



# ANNUAL REPORT 2020

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SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

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## Message from the Board of Directors

2020 global economy confronted with the pandemic of COVID-19 directly affected to both social and economy. Most of the countries locked down and restricted travelling activities and various services activities to limit the infection rate. Thailand was one of the well-managed country that could control the situation since June 2020.

However, since early December 2020 there was a new spread of COVID-19 which continually reported the increased number of infected persons until now. The government enforced many measures to limit the number of infections which had to be collaborated with private sectors to cope with the situation.

Although the pandemic was still spread since last year. In the meantime, vaccine development was further progressed as well. Many countries started vaccination in December 2020. While Thailand might first vaccinate in February 2021 to the medical personnel.

Thailand economy was temporary halted from the country lockdown. Shopping center business was closed during Mar 22nd – May 16th 2020, after that there were eases of restriction in each phase then the service was back to normal situation on Jul 1st 2020. During this period, the company renovated one community mall 'Market Place Nawamin' by replacing anchor tenant from Big C to Tops Market and opened in August 2020.

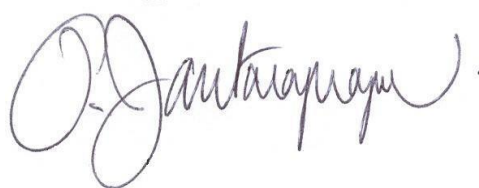
Furthermore, the Company started to redevelop Market Place Thonglor 4 to Marche'55 in the type of Mixed-use project which increased retail area from 3,600 sq.m. to 10,000 sq.m. comprising retail and office. Target customers were working age and residents in the surrounding areas. The construction was expected to complete and opened in year 2022.

For Megabangna project, there was a renovation of the common area in Food Walk outdoor zone by adding steam valley and sand dune concept to serve customers need especially for family-oriented customers which completed in October 2020. Moreover, a new parking building in front of IKEA which could serve 2,000 cars was operated in December 2020. Currently there was 10,000 parking lots provided for Megabangna customers.

As at 31 December 2020, the Company had 18 projects in total with total rental space of 430,628 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 an uncertainty economy 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.

Last but not least, the pandemic of COVID-19 was largely affected to all Thai people. The Board of Directors would like to convey an appreciation to all our partners with the dedication, commitment and cooperation from all groups of business alliances of the Company to overcome the situation together.



(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 2020 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 2020 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 Ms. Sakuna Yamsakul C.P.A. (Thailand) no. 4906, Ms. Nuntika Limviriyalers C.P.A. (Thailand) no. 7358, Ms. Tithinun Vankeo C.P.A. (Thailand) no. 9432 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 2021. 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 29<sup>th</sup>, 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 center<sup>1</sup>. In 2012, the Company has begun to develop and manage super regional mall <sup>2</sup>, which was Megabangna Shopping Center.

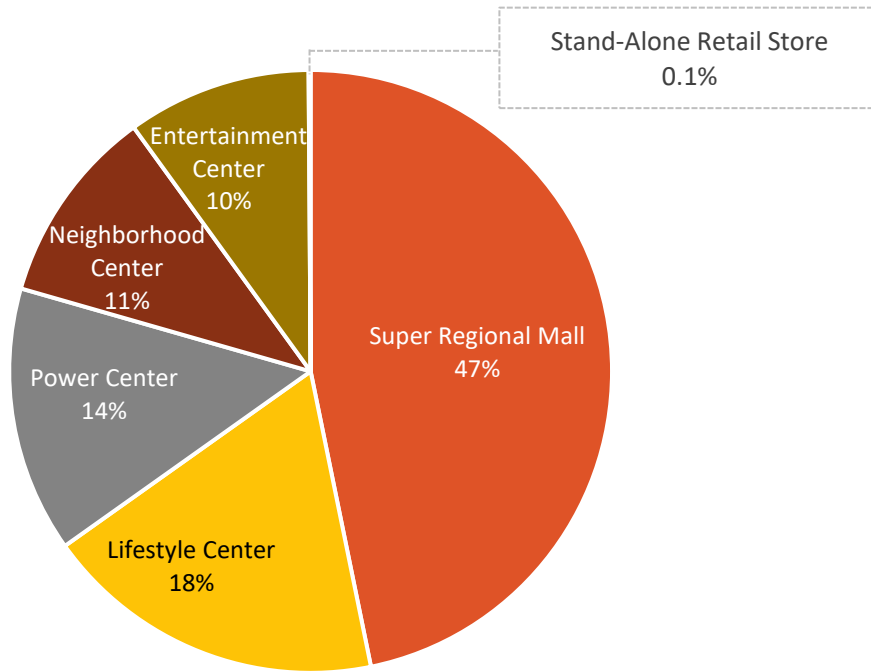
Presently the Company owns altogether 18 operating projects with the total gross leasable area of 430,628 sq.m.

	Type of shopping center	Number of shopping centers	Name of Shopping Centers
1	Neighborhood Center	7	Market Place Bangbon, Market Place PrachaUtiti, Market Place Sukaphiban 3, Market Place Thonglo, Market Place Nanglinchee, Market Place Nawamin (Sukapiban 1), Market Place Dusit
2	Lifestyle Center	6	J Avenue Thonglor, La Villa Ari, The Avenue Chaeng Watthana, Pattaya Avenue, The Avenue Ratchayothin, and Nawamin City Avenue
3	Power Center	2	Petchkasem Power Center, Ekkamai Power Center and
4	Stand-alone Retail Store	1	Mengjai
5	Entertainment Center	1	Esplanade Ratchadapisek
6	Super Regional Mall	1	Megabangna
	<b>Total</b>	<b>18</b>	

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.

### Y2020 Portfolio by type of shopping center

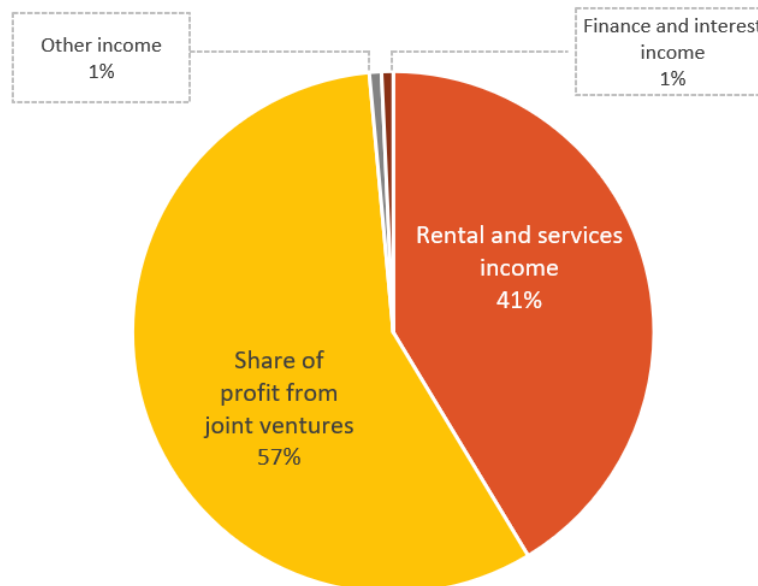


Gross Leasable Area 430,628 sq.m.

