
Investments in joint ventures		
Opening book value	-	-
Reclassification	-	126,381
Closing book value	-	126,381

During 2019, West Bangkok Development Company Limited, originally a joint venture held by the Company and a third party, has issued 128 million new ordinary shares with a par value of Baht 10 each, totalling Baht 1,280 million, to SF Development Company Limited which is another joint venture. The Company and a third party did not additionally invest in the new shares of West Bangkok Development Company Limited. As a result, the ownership interest of the Company in West Bangkok Development Company Limited decreased from 49% to 8.22%. However, the Company still maintains significant influence on West Bangkok Development Company Limited through SF Development Company Limited and has considered West Bangkok Development Company Limited to be an associate which has been reclassified from a joint venture.

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Investments in joint ventures				
Opening book value	7,082,831	6,057,493	1,978,581	1,978,581
Dividends received	(196,980)	(196,980)	-	-
Shares of profit from joint ventures	1,767,931	1,222,318	-	-
Reclassification	-	-	(126,381)	-
Closing book value	8,653,782	7,082,831	1,852,200	1,978,581

During 2019, shareholders of the joint venture approved a dividends payment at Baht 1.34 per share (2018: Baht 1.34 per share). The dividends were paid to the Company on 27 March 2019, amounting to Baht 196.98 million (2018: Baht 196.98 million).

10.1 Investments in joint ventures

The details of investments in joint ventures as at 31 December are as follow:

	Nature of relationship	% Ownership interest	
		2019	2018
Joint ventures			
SF Development Company Limited	Shareholder	49	49
North Bangkok Development Company Limited	Shareholder	49	49
West Bangkok Development Company Limited	Shareholder	-	49

All joint ventures are incorporated in Thailand and engaged in the business of building rental and providing utilities services.

There is no contingent liability relating to the Group's interest in the joint venture.

Summarised financial information for joint ventures

Set out below are the summarised consolidated financial information for SF Development Company Limited which is accounted for using equity method.

Summarised consolidated statement of financial position

As at 31 December	2019	2018
	Baht'000	Baht'000
Cash and cash equivalents	465,705	553,617
Trade and other receivables	133,126	115,176
Short-term loans to related parties	-	200,000
Other current assets	82,533	86,092
Prepaid rent	42	42
Investment property	24,520,632	21,182,657
Equipments, net	1,656,007	411,401
Intangible assets, net	8,900	4,523
Other assets	42,171	32,652
Total assets	26,909,116	22,586,160
Trade and other payables	259,319	298,759
Other current liabilities	459,179	333,331
Finance lease liabilities on land leases	319,083	318,441
Long-term loans from financial institutions	4,676,250	4,351,250
Unearned rental	150,753	115,299
Deferred tax liabilities	2,733,310	2,090,603
Employee benefit obligations	18,145	12,780
Other liabilities	1,291,054	1,261,369
Total liabilities	9,907,093	8,781,832
Net assets	17,002,023	13,804,328

10 Investments in subsidiaries, investments in associates and investments in joint ventures (Cont'd)

10.1 Investments in joint ventures (Cont'd)

Set out below are the summarised consolidated financial information for SF Development Company Limited which is accounted for using equity method. (Cont'd)

Summarised consolidated statement of comprehensive income

For the year ended 31 December

	2019 Baht'000	2018 Baht'000
Rental income	2,681,148	2,482,248
Gain on fair value adjustment on investment property, net	2,890,022	1,794,665
Interest income	4,619	6,327
Other income	210,055	255,268
Cost of rental and service	(692,094)	(655,453)
Selling and administrative expenses	(313,240)	(402,363)
Finance cost	(246,258)	(251,455)
Profit before income tax	4,534,252	3,229,237
Income tax	(905,290)	(660,977)
Net profit	3,628,962	2,568,260
Other comprehensive income	-	-
Total comprehensive income	3,628,962	2,568,260
Owners of the parent	3,631,065	2,568,260
Non-controlling interests	(2,103)	-
	3,628,962	2,568,260
Dividends received from joint ventures	196,980	196,980

The joint venture had entered into interest rate swap contracts to alter the interest rate of long-term loans from financial institutions in Baht currency from floating rate to fixed rate.

The remaining terms of the outstanding interest rate swap contracts at 31 December were:

	2019 Baht'000	2018 Baht'000
Less than 1 year and not later than 3 years	6,309,975	7,312,127
Over 3 years	531,250	656,250
	6,841,225	7,968,377

Interest rate swap contracts are due for exchange of the differences in interest amount every three months.