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

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 2020



## 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: <a href="http://www.siamfuture.com">www.siamfuture.com</a>
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,  
14<sup>th</sup>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  
15<sup>th</sup> 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  
11<sup>th</sup> 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 with B-Quik stand-alone automotive center
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 <sup>th</sup> , 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 <sup>th</sup> , 2003 and became effective on January 1 <sup>st</sup> , 2004
2004	- Acquired the Family Center Chaeng Watthana - J Avenue Thonglor, the 1 <sup>st</sup> Lifestyle Center were opened.
2005	- 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 Ari, 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	- IKEA Store Bangna, home furniture under brand IKEA, was opened as the first IKEA store in Thailand on November 3 <sup>rd</sup> , 2011.
2012	- Megabangna, Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 <sup>th</sup> , 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 expansion zone at Market Place Nanglinchee 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
2020	- Renovated Market Place Nawamin and opened in August 2020

# Financial Highlights

## Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2020

Unit: Thousand Baht	Year 2019	Year 2020	%Change in Y2019-2020
Total Assets	21,369,938	24,562,954	15%
Total Liabilities	6,909,043	8,389,923	21%
Shareholders' Equity	14,460,895	16,173,031	12%
Paid-up Capital	2,131,921	2,131,921	-
Total Revenue	3,318,329	2,664,437	(20%)
Net Profit	2,031,351	2,083,273	3%
Recurring Profit	615,588	397,831	(35%)
Book Value per Share (Baht) <sup>1</sup>	6.26	7.01	
Dividend per Share (Baht) <sup>2</sup>	0.22	0.20	
Net Profit Margin	61.22%	78.19%	
Return on Equity (ROE) <sup>3</sup>	16.35%	13.60%	
Return on Assets (ROA) <sup>4</sup>	9.97%	9.07%	
Interest Bearing Debt to Equity Ratio	0.17	0.19	
Gross Leasable Area (Sq.m.)	441,158	430,628	(2%)

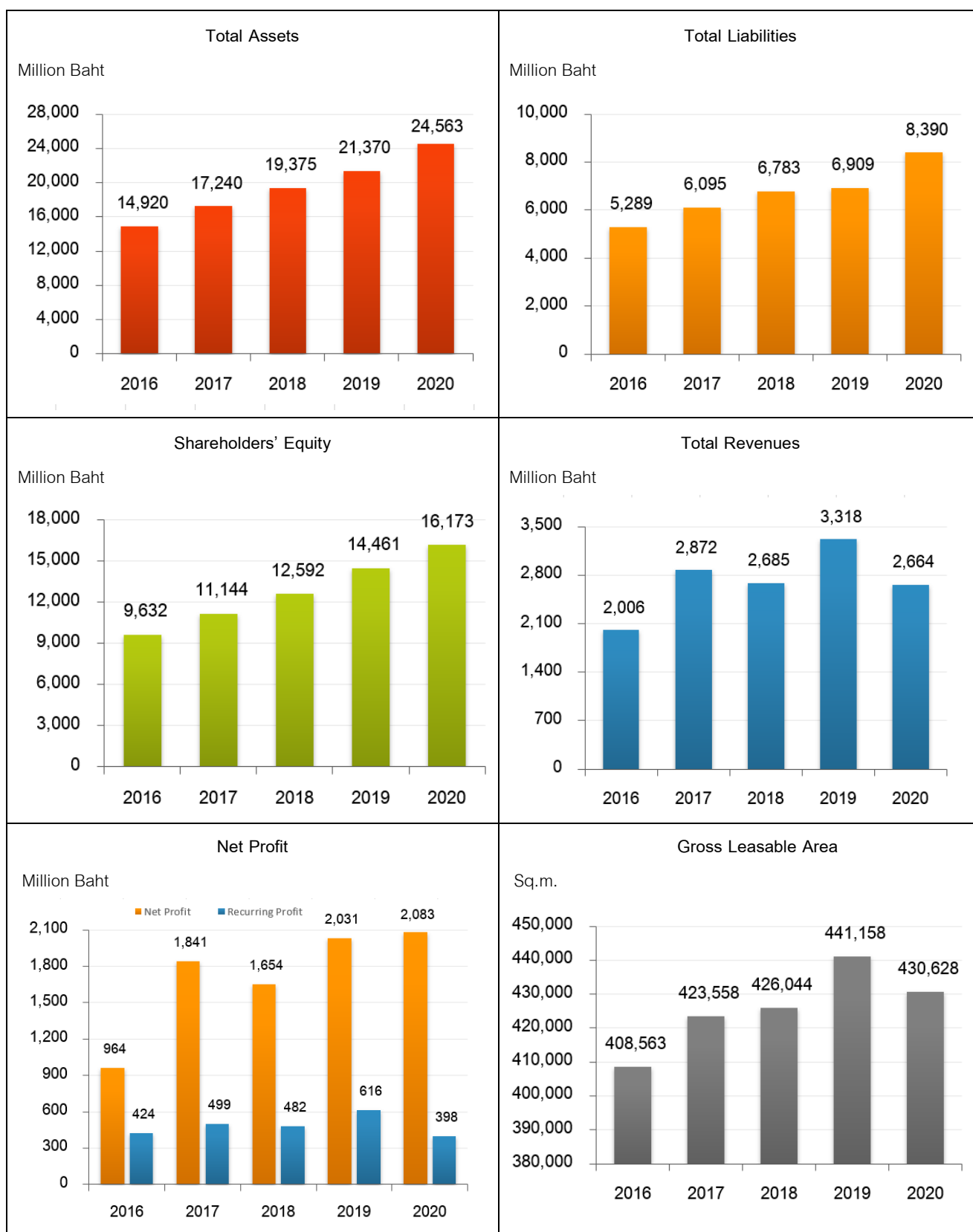
### Note

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 0.20 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 2020

Year 2020 was a challenge for shopping center management because the pandemic of COVID-19 directly affected to customers' lifestyle. Each shopping center had to confide by investing on hygienic equipment and implement some screening procedure for customers.

There were tenants got seriously affected from the pandemic. The company had a policy to support on the rental to maintain overall to survive in the business operation during this special circumstance.

Even though we were facing the COVID-19 situation, during year 2020 the Company invested in the renovation on some shopping centers to increase the potential for the customers as follow:

1. Renovated on Market Place Nawamin by replacing new anchor tenant and facelifted overall shopping center which completed and opened in August 2020
2. 2,000 cars parking building for Megabangna in front of IKEA building was completed and opened in December 2020
3. New U-turn bridge on Bangna-Trad K.M.7 to facilitate Megabangna customers and people travelling on Bangna-Trad road

## 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. 6.7 regarding investment property on page 94 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.38 Segment information of Notes to the Consolidated and Company Financial Statements in page 129 Detail as follows:

(Thousand Baht)

Items	2019	2020	Change (%) Increase (decrease)
Revenue			
Rental and service income	1,499,422	1,101,755	(26.52%)
Finance and interest income	17,079	19,207	12.46%
Other income	33,897	20,038	(40.89%)
Share profit from joint venture	501,962	425,522	(15.23%)
<b>Total revenues</b>	<b>2,052,360</b>	<b>1,566,522</b>	<b>(23.67%)</b>
Expenses			
Cost of rental and service	1,011,215	850,165	(15.93%)
Selling and administrative expenses	275,815	231,048	(16.23%)
<b>Total expenses</b>	<b>1,287,030</b>	<b>1,081,213</b>	<b>(15.99%)</b>
<b>Profit before finance costs</b>	<b>765,330</b>	<b>485,309</b>	<b>(36.59%)</b>
Finance costs	(96,128)	(88,398)	(8.04%)
Income taxes	(34,272)	9,182	(126.79%)
Non-controlling interests	(19,342)	(8,262)	(57.28%)
<b>Recurring Profit attributable to owners of the parent</b>	<b>615,588</b>	<b>397,831</b>	<b>(35.37%)</b>
<b>Profit from fair value adjustment on investment property*</b>			
Siam Future Development	149,794	587,527	292.22%
Joint venture (Megabangna)	1,265,969	1,097,915	(13.27%)
<b>Net profit</b>	<b>2,031,351</b>	<b>2,083,273</b>	<b>2.56%</b>

\* 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 1,101.76 million, decreased by THB 397.67 million or 26.52% due to the rental aid supported to tenants affected from COVID-19 pandemic and the closure for renovation of Market Place Nawamin which re-opened in 3<sup>rd</sup> quarter 2020.

Other income for THB 20.04 million, decreased by THB 13.86 million because there was income from facility installation of Market Place Dusit which was opened in 2020.

Share profit from joint venture totaling THB 425.52 million, decreased by THB 76.44 million or 15.23% year on year due to the rental aid supported to tenants affected by COVID-19 pandemic.

## Costs and Expenses

Cost of rental and service totaling THB 850.17 million, decreased by THB 161.05 million or 15.93% year on year mainly due to the lower operating cost during COVID-19 pandemic.

Selling and administrative expenses accounted for THB 231.05 million, decreased by THB 44.77 million or 16.23% year on year, mainly from reduction in administrative expense during COVID-19 pandemic.

Finance costs accounted for THB 88.40 million, decreased by THB 7.73 million or 8.04% year on year from the reduction in floating interest rate during the year, including the refinance from bond to long-term loan resulting in lowered interest rate.

## Gain from Fair Value Adjustment on Investment Property

Profit from fair value adjustment on the Company's investment property accounted for THB 587.53 million, increased by THB 437.73 million compared to the same period last year because the revision of appropriate discount rate, including there was gain from land extension of Esplanade Ratchada in 1<sup>st</sup> quarter 2020, land revaluation of The Avenue Ratchayothin and fair value adjustment in other projects in the 4<sup>th</sup> quarter 2020.

Profit from fair value adjustment on Megabangna's investment property accounted for THB 1,097.92, decreased by THB 168.05 million year on year, because of gain from the opening of Mega Smart Kids in year 2019 which had gross leasable area 8,500 sq.m

## Total Assets

(Thousand Baht)

Statements of Financial Position	2019	2020
<b><u>Assets</u></b>		
<b><u>Current assets</u></b>		
Cash and cash equivalents	53,252	88,983
Short-term investments	15,000	-
Trade and other receivables	189,786	111,249
Finance lease receivables due within one year	20,865	20,993
Amounts due from related parties	14,741	27,269
Short-term loans to related parties	12,800	12,800
Other current assets	45,146	55,797
<b>Total current assets</b>	<b>351,590</b>	<b>317,091</b>
<b><u>Non-current asset</u></b>		
Restricted cash	621	627
Finance lease receivables	432,236	406,234
Investments in joint ventures	8,653,783	9,948,517
Investment property	11,745,296	13,693,207
Prepaid rent, net	768	702
Right-of-use	-	18,782
Building and equipment, net	62,994	58,741
Intangible assets, net	33,490	31,237
Deposits for leasehold land	48,458	50,084
Other non-current assets	40,702	37,732
<b>Total non-current assets</b>	<b>21,018,348</b>	<b>24,245,863</b>
<b>Total assets</b>	<b>21,369,938</b>	<b>24,562,954</b>

As of December 31<sup>st</sup>, 2020, the Company's total assets was THB 24,562.95 million, increased by THB 3,193.02 million or 14.94% year on year which had details as follows:

1. Investment in joint venture in 2020 accounted for THB 9,948.52 million, increased by THB 1,294.73 million year on year contributed by the shared profit of Megabangna from increases in operating profit and fair value adjustment gain for THB 1,523.56

and the adjustment on the dividend payment at THB 196.98 million.

2. Investment property in 2020 accounted for THB 13,693.21 million, increased by THB 1,947.91 million due to an increase in revaluation mainly from Esplanade Ratchada, The Avenue Ratchayothin and the discount rate revision during the year.

## Total Liabilities

(Thousand Baht)

Statements of Financial Position	2019	2020
<b>Liabilities</b>		
<u>Current liabilities</u>		
Bank overdrafts and short-term loans from financial institution	379,765	910,000
Trade and other payables	203,544	255,758
Amounts due to related parties	9,501	6,105
Current portion of unearned rental and service income	48,267	33,566
Current portion of long-term borrowings	806,478	446,070
Finance lease liabilities on land leases current portion	160,293	180,532
Corporate income tax payable	9,976	3,375
Other current liabilities	233,182	277,759
<b>Total current liabilities</b>	<b>1,851,006</b>	<b>2,113,165</b>
<u>Non-current liabilities</u>		
Unearned rental and service income	527,542	520,235
Long-term borrowings	1,202,337	1,684,947
Deposits received from customers	533,639	523,760
Deferred tax liabilities	1,167,638	1,321,767
Finance lease liabilities on land leases	1,573,774	2,166,936
Employee benefit obligations	53,108	59,113
<b>Total non-current liabilities</b>	<b>5,058,037</b>	<b>6,276,758</b>
<b>Total liabilities</b>	<b>6,909,043</b>	<b>8,389,923</b>

As of December 31<sup>st</sup>, 2020, the Company's total liabilities were THB 8,389.92 million, increased by THB 1,480.88 million or 21.43% year on year, which had details as follows:

1. Short-term loan in 2020 accounted for THB 910 million, increased by THB 530.24 million year since the company reserved as working capital and support on the new projects constructing cost which are Market Place Krungthep Kreetha and Marche' 55
2. Long-term borrowings in 2020 accounted for THB 2,131.02 million, increased by THB 122.20 million year on year because the cashflow management by refinancing from short-term to long-term borrowings
3. Land lease liabilities in 2020 accounted for THB 2,347.47 million, increased by THB 613.40 million year on year because the land lease extension of Esplanade Ratchada, including of the impact on new accounting standard
4. As of December 31<sup>st</sup>, 2020, the Company's interest bearing debts was accounted for THB 3,041.02 million. The Company's debt to equity ratio and net interest bearing debt to equity were 0.52 times and 0.19 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	2020
<b>Equity</b>		
Authorised share capital	2,131,929	2,131,929
Issued and paid-up share capital	2,131,921	2,131,921
Share premium	634,028	634,028
Retained earnings		
Appropriated – legal reserve	213,192	213,192
Unappropriated	10,374,503	11,957,031
Other components of equity	(446)	(446)
Non-controlling interests	1,107,697	1,237,305
<b>Total equity</b>	<b>14,460,895</b>	<b>16,173,031</b>

As of December 31<sup>st</sup>, 2020, the Company's shareholder's equity was THB 16,173.03 million, increased by THB 1,712.14 million or 11.84% 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 469.02 million. Thus, the return on equity (ROE) was 13.60%, increased from 2019 which was 16.35%.

### Cash Flow and Sources of Fund

#### Cash Flow

1. In 2020, cash flow from operating activities accounted for THB 504.65 million, increased by THB 2.44 million year on year. During 2020 the company had lower profit than 2019 totaling THB 158.01 million and there was cash receipt from a change in operating assets and liabilities in amount of THB 160.45 million.
2. In 2020, cash flow from investing activities accounted for THB 456.76 million, increased by THB 290.29 million year on year because in 2020 there was investment in Marketplace Nawamin and the land extension of Esplanade Ratchada.

3. In 2020, cash flow from financing activities accounted for THB 12.17 million, decreased by THB 321.31 million year on year because the company had borrowed from financial institutions for working capital and investing in constructing project i.e. Marketplace Krungthep Kreetha and Marche'55

#### Sources of Fund

The Company had long-term loan in total of THB 600 million for refinancing debenture in 2020 and internal working capital for the company.