The information above reflects the entire financial statements of the joint venture adjusted for differences in accounting policies between the Group and the joint venture, and not only the Group's share of interests.

10 Investments in subsidiaries, investments in associates and investments in joint ventures (Cont'd)

10.1 Investments in joint ventures (Cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of investment in joint venture.

For the year ended 31 December	2019 Baht'000	2018 Baht'000
Summarised financial information		
Opening net assets 1 January	13,805,268	11,639,008
Total comprehensive income for the year	3,628,962	2,568,260
Dividends paid	(402,000)	(402,000)
Net assets of West Bangkok Development Company Limited	1,249,793	-
Investment in West Bangkok Development Company Limited	(1,280,000)	-
Closing net assets	17,002,023	13,805,268
<u>Less</u> Non-controlling interests	(103,691)	(136,000)
Closing net assets after deducting non-controlling interest	16,898,332	13,669,268
Investments in joint ventures (49%)		
Carrying value	8,280,183	6,697,941

Individually immaterial joint ventures

In addition to the investment in joint venture disclosed above, the Group also has interests in individually immaterial joint ventures being North Bangkok Development Company Limited and West Bangkok Development Company Limited that are accounted for using equity method.

	2019 Baht'000	2018 Baht'000
Aggregate carrying amount of individually immaterial joint ventures:		
North Bangkok Development Company Limited	373,599	373,842
West Bangkok Development Company Limited	-	11,048
	373,599	384,890
Aggregate amounts of the reporting entity's share of:		
loss from continuing activities		
North Bangkok Development Company Limited	(243)	(7,864)
West Bangkok Development Company Limited	(11,048)	(28,265)
	(11,291)	(36,129)

10 Investments in subsidiaries and investments in joint ventures (Cont'd)

10.2 Investments in associates

The detail of investments in associates as at 31 December is as follows:

	Nature of relationship	% Ownership interest	
		2019	2018
Associates			
West Bangkok Development Company Limited	Shareholder	8.22	-

10.3 Principal subsidiaries (Cont'd)

The details of investments in subsidiaries as at 31 December are as follow:

	Nature of relationship	% Ownership interest	
		2019	2018
Associates			
Petchkasem Power Center Company Limited	Shareholder	74	74
Ekkamai Lifestyle Center Company Limited	Shareholder	51	51
Siam Future Property Company Limited	Shareholder	100	100
Ratchayothin Avenue Company Limited	Shareholder	50	50
Ratchayothin Avenue Management Company Limited	Subsidiary of Ratchayothin Avenue Company Limited	50	50
Siam Future Management Company Limited	Shareholder	100	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

Summarised financial information on subsidiary with material non-controlling interests

Set out below are the summarised financial information of Ratchayothin Avenue Company Limited of which its non-controlling interests are material (50%).

Summarised statement of financial position: Ratchayothin Avenue Company Limited

As at 31 December	2019 Baht'000	2018 Baht'000
Current		
Assets	31,580	34,790
Liabilities	(54,213)	(53,965)
Total current net assets	(22,633)	(19,175)
Non-current		
Assets	1,868,762	1,869,943
Liabilities	(451,344)	(461,553)
Total non-current net assets	1,417,418	1,408,390
Net assets	1,394,785	1,389,215

10 Investments in subsidiaries, investments in associates and investments in joint ventures (Cont'd)

10.3 Principal subsidiaries (Cont'd)

Summarised statement of comprehensive income: Ratchayothin Avenue Company Limited

For the year ended 31 December	2019 Baht'000	2018 Baht'000
Revenue	11,863	485,797
Expenses	(4,080)	(2,376)
Profit before income tax	7,783	483,421
Income tax	(2,213)	(97,340)
Net profit	5,570	386,081
Other comprehensive income	-	-
Total comprehensive income	5,570	386,081
Total comprehensive income allocated to non-controlling interests	2,785	193,040

Summarised statement of cash flows: Ratchayothin Avenue Company Limited

For the year ended 31 December	2019 Baht'000	2018 Baht'000
Cash flow from operating activities		
Cash generated from operations	12,398	4,199
Interest paid	(642)	(567)
Income tax paid	(6,500)	(6,314)
Net cash generated from (used in) operating activities	5,256	(2,682)
Net cash generated from investing activities	1,920	3,301
Net cash used in financing activities	(7,300)	(500)
Net (decrease) increase in cash and cash equivalents	(124)	119
Cash and cash equivalents at beginning of the year	4,497	4,378
Cash and cash equivalents at end of the year	4,373	4,497

The information above is the amount before inter-company eliminations.