# 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 follows:

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.

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 various stores such as cafe, restaurant, bakery shop, beauty shop, school and open space.

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 Market Place Bangbon as its first neighborhood 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 2019 and was well-suited with the target market around that area.)

In 1996, the Company opened the second and third neighborhood centers, i.e. Market Place PrachaUtit and Market Place Sukhapiban 3. 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.

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. At present B-Quik remained 1 branch on the stand-alone retail store format.

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. Currently, this project was under developed to the mixed-use project named Marche’ 55.

In 2003 the Company opened a new neighborhood shopping center in Thungmahamek with Tops Market as the anchor tenant. Currently, the Company renovated 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 currently land lease agreement was expired 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, land lease was expired 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, 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 Central 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 1<sup>st</sup> 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 2019.

In 2019, the Company opened one new project Market Place Dusit in February 2020 which had Tops Market as an anchor tenant.

In 2020, the Company renovated Market Place Nawamin (Sukaphiban 1) by replacing Big C to Tops Market as an anchor tenant as well as providing new tenants to improve customers' experience.

In summary, as of 31 December 2020, the Company operates 18 centers, the gross leasable area in the amount of 430,628 sq.m. with 94% occupancy rate. Furthermore, there are 2 centers under construction, Market Place Krunghthep-Kreetha which located on Srinakarin-Romklao Road with approximate 5,000 sq.m. leasable area targeted to open in year 2021 and Marche'55 under mixed-use concept of an integration between retail and office space located on Thonglo Soi 4 with retail area around 10,000 sq.m. targeted to open in year 2022.

## 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 12<sup>th</sup>, 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 2019 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 2019. 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 2019. 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 2017, 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 2018-2020, the rental and service income from anchor tenants and co-tenants of the Company are as follows:

Tenants	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	179.08	22.33%	199.53	22.60%	173.31	26.96%
2. Co-Tenants	623.06	77.67%	683.18	77.40%	469.46	73.04%
<b>Total</b>	<b>802.14</b>	<b>100.00%</b>	<b>882.71</b>	<b>100.00%</b>	<b>642.77</b>	<b>100.00%</b>

## Details of the 18 existing projects

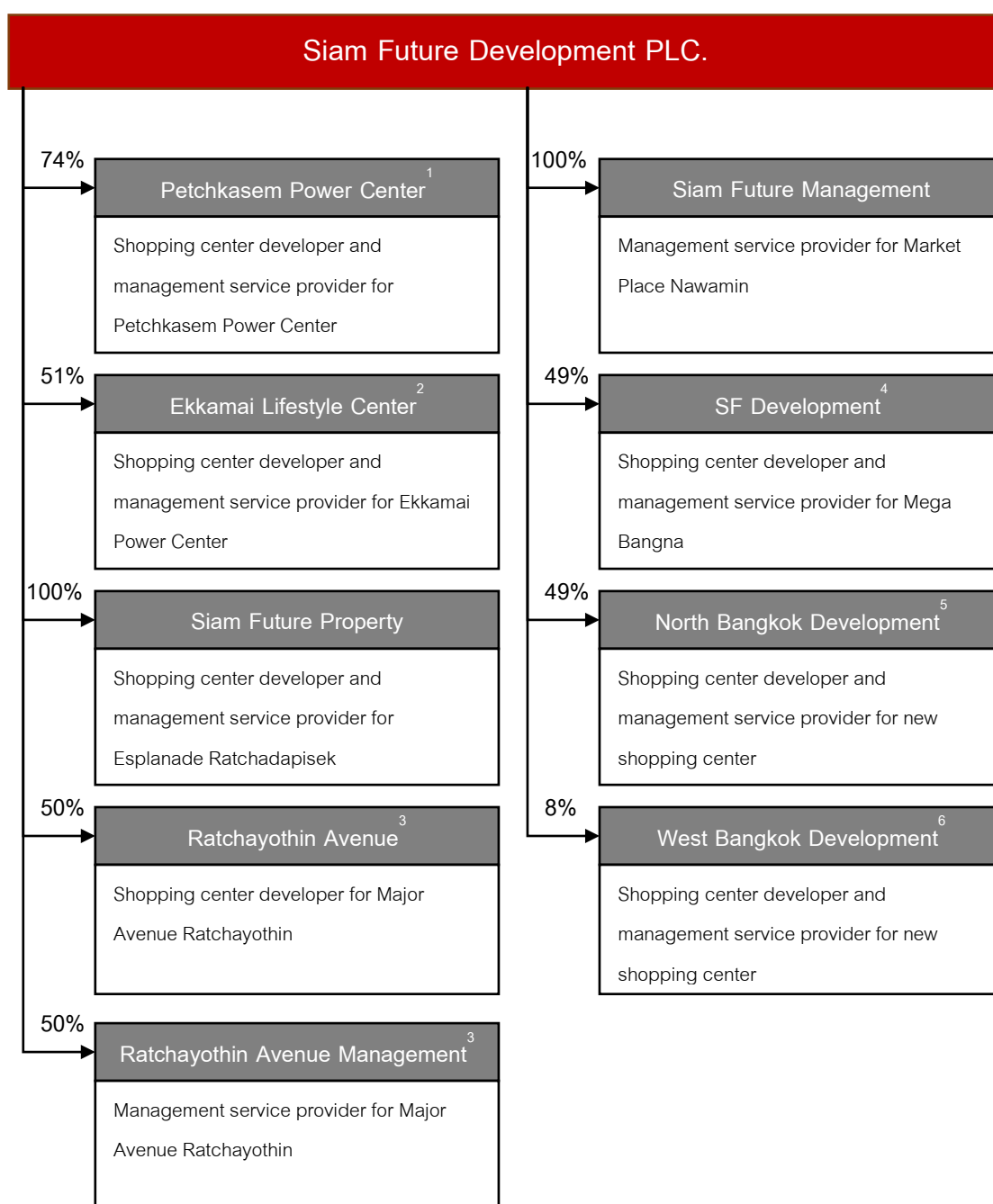
	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Market Place Bangbon	Eco Ring	Neighborhood Center	7,169	91
2	Market Place PrachaUtit	MaxValu Supermarket	Neighborhood Center	6,139	91
3	Market Place Sukaphiban 3	Tops Market	Neighborhood Center	7,150	75
4	Market Place Thonglo	Tops Market	Neighborhood Center	3,528	73
5	Market Place Nanglinchee	Tops Market, HomePro	Neighborhood Center	11,366	97
6	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, Fitness7	Lifestyle Center	20,320	84
7	J Avenue (Thonglo 15)	Villa Market, WE Fitness Society	Lifestyle Center	8,385	92
8	Meng Jai*	B-Quik	Stand-Alone Retail Store	466	100
9	Petchkasem Power Center	Big C, Major Cineplex, Makro Food Service, Amulet Market	Power Center	46,270	97
10	Ekkamai Power Center	Big C, Index Living Mall	Power Center	15,165	98
11	La Villa (Ari)	Villa Market	Lifestyle Center	5,634	95
12	Esplanade (Ratchadapisek)	Major Cineplex, Blu-O, Ratchadalai Theatre, WE Fitness Society, Tops Market, Art in Paradise	Entertainment Center	42,532	96
13	Pattaya Avenue	Major Cineplex, Villa Market, Fitness7	Lifestyle Center	24,630	72
14	Market Place Nawamin	Tops Market	Neighborhood Center	4,135	85
15	The Avenue Ratchayothin	Villa Market	Lifestyle Center	3,459	97
16	Nawamin City Avenue*	Villa Market, Bosch	Lifestyle Center	16,731	84
17	Market Place Dusit	Tops Market, Jetts Fitness	Neighborhood Center	6,058	75
18	Megabangna	IKEA, Major Cineplex, Major Bowl, Ice Skate, Big C, HomePro, Central	Super Regional Mall	201,491	100
	Total			430,628	94

Remarks: As at December 31<sup>st</sup>, 2020

No. 8, B-Quik is the only one.

No. 16 For managing purpose, the Company decided to integrate Nawamin City Avenue and Festival Walk to be united.

## Shareholding Structure



<sup>1</sup> Connect Consultant Co., Ltd. holds 26.0%

<sup>2</sup> Connect Consultant Co., Ltd. holds 49.0%

<sup>3</sup> Major Cineplex Group PLC. holds 50.0%

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

<sup>5</sup> IKANO PTE LTD holds 49.0% and Thai Vanasiri Co., Ltd holds 2%

<sup>6</sup> 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.

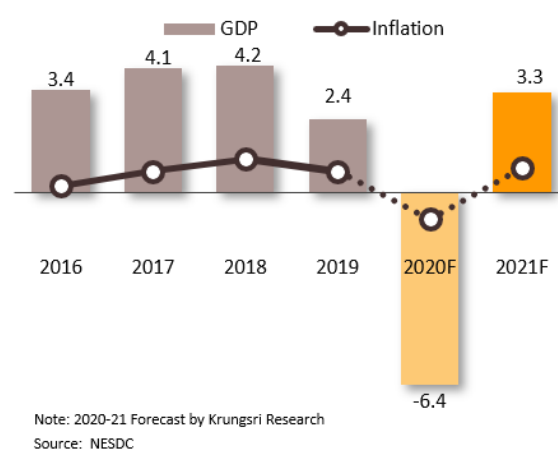
## (b) Industry Overview and Competition

### Domestic Economic Situation in 2020

The COVID-19 pandemic since early 2020 resulted in the global economic crisis. For Thailand, we could cope with the first wave of spreading by mid of 2020 but during late of 2020 the second wave occurred. Thai economy negatively impacted from the situation because of relying

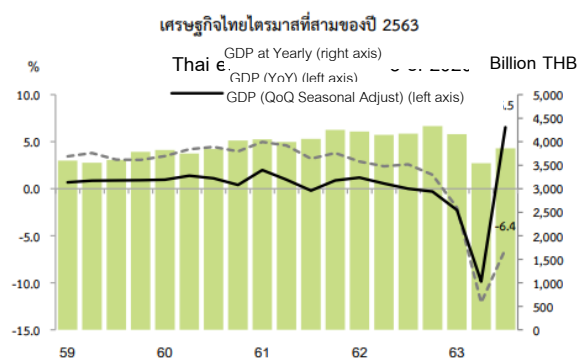
on tourism activity, 13% of GDP, higher than other countries in ASIA. Besides that, there was supply disruption from domestic and international including a negative impact from lower income. Moreover, during the last quarter of 2020, there was an uncertainty in domestic political situation. Therefore, Thai economy in 2020 would be shrink to -6.4% compared to +2.4% in 2019.

Table illustrating GDP and inflation rate in Thailand



Thai economic in the third quarter 2020 declined 6.4%, continued from the previous quarter at 12.1% (%YoY). After removing seasonal effect, the number in the third quarter 2020 increased from the second quarter 2020 (%QoQ\_SA) at 6.5%. Totaling 9 months of 2020, Thai economy declined 6.7%.

Table illustrating Thailand economic index in quarter 3 of 2020



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

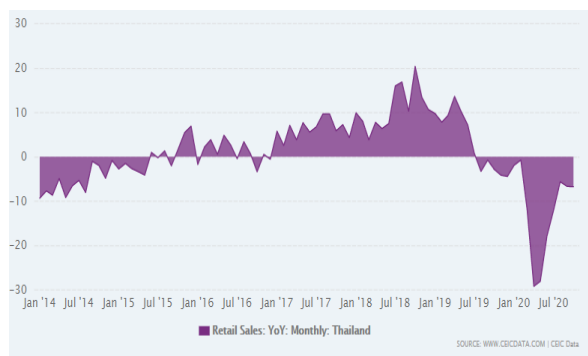


## Retail Business Overview

In the fourth quarter of 2020 overall retail business was sluggish because lower confidence rate of Thai and lower purchasing power due to high household debt level and the impact of COVID-19 pandemic. Consumer Confidence Index (CCI) and retail index significantly declined. With these challenges as well as a growing of e-commerce were pressured to the growth of retail business in the future. Not only modern trade retailer but also SMEs adapted their strategy to do online marketing faster than their previous plan. Selling the products only offline platform might not enough to cover their cost. However, retailers should select the right platform for their products to serve customers including service quality, convenient and safe payment system or delivery speed to do online platform.

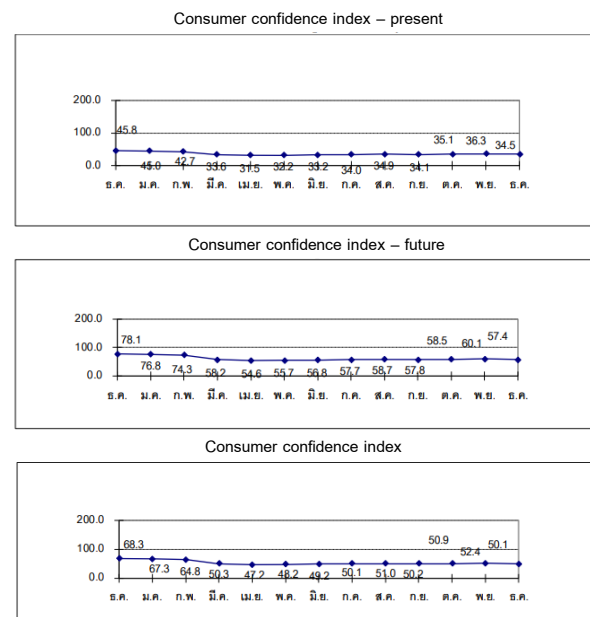
Source: 2020 Retail Business to Shrink 5-8% Entrepreneurs Face More Challenges Post COVID-19 (Current Issue No.3102), Kasikorn Research Center

Table illustrating Thailand retail index 2014-2020



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 December 2020, consumer confidence index – present declined for the first time after increasing for 3 months which was at 34.5 lower from 36.3 in October 2020. Consumer confidence index – future (6 months ahead) was at 57.4 declining from 60.1 in August 2020. Therefore, consumer confidence index was 50.1 declining from 52.4 in August 2020.

The number of consumer confidence index above could reflect that consumers will control their expenditure in the first quarter 2021 pending until the domestic COVID-19 situation had resolved. Not only how soon the government could control the infection of COVID-19 but also the government plan to support domestic consumption during the first and second quarter 2021 as well as the political rally would directly effect to consumer confidence level in the future.

The 2<sup>nd</sup> wave of COVID-19 mainly infected in Samutsakorn province then spreading to many provinces during late of December 2020. To control the situation, Center for COVID-19 Situation Administration (CCSA) categorized the country into 4 areas: 1.Highest controlled area 2.Controlled area 3.High surveillance area 4.Surveillance area. Each area applied different

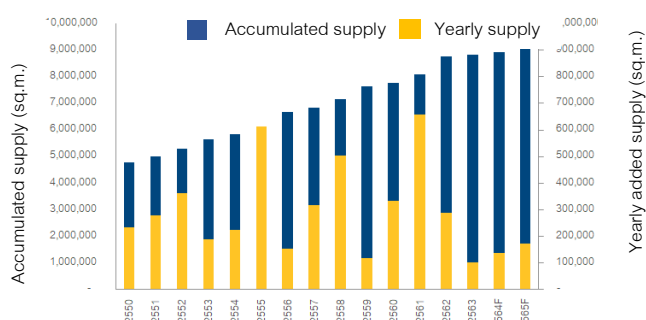
procedure. So some province might not be able to celebrate New Year 2021.