11 Investment property

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Investment property at 1 January	11,250,082	9,821,266	5,523,393	4,835,360
Additions during the year	666,236	1,179,751	613,013	1,152,475
Disposals during the year	(73,083)	(131,003)	(73,083)	(131,003)
(Loss) gain from fair value adjustment	(97,939)	380,068	(151,756)	(333,439)
Investment property at 31 December	11,745,296	11,250,082	5,911,567	5,523,393

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Statements of income for the year ended				
(Loss) gain from fair value adjustment	(97,939)	380,068	(151,756)	(333,439)
Finance cost from recognising investment property	(98,629)	(98,238)	(64,569)	(66,242)
(Loss) gain from adjustment on investment property, net	(196,568)	281,830	(216,325)	(399,681)

Majority of rental income and expenditures presented in the statements of income were arisen from the investment property.

12 Building and equipment, net

	Consolidated financial statements		
	Motor vehicles, office equipment, computer and computer equipment		Total
	Building and building improvement Baht'000	Baht'000	Baht'000
At 1 January 2018			
Cost	11,865	206,596	218,461
<u>Less</u> Accumulated depreciation	(5,279)	(151,977)	(157,256)
Net book amount	6,586	54,619	61,205

Consolidated financial statements			
	Building and building improvement Baht'000	Motor vehicles, office equipment, computer and computer equipment Baht'000	Total Baht'000
For the year ended 31 December 2018			
Opening net book amount	6,586	54,619	61,205
Additions	-	22,402	22,402
Disposals, net	-	(511)	(511)
Transferred to investment property	(13)	(60)	(73)
Depreciation amount	(483)	(21,385)	(21,868)
Closing net book amount	6,090	55,065	61,155
At 31 December 2018			
Cost	11,852	224,399	236,251
<u>Less</u> Accumulated depreciation	(5,762)	(169,334)	(175,096)
Net book amount	6,090	55,065	61,155
For the year ended 31 December 2019			
Opening net book amount	6,090	55,065	61,155
Additions	-	26,357	26,357
Disposals, net	-	(810)	(810)
Depreciation charge	(483)	(23,225)	(23,708)
Closing net book amount	5,607	57,387	62,994
At 31 December 2019			
Cost	11,852	246,238	258,090
<u>Less</u> Accumulated depreciation	(6,245)	(188,851)	(195,096)
Net book amount	5,607	57,387	62,994

12 Building and equipment, net (Cont'd)

	Separate financial statements
	Motor vehicles, office equipment, computer and computer equipment Baht'000
At 1 January 2018	
Cost	132,194
<u>Less</u> Accumulated depreciation	(102,477)
Net book amount	29,717
For the year ended 31 December 2018	
Opening net book amount	29,717
Additions	15,771
Disposals, net	(511)
Depreciation charge	(12,397)
Closing net book amount	32,580
At 31 December 2018	
Cost	145,622
<u>Less</u> Accumulated depreciation	(113,042)
Net book amount	32,580
For the year ended 31 December 2019	
Opening net book amount	32,580
Additions	16,922
Disposals, net	(810)
Depreciation charge	(14,171)
Closing net book amount	34,521
At 31 December 2019	
Cost	159,176
<u>Less</u> Accumulated depreciation	(124,655)
Net book amount	34,521

13 Intangible assets, net

	Consolidated financial statements			Separate financial statements
	Goodwill Baht'000	Computer software licenses Baht'000	Total Baht'000	Computer software licenses Baht'000
At 1 January 2018				
Cost	5,000	58,100	63,100	57,770
<u>Less</u> Accumulated amortisation	(563)	(27,939)	(28,502)	(27,909)
Net book amount	4,437	30,161	34,598	29,861
For the year ended 31 December 2018				
Opening net book amount	4,437	30,161	34,598	29,861
Additions	-	3,508	3,508	3,498
Amortisation charge	-	(5,895)	(5,895)	(5,861)
Closing net book amount	4,437	27,774	32,211	27,498
At 31 December 2018				
Cost	5,000	61,608	66,608	61,268
<u>Less</u> Accumulated amortisation	(563)	(33,834)	(34,397)	(33,770)
Net book amount	4,437	27,774	32,211	27,498
For the year ended 31 December 2019				
Opening net book amount	4,437	27,774	32,211	27,498
Additions	-	5,360	5,360	5,075
Amortisation charge	-	(4,081)	(4,081)	(4,023)
Closing net book amount	4,437	29,053	33,490	28,550
At 31 December 2019				
Cost	5,000	66,968	71,968	66,343
<u>Less</u> Accumulated amortisation	(563)	(37,915)	(38,478)	(37,793)
Net book amount	4,437	29,053	33,490	28,550

14 Short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Short-term borrowings from financial institutions	379,765	859,817	379,765	859,817

Short-term borrowings are in forms of promissory notes and bills of exchange denominated in Thai Baht, bearing interest at fixed rates ranging from 2.55% to 2.90% per annum and due for repayment in 2020.