The loss from the prohibited travelling during New Year holiday for 4 days (31<sup>st</sup> Dec 20 – 3<sup>rd</sup> Jan 21) worth around 5,850 Million Baht or 58.4% of normal domestic travelling. If the strict plan could control the spreading of COVID-19 within 1 month, overall domestic tourism could be resumed during late of the first quarter 2021.

Source: 'COVID-19 effect travelling plan for New Year 2021: Bangkokian 53.8% stay home, while 30.9% still travel', Kasikorn Research Center

## Supply

Table illustrating retail supply 2007-2020 and estimated retail supply 2021-2022



Source: Research Department, Colliers International Thailand Ltd.

In quarter 4 2020, the retail space in Bangkok was 8,917,019 square meters rose 16,908 square meters or 0.19%. New 3 opening projects were Market Village Rangsit-Klong4 in outer-eastern Bangkok with 12,000 square meters leased area, At Saima Park Avenue in outer-western Bangkok 9,900 square meters and Meeting Mall @ Bang-aor station 4,266 square meters. The retail space in Bangkok Metropolitan in 2021 and 2022 will rise around 138,527 square meters and 174,124 square meters respectively.

In the past year of 2020, the pandemic of COVID-19, the tension on political rally, significantly drop of tourists number around 70% and the sluggish domestic economy were the negative impact to the retail business. Some tenants cancelled and closed down their business. So the average occupancy rate in year 2020 declined. Vacancy

area in each shopping centers rose and might increase if the pandemic could not be controlled. However, in the late of 2020 there was a progress on vaccine development from many companies. Lastly this progress was a positive impact to the retail business.

## Accumulated retail area categorized by type and opening year

Most of retail supply in Bangkok was department store in a portion around 60% of Bangkok retail supply. Due to the opening of the new shopping centers along these years. While other type of retail supply was not recently developed such as entertainment complex (Cinema with other tenants).

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

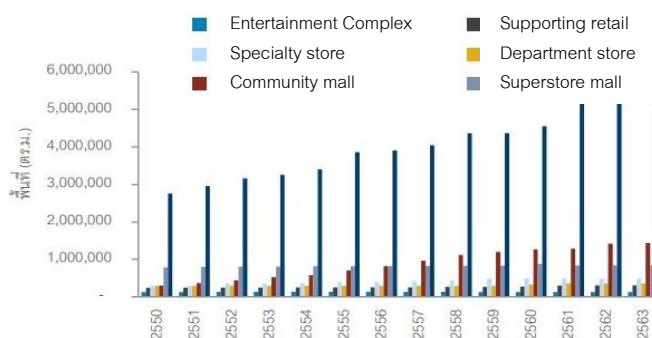
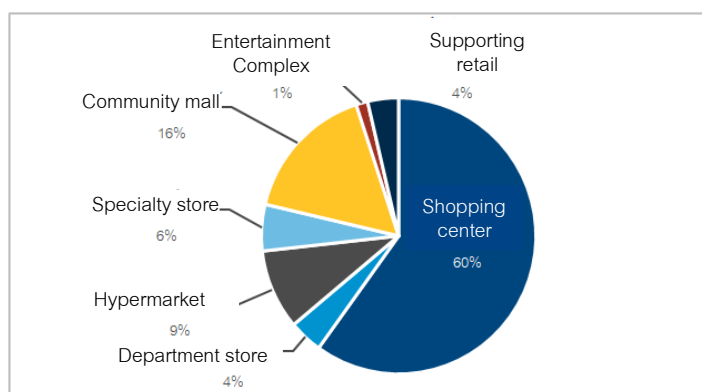


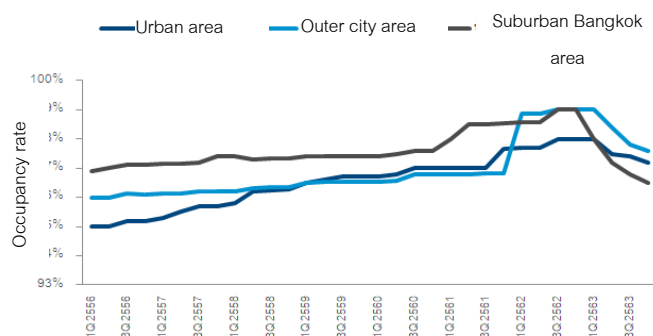
Table illustrating the retail space in Bangkok and neighboring areas categorized by type as at quarter 4 of 2020



Source: Research Department, Colliers International Thailand Ltd.

## Demand

Table illustrating the average occupancy rate classified by location during quarter 1 2013 – quarter 3 2020



Source: Research Department, Colliers International Thailand Ltd.

Average occupancy rate in every location during quarter 4 2020 was around 96.1% declining around 0.2% from the previous quarter. Shopping centers format was represented the highest occupancy rate in the retail supply.

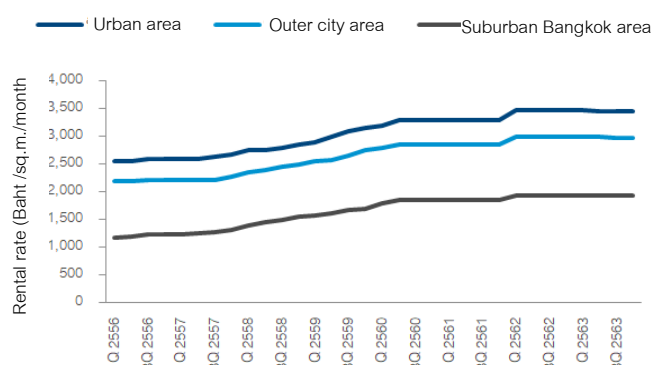
The government tried to stimulate domestic economy and consumption by launched “Tasting-Shopping-Spending” cash giveaway campaign phase 1 and phase 2 and “Tax reimbursement on shopping 30,000 Baht”. On the second half of 2020, domestic spending power improved complying with the improvement in the consumer confidence index in November 2020. At the end of the year 2020, another government campaign “Half payment” helped improving on the purchasing power in many provinces.

However, there were concerns in various issues, starting from the political rally situation in October 2020, slow economic recovery, unemployment rate increased in the future. Last but not least, the most important for domestic concern was the new infected cases of COVID-19 that Thai people kept an eye on how the government could control.

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 2020



Source: Research Department, Colliers International Thailand Ltd.

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, some projects the rental rate could be down to THB 300-500 per square meter per month. This low rate of community mall was from unsuccessful mall that lower demand of community mall in the market.

### Adaptation of retail developers and tenants in 2021

The sluggish domestic and worldwide declining economy caused people to be careful with money. Online shopping steeply grew in this year even though COVID-19 could be controlled in Thailand. Entrepreneurs could expand or promote their business through digital marketing. New normal after COVID-19 to people lifestyle should be included in their future plan. Because nobody could forecast when and how the pandemic will be solved. Some behavior might be permanently changed which might have an impact to retail developer as well as tenants. Therefore, cost management including downsizing space would be a tool to limit their fix cost. Expansion on online platform for buying food and goods would be the new normal to the business.