15 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Trade payables	12,026	71,193	7,463	67,410
Accrued expenses	108,011	164,590	64,201	124,738
Retention payable	21,699	41,414	19,504	39,272
Accrued interest expense	9,807	9,780	9,807	9,780
Others	52,001	33,903	37,651	27,930
	<u>203,544</u>	<u>320,880</u>	<u>138,626</u>	<u>269,130</u>

16 Long-term borrowings

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
Current portion of long-term borrowings		
Debentures	499,978	-
Loan from financial institutions	306,500	152,000
Total current borrowings	<u>806,478</u>	<u>152,000</u>
Non-current portion of long-term borrowings		
Debentures	498,607	998,195
Loan from financial institutions	703,730	525,647
Total non-current borrowings	<u>1,202,337</u>	<u>1,523,842</u>
Total borrowings	<u><u>2,008,815</u></u>	<u><u>1,675,842</u></u>

Maturity of long-term borrowings:

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
Within 1 year	806,478	152,000
Later than 1 year and not later than 2 years	242,066	651,313
Later than 2 years	960,271	872,529
	<u>2,008,815</u>	<u>1,675,842</u>

Debentures

The movements in the debentures can be analysed as follows:

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
At 1 January	998,195	997,635
Debenture issuance cost	(1,841)	(1,100)
Amortisation of debenture issuance cost (Note 25)	2,231	1,660
At 31 December	<u>998,585</u>	<u>998,195</u>

As at 31 December 2019, outstanding debentures comprise:

- 500,000 units with face value of Baht 1,000 per unit, unsubordinated and unsecured, totalling Baht 500 million, bearing interest of 5.00% per annum and mature on 27 January 2020.
- 500,000 units with face value of Baht 1,000 per unit, unsubordinated and unsecured, totalling Baht 500 million, bearing interest of 4.10% per annum and mature on 15 November 2022.

The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

Borrowings from financial institutions

The movements in the long-term borrowings can be analysed as follows:

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
At 1 January	677,647	593,968
Additions	496,083	191,179
Repayment	(163,500)	(107,500)
At 31 December	1,010,230	677,647

Long-term borrowings carry interest rates ranging from MLR - 3.00% to MLR - 2.00% per annum, and BIBOR (3M) + 1.40% to BIBOR (3M) + 2.20% per annum.

The weighted average effective rate of interest on long-term borrowings was 4.03% per annum (2018: 4.24% per annum).

Fair value

The carrying amounts and fair values of long-term borrowings as at 31 December are as follows:

	Consolidated and Separate financial statements			
	Carrying amount		Fair value	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Total long-term borrowings	2,008,815	1,675,842	1,963,952	1,592,769

The fair value of bonds are measured using discounted cash flows model based on yield curve which quoted by The Thai Bond Market Association and are within level 2 of the fair value hierarchy.

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued property tax	222,802	233,513	121,680	148,804
Others	10,380	7,902	8,668	7,049
	233,182	241,415	130,348	155,853

18 Liabilities on land leases

Liabilities on land leases are due for settlement as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	160,293	121,168	124,158	87,287
Within 2 years and not later than 5 years	561,842	563,960	405,231	363,917
Later than 5 years	1,011,932	909,686	719,883	648,964
	1,573,774	1,473,646	1,125,114	1,012,881
	1,734,067	1,594,814	1,249,272	1,100,168

19 Unearned rental and service income

Unearned rental and service income are due for recognition as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	48,267	40,714	19,988	13,458
Within 2 years and not later than 5 years	123,242	97,136	52,469	25,570
Later than 5 years	404,300	262,689	211,360	52,055
	527,542	359,825	263,829	77,625
	575,809	400,539	283,817	91,083

The movements of the deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January	(1,139,175)	(1,002,716)	(405,858)	(431,170)
Charges to statements of comprehensive income	(184)	-	(184)	-
Charges to income statements (Note 26)	(28,279)	(136,459)	(941)	25,312
At 31 December	(1,167,638)	(1,139,175)	(406,983)	(405,858)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets	Consolidated financial statements			
	Deposit received from customers Baht'000	Unearned service income Baht'000	Others Baht'000	Total Baht'000
At 1 January 2018	16,518	14,067	8,838	39,423
Charges income statements	(982)	(1,017)	1,010	(989)
At 31 December 2018	15,536	13,050	9,848	38,434
At 1 January 2019	15,536	13,050	9,848	38,434
Charges to statements of comprehensive income	-	-	(184)	(184)
Charges income statements	183	(882)	2,017	1,318
At 31 December 2019	15,719	12,168	11,681	39,568

Deferred tax liabilities	Consolidated financial statements		
	Profit from finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
At 1 January 2018	148,319	893,820	1,042,139
Charges to income statements	(7,854)	143,324	135,470
At 31 December 2018	140,465	1,037,144	1,177,609
At 1 January 2019	140,465	1,037,144	1,177,609
Charges to income statements	(7,776)	37,373	29,597
At 31 December 2019	132,689	1,074,517	1,207,206

The movements in deferred tax assets and liabilities during the year are as follows: (Cont'd)

Deferred tax assets	Separate financial statements			
	Deposit	Unearned		
	received	service		
	from	income	Others	Total
	customers			
	Baht'000	Baht'000	Baht'000	Baht'000
At 1 January 2018	9,238	2,851	8,838	20,927
Charges to income statements	(1,462)	(235)	1,010	(687)
At 31 December 2018	7,776	2,616	9,848	20,240
At 1 January 2019	7,776	2,616	9,848	20,240
Charges to statements of comprehensive income	-	-	(184)	(184)
Charges to income statements	20	(101)	2,017	1,936
At 31 December 2019	7,796	2,515	11,681	21,992

Deferred tax liabilities	Separate financial statements		
	Profit from	Investment	
	finance lease	property	Total
	contracts		
	Baht'000	Baht'000	Baht'000
At 1 January 2018	40,731	411,366	452,097
Charges to income statements	(2,733)	(23,266)	(25,999)
At 31 December 2018	37,998	388,100	426,098
At 1 January 2019	37,998	388,100	426,098
Charges to income statements	(1,033)	3,910	2,877
At 31 December 2019	36,965	392,010	428,975

Deferred income tax assets and liabilities are offset when the income taxes are related to the same fiscal authority being the Revenue Department. The following amounts, determining after appropriate offsetting, are shown in the consolidated and the separate statements of financial position as at 31 December:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets	39,568	38,434	21,992	20,240
Deferred tax liabilities	(1,207,206)	(1,177,609)	(428,975)	(426,098)
Total deferred tax liabilities	(1,167,638)	(1,139,175)	(406,983)	(405,858)

21 Employee benefit obligations

The employee benefit obligations are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
Statement of financial position		
Retirement benefit obligations	53,108	43,945
Statement of comprehensive income		
Expenses included in operating profit	11,890	5,150
Remeasurements gains recognised in other comprehensive income	(923)	-

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
At 1 January	43,945	38,891
Current service cost	4,880	4,243
Past service cost	5,942	-
Interest cost	1,068	907
	55,835	44,041
Remeasurements:		
Loss from change in demographic assumptions	368	-
Loss from change in financial assumptions	2,069	-
Experience gains	(3,360)	-
	(923)	-
Payment from plans:		
Benefit payment	(1,804)	(96)
At 31 December	53,108	43,945

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2019	2018
Discount rates	1.31%	2.04%
Salary growth rate	6%	6%
Retirement age	60 years old	60 years old
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2017
Disability rate	5% of Thai Mortality Ordinary Table 2017	5% of Thai Mortality Ordinary Table 2017

21 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant used is as follows:

	Impact to employee benefit obligations					
	Change in assumption		Consolidated and Separate financial statements			
			Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
			Baht'000	Baht'000	Baht'000	Baht'000
Discount rate	1%	1%	Decrease 2,411	Decrease 2,109	Increase 2,727	Increase 2,408
Salary growth rate	1%	1%	Increase 2,667	Increase 2,763	Decrease 2,409	Decrease 2,476
Turnover rate	1%	1%	Decrease 2,566	Decrease 2,247	Increase 648	Increase 660

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefits recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected maturity analysis of undiscounted defined benefit obligation:

	31 December 2019	31 December 2018
Duration of the defined benefit obligation	6.70 years	7.28 years
	Baht'000	Baht'000
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 5 years	52,360	28,947
Benefits expected to be paid		
later than 5 years and not later than 15 years	29,484	34,368
Benefits expected to be paid later than 15 years	156,954	106,092

22 Share capital and share premium

	Ordinary share capital Baht'000	Share premium Baht'000	Total Baht'000
Issued and paid-up share capital			
At 1 January 2018	1,776,608	634,029	2,410,637
Issue of shares	-	-	-
At 31 December 2018	1,776,608	634,029	2,410,637
Issue of shares	355,313	-	355,313
At 31 December 2019	2,131,921	634,029	2,765,950

As at 31 December 2019, total authorised number of the ordinary shares is 2,131,929,050 shares with a par value of Baht 1 each (2018: 1,776,618,036 shares with a par value of Baht 1 each). Total issued and paid-up share capital is 2,131,920,931 shares with the paid-up of Baht 1 each (2018: 1,776,607,541 shares with a paid-up of Baht 1 each).