Source: Research Department, Colliers International Thailand Ltd

A new strategy for retailers was downsizing and adjusting format of retail space which could save rental cost and could increase flexibility to do the business. Large scale retailers would consider to reduce their space. Banking moved to online platform which required less branch. Food and beverage tenants were interested more on delivery service, kitchen space would be larger. Fashion store developed various distribution channel (omni-channel). Some business would close their non-profitable shops for cost management or delayed their expansion to concentrate on the existing location. Customer experience will be the most important factor for retailers to emphasize on which will provide service that the customers could not have on online shopping. The tenants that can provide new customer experience would gain more bargaining power on shopping centers. Rental format would change from permanent store to temporary store and shop size would be smaller such as pop-up store or sales booth.

Financial management and cash flow management became critical for retailers' strategy. Retailers would be more conservative on their further investment. Expansion on the new site would be revised to save cash flow and working capital in the company. Investment in other countries would be limited. Non-profitable branch might be closed down to control the operating cost.

Shopping center developers would innovate new idea providing in the rental space, collaborating indoor and outdoor area, specialty café and restaurants, recreational area and pet-friendly space would be integrated to attract domestic customers.

Source: CBRE

#### Future of Retail Business

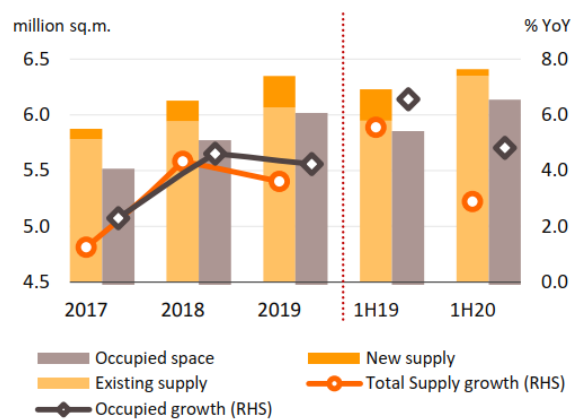
Retail situation was depending on the overall the country economic trend. For the year 2021, the economic trend should continually recover follow by late of 2020 which had the important factors from (1) successfully control of the domestic COVID-19 situation and the

government support on the domestic demand (2) economical recovery in the global economic of the countries that foresaw to limit the infection which would positively impact on Thai export volume (3) the government spending plan in year 2021 and other stimulating plan of Thai economic and (4) lower number of base year 2020. However, there were some limitation and risk factor that might affect to the recovery in year 2021 which was the pandemic COVID-19 in some countries that could not control and still intensify. This would impact to the global trade, tourism, employment and household-business spending.

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

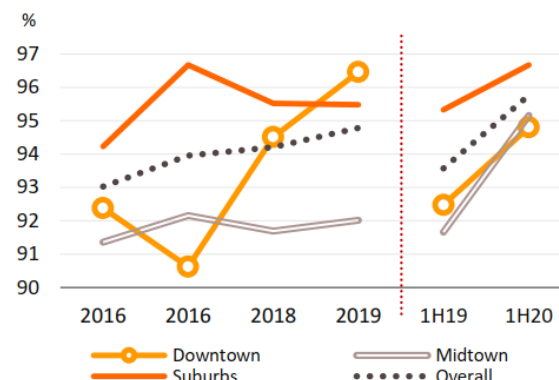
#### Retail Situation in 2020

Table illustrating existing and new supply area



Source: CBRE

Table illustrating occupancy rate



Source: CBRE

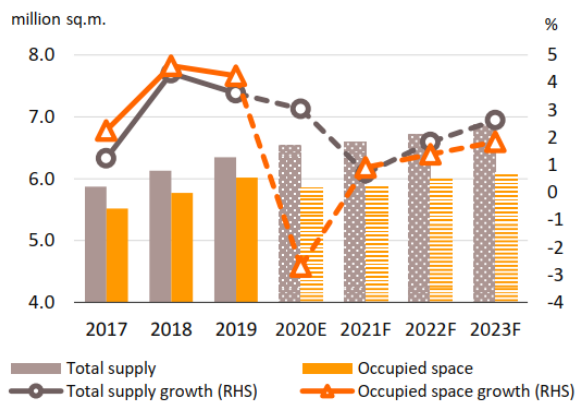
Source: Research department Krungsri.

During the first half of 2020, new supply opened around 60,200 square meters, lowest supply compared to the same period in the past. Total retail supply was around 6.4 million square meters increasing 2.9% YoY. Occupied space was 6.1 million square meters increasing 4.8% YoY. Occupancy rate was 95.8% improving from 94.8% in 2019. Retail developers decided to lower rental rate to secure tenants during COVID-19.

On the second half of 2020, some tenants might not have enough liquidity to survive so they would close down their business and cancel their lease agreement. Some tenants would downsize their shop and start online marketing. Therefore, overall occupancy rate will drop. New supply would add around 112,000 square meters. As at year end 2020 total retail space was 6.5 million square meters increasing around 3.0%, while demand in rental space was dropped complying with the sluggish economy and tourism effected from COVID-19.

#### Industry Trend

Table illustrating demand-supply in Bangkok Metropolitan Area



Source: Krungsri Research, Krungsri Bank

Retail business would improve complying with private consumption and public investment from government in infrastructure. Forecasting for 3 years ahead, demand in the rental will slightly grow around 1.0%-2.0% per year, while new supply will increase around 300,000 square meters. So, occupancy rate will decrease to 89%-90%. Rental rate could increase in urban area.

**Enclosed mall:** revenue could grow. New supply continually add to the urban area. Renovation on the existing malls to serve various lifestyle could help increasing in rental rate.

**Community mall:** revenue trend is stable. Both demand and supply are in the same level. Occupancy rate remains the same.

**Space in retailer:** revenue remains the same level of 2020. Occupancy rate declines because of new supply.

Overall, the competition in retail was higher from many mixed-use projects in the future. Large-size of mixed-use projects would complete within 2025 with the additional of more than one million square meters. Also the growth of e-commerce could pressure on the developers on rental rate, occupancy rate and profitability of the company.

## Retail trend in digital era

Table illustrating value of e-Commerce (B2C) 2017-2019



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 such as Thailand, Malaysia, Indonesia, Vietnam and Singapore increased in every country in 2019 especially in the technology-oriented countries in the world, China U.S. Japan France Korea. E-commerce value in 2019 of China U.S. Japan France and Korea were 1,330, 482, 166, 106 and 101 billion U.S. dollar consecutively.

E-commerce value in ASEAN of Thailand Malaysia Indonesia Vietnam and Singapore were 47, 22, 10, 8 and 5 billion U.S. dollar consecutively. The highest growth country of e-commerce (B2C) in ASEAN was Thailand which had the growth rate almost double compared to 2017. Followed by Indonesia at 15.71% Vietnam at 14.00% Malaysia at 11.00% and Singapore at 7.16%.

After the COVID-19 pandemic, consumers were force to spend through online channel during self-quarantine and working from home period. Retailers themselves were switch from offline to online market at the same time. This increased value of overall e-commerce.

Source: Electronic Transactions Development Agency

E-commerce value in year 2019 was around 163,300 million Baht. But COVID-19 in Thailand led to the increase in online shopping volume. Therefore, e-commerce value might reach 220,000 million Baht in year 2020 or growing 35% compared to the previous year.

Year 2020 demand in e-commerce increased in many product categories; health and beauty 34%, household products 35%, book and stationery 27%, electronic 22%, computer 4% and furniture 2%. Breaking down in health and beauty products found that the highest demand was mask, alcohol, thermal scanner, hand sanitizer and herb. This demand increased from COVID-19 protection purpose. While the lower demand was from clothes and fashion category 41% and sporting goods 58%.