23 Legal reserve

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
At 1 January	177,666,690	177,666,690	177,666,690	177,666,690
Appropriation during the year	35,525,403	-	35,525,403	-
At 31 December	213,192,093	177,666,690	213,192,093	177,666,690

Under the Public Companies Act., B.E. 2535, the Company is required to set aside as statutory reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. This reserve is not available for dividend distribution.

24 Expenses by nature

The following significant expenditures, classified by nature, have been charged in arriving at profit before finance costs and tax:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation on building and equipment (Note 12)	23,708	21,868	14,171	12,397
Staff costs	143,374	121,682	143,374	121,682

25 Finance costs

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Interest expenses				
- Debentures	45,500	45,431	45,500	45,431
- Long-term borrowings from financial institutions	44,126	22,446	44,126	22,446
- Bank overdrafts	4	30	4	30
- Bill of exchange	4,259	5,331	4,259	5,331
- Debenture issuance cost (Note 16)	2,231	1,660	2,231	1,660
- Loan from related parties	-	-	7,754	5,377
- Others	8	39	8	39
Total finance costs	96,128	74,937	103,882	80,314

Income taxes in the consolidated and separate income statements can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	43,366	35,503	10,481	9,333
Deferred tax:				
Origination and reversal of temporary differences (Note 20)	28,279	136,459	941	(25,312)
Total income tax expenses	71,645	171,962	11,422	(15,979)

The calculation of income tax in the consolidated and separate income statements are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	2,123,609	2,068,149	303,713	198,549
Tax calculated at a tax rate of 20% for the Company and 15% to 20% for subsidiaries	222,398	471,734	60,743	39,710
Tax effect of:				
Income not subject to tax	(150,670)	(300,758)	(50,795)	(57,012)
Expenses not deductible for tax purpose	2,367	2,849	1,971	2,261
Additional deductible expenses	(1,480)	(1,531)	(775)	(772)
Others	(970)	(332)	278	(166)
Income not subject to tax				
Income tax	71,645	171,962	11,422	(15,979)

27 Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

The shares dividends of 355,313,390 shares were approved by the shareholders on 26 March 2019 (Note 28). The number of outstanding ordinary shares was adjusted to reflect the shares dividends as if the event has occurred at the beginning of the period presented. The number of shares in 2018 was also adjusted for the purposes of comparable earnings per share.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders				
of the parent (Baht'000)	2,031,351	1,653,713	292,292	214,528
Weighted average number of paid-up				
ordinary shares in issue ('000 shares)	2,131,921	2,131,921	2,131,921	2,131,921
Basic earnings per share (Baht)	0.95	0.78	0.14	0.10

28 Dividends

2019

At the Annual General Shareholders Meeting held on 26 March 2019, the shareholders approved dividends in respect of 2018, comprise cash dividends amounting to Baht 0.10 per share totaling Baht 177.66 million and shares dividends at the ratio of 5 existing ordinary shares to 1 new share, totaling 355,313,390 shares. The dividends were paid to the shareholders on 17 April 2019.

2018

At the Annual General Shareholders Meeting held on 21 March 2018, the Board approved cash dividend payment amounting to Baht 0.25 per share in respect of 2017 operating results totaling Baht 444.14 million. The dividends were distributed to the shareholders in 18 April 2018.

29 Cash flows from operating activities

Reconciliation of profit before income tax to cash flows from operating activities:

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax		2,123,609	2,068,149	303,713	198,548
Adjustments for:					
Depreciation and amortisation	12, 13	27,789	27,763	18,194	18,258
Loss from sale of equipment		-	507	-	507
Amortisation of prepaid rent		66	66	-	-
Interest income		(17,079)	(21,511)	(13,690)	(15,159)
Interest expense	25	96,128	74,937	103,882	80,315
Dividends income		-	-	(253,975)	(285,060)
Realised unearned rental and service income		(28,269)	(28,103)	(8,955)	(8,789)
Employee benefit obligations	21	11,890	5,150	11,890	5,150
Loss (gain) from adjustment on investment property, net	11	196,568	(281,830)	216,325	399,681
Share of profit from joint venture	10	(1,767,931)	(1,222,318)	-	-
Unrealised gain from revaluation of short-term investments	6	(30)	(210)	(30)	(210)
Write-off of withholding tax		3,495	2,112	2,714	1,633
Changes in operating assets and liabilities:					
- short-term investment		62,581	306,789	62,581	306,789
- trade and other receivables		(67,067)	23,430	(65,617)	(11,096)
- finance lease receivables		54,467	46,085	40,250	32,394
- amounts due from related parties		7,863	(12,465)	(141,655)	(93,541)
- other current assets		5,087	1,857	4,780	(463)
- deposits for leasehold land		66	(397)	66	(397)
- other non-current assets		2,643	3,081	2,219	2,622
- trade and other payables		(132,831)	123,014	(141,846)	124,201
- amounts due to related parties		6,955	473	5,188	4,828
- other current liabilities		(8,234)	19,509	(25,506)	12,148
- unearned rental and service income		203,539	22,412	201,689	26,222
- deposit received from customers		34,641	14,779	15,449	7,946
- finance lease liabilities on land leases		(163,245)	(217,574)	(119,333)	(173,580)
- employee benefit obligations	21	(1,804)	(96)	(1,804)	(96)
Cash generated from operations		650,897	955,609	216,529	632,851

The principal financial risks faced by the Group are interest rate risk and credit risk. The Group borrows at both fixed and floating rates of interest to finance its operations. Credit risk arises from the risk in the collectability of rental fees.

a) Credit risks

The current policies established by the Group to manage credit risk are:

- To collect a guarantee equivalent to 3 - 6 months rental and service fee from customers.
- To terminate rental contracts for tenants whose rental and service fees are overdue.

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that rental and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

b) Liquidity risks

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Group's treasury policy aims at maintaining flexibility in funding by keeping committed credit lines available.

c) Interest rate risk

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The borrowings and debentures interest rates of the Group are mainly fixed.

d) Fair values

The carrying amounts of the following significant financial assets and financial liabilities approximate to their fair values: cash and cash equivalent, finance lease receivables, amounts due from related parties, loans to subsidiaries, bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable since financial instruments are predominantly subject to market interest rate. Information on the fair values of borrowings are included in Note 16.

31 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Siam Future Development Public Company Limited is an associate of Major Cineplex Group Public Company Limited which owns 28.09% of the Company's share (31 December 2018: 26.34%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

31 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Revenues and expense

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Rental and service income				
Subsidiaries	-	-	960	960
Group Major Cineplex Group				
Public Company Limited	42,964	43,196	20,507	20,455
Related parties	54,548	57,545	24,085	27,301
	<u>97,512</u>	<u>100,741</u>	<u>45,552</u>	<u>48,716</u>
Management fee income				
Subsidiaries	-	-	57,313	53,833
Joint ventures	4,800	6,247	4,800	6,247
	<u>4,800</u>	<u>6,247</u>	<u>62,113</u>	<u>60,080</u>
Interest income				
Subsidiaries	-	-	303	1,285
Major Cineplex Group				
Public Company Limited	312	395	-	-
	<u>312</u>	<u>395</u>	<u>303</u>	<u>1,285</u>
Dividends income				
Subsidiaries	-	-	56,995	88,080
Joint ventures	-	-	196,980	196,980
	<u>-</u>	<u>-</u>	<u>253,975</u>	<u>285,060</u>
Cost of rental and service				
Subsidiaries	-	-	2,573	2,573
Administrative expense				
Major Cineplex Group				
Public Company Limited	22,888	12,213	22,474	11,820
Interest expense				
Subsidiaries	-	-	7,754	5,377

31 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

b) Amounts due from related parties

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries	-	-	899,218	755,916
Joint venture	12,500	12,500	12,500	12,500
Major Cineplex Group Public Company Limited	356	572	-	157
Related parties	1,885	9,532	1,877	3,368
	<u>14,741</u>	<u>22,604</u>	<u>913,595</u>	<u>771,941</u>

c) Short-term loans to related parties

Movement of short-term loans to related parties and subsidiaries during the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Beginning balance	14,500	15,900	7,500	39,500
Additions	-	-	-	58,200
Repayments received	(1,700)	(1,400)	(6,300)	(90,200)
Ending balance	<u>12,800</u>	<u>14,500</u>	<u>1,200</u>	<u>7,500</u>

Short-term loans to subsidiaries are repayable upon demand, bearing interest at the rates of 5.00% per annum (2018 : 4.10% to 5.00% per annum).

Short-term loans to Major Cineplex Group Public Company Limited are repayable upon demand, bearing interest at the rate of 2.25% per annum (2018: 2.25% per annum).

d) Amounts due to related parties

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries	-	-	15,136	16,729
Major Cineplex Group Public Company Limited	9,501	2,546	8,707	1,925
	<u>9,501</u>	<u>2,546</u>	<u>23,843</u>	<u>18,654</u>

e) Short-term loans from a subsidiary

Movement of short-term loans from a subsidiary during the years are as follows:

	Separate financial statements	
	2019 Baht'000	2018 Baht'000
Beginning balance	426,800	324,100
Additions	364,700	150,400
Repayments	(73,700)	(47,700)
Ending balance	<u>717,800</u>	<u>426,800</u>

Short-term loans from subsidiaries represented unsecured loans denominated in Thai Baht and are repayable on demand. The loans bear interest at the rate of 1.06% to 2.25% per annum. (2018: 1.06% to 2.25% per annum).

31 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

f) Unearned rental and service income

As at 31 December of 2019, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 70 million (2018: Baht 76 million).

g) Directors and management remuneration

Directors and management remuneration comprises of the total salaries and other benefits, including directors' fee paid to directors which included as an expense in the income statements as follows:

	Consolidated and Separate financial statements	
	2019 Baht'000	2018 Baht'000
Short-term benefits	14,623	14,048
Post-employment benefits	5,506	2,199
	<u>20,129</u>	<u>16,247</u>

32 Commitments and contingencies

32.1 Bank guarantees

As at 31 December 2019, the Group has outstanding letters of guarantee amounting to Baht 55 million (2018: Baht 55 million) issued by banks in respect of normal business operations.

32.2 Commitments - operating leases

Certain plots of land leased for operations, contracted as at the statement of financial position date but not recognised in the financial statements are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Less than 1 year	11,606	13,104	9,708	11,207
Over than 1 year but not later than 5 years	1,443	12,472	1,443	10,574
	<u>13,049</u>	<u>25,576</u>	<u>11,151</u>	<u>21,781</u>

32.3 Commitments - land leased for investment property

As at 31 December 2019, a plot of land leased for investment property purposes is contracted for but is not recognised in the financial statements for amounting to Baht 284 million.

33 Segment information

The Group operates in only one business segment which is the development of shopping centers and lease out space in the centers. Currently, the business is only operated in Thailand. The internal reporting provided to the chief operating decision-maker presents investment property using cost method.

Profit and loss based on cost method of investment property for the year ended 2019 and 2018 are as follows:

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Revenues		
Rental and service income	1,499,422	1,390,586
Finance and interest income	17,079	21,512
Other income	33,897	42,489
Share of profit from joint ventures	501,962	394,403
Total revenues	2,052,360	1,848,990
Expenses		
Cost of rental and service	1,011,215	990,223
Selling and administrative expenses	275,815	256,263
Total expenses	1,287,030	1,246,486
Profit before finance costs	765,330	602,504
Finance costs	(96,128)	(74,937)
Profit before income taxes	669,202	527,567
Income taxes	(34,272)	(28,638)
Profit for the year	634,930	498,929
Profit before adjustments regarding investment property-net attributable to:		
Owners of the parent	615,588	482,429
Non-controlling interests	19,342	16,500
	634,930	498,929
Adjustments regarding investment property, net	1,417,033	1,397,258
Profit for the year after adjustments regarding investment property	2,051,963	1,896,187
Profit after adjustments regarding investment property-net attributable to:		
Owners of the parent	2,031,351	1,653,713
Non-controlling interests	20,612	242,474
	2,051,963	1,896,187
Timing of revenue recognition - Rental and service income		
At a point in time	64,285	76,794
Overtime	1,435,137	1,313,792
Total rental and service income	1,499,422	1,390,586

Adjustments regarding investment property mainly are the fair value adjustment, depreciation of the property and deferred income taxes.

Fair value of investment property increases during the year mainly due to the revaluation for 2 projects being Chaengwattana project and Market Place Dusit project. For Chaengwattana project, there is an extension of the land lease period for additional of 3 years. Market Place Dusit project is newly operated project in 2019, with the land lease period of 30 years.

34 Post statement of financial position event

At the Board of Directors meeting No.1/2020 held on 12 February 2020, the Board approved cash dividend payment amounting to Baht 0.22 per share totaling Baht 469 million in respect of 2019 operating results. The dividends will be payable to the shareholders in April 2020.



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