Source: 'Priceza pointed COVID-19 will drive 2020 e-commerce grow 35% reach 220 billion Baht', The Standard

While the 'New Normal' had helped to stimulate growth for online retail stores, retailers still faced even more fierce competition, especially with foreign e-Market place operators, which are expected to be the most affected group and subjected to heightened competition. Since the onset of the COVID-19 crisis, foreign E-Market places, which primarily revolve around luxury and non-food products such as fashion products, IT equipment, furniture and home décor, have been coping with numerous challenges, such as consumers' weakening purchasing power that is not expected to quickly recover, intensifying competition among non-food products and specialty stores with websites or recognized brands, and competitors who utilize brand credibility alongside promotions and continual service improvements in their struggle for a share of consumers' purchasing power.

In addition, opportunities to penetrate the food product and fast-moving consumer goods (FMCG) markets have become severely limited, as modern trade retail stores like supermarkets and hypermarkets have all rushed in to promote their goods and capitalize on the online platforms. Modern trade retail stores are also expected to become more prominent players in the aforementioned product groups on these virtual marketplaces. Hence, business turnover in foreign E-Market places is expected to suffer an ongoing decline of 30-40 percent per year, in contrast to the projected revenue for the period between 2020 and 2022. This could be regarded as a continuous loss of 46 percent per year, on average since this group of E-Market place operators invested in and made its presence known among Thai online retail platforms.

Even though the COVID-19 pandemic is partially responsible for reinvigorating the growth of the online retail market amid the 'New Normal', it has also triggered a decline in consumers' purchasing power, which is not expected to recover anytime soon. Therefore, its prior projection that the online retail market – Business-to-Customer (B2C) E-Commerce (for products only) – will expand at approximately 8-10 percent, which would reflect a slowdown in comparison to the 20-percent expansion rate of 2019 – or an estimated market value of THB 300-320 billion, which would account for a 7.7-percent share of total retail market value.

*Source: E-commerce market value to stall at 8-10% growth as 'New Normal' ushers in a more competitive environment (Current Issue No.3112), Kasikom Research Center*



## 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 areas<sup>1</sup> 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.

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#### 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.

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### 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 PrachaUtit Project where the Company has 30-year contracts with landlords but has only 20-year contracts with tenants, respectively. Therefore, in the 20<sup>th</sup> 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, PrachaUtit 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 3<sup>rd</sup> floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1<sup>st</sup> and 2<sup>nd</sup> floors but prefer quiet atmosphere on the 3<sup>rd</sup> floor and lower rental fee when compare to the 1<sup>st</sup> and 2<sup>nd</sup> 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 2020	Gross Leasable Area (sq.m.)	Percentage (%)
Less than 5 years	20,320	4.7
5 - 10 Years	22,159	5.1
More than 10 years	183,199	42.6
Land Ownership	204,950	47.6
<b>Total Leasable Area</b>	<b>430,628</b>	<b>100</b>

## 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.

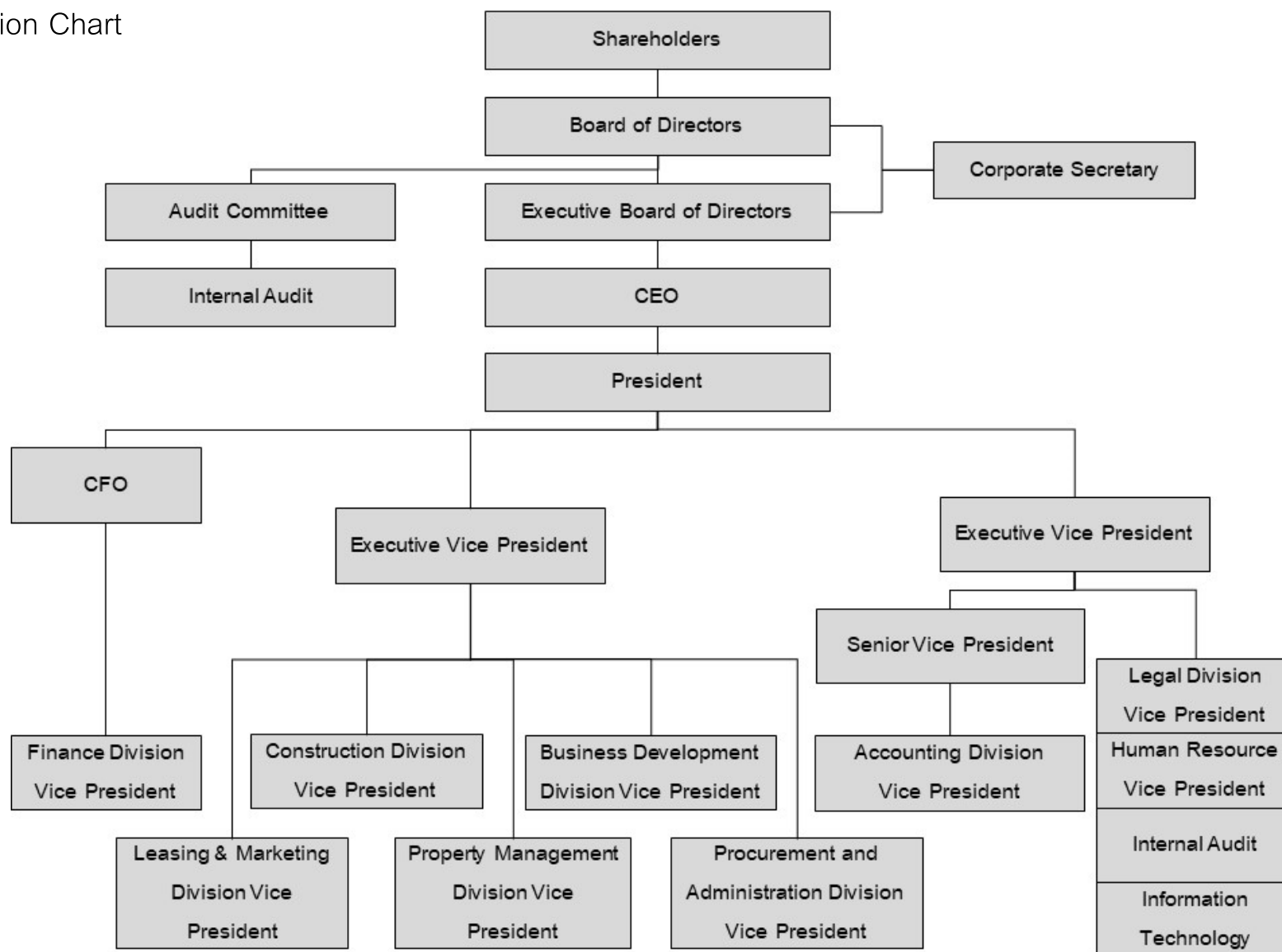
## **Risk of the delay from receiving the rent of all projects**

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 2020, the Company had Interest Bearing Debt to Equity Ratio equal to 0.19 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 2020 are as follows:

	Name of Shareholders <sup>1</sup>	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited <sup>2</sup>	620,985,971	29.13
2	Lucky Securities, Inc <sup>3</sup>	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 <sup>3</sup>	70,800,000	3.32
7	Mrs. Gasinee Witoonchart	37,663,200	1.77
8	Thai NVDR Co., Ltd.	34,548,013	1.62
9	Ms. Thanjira Pojkasemsin	31,310,822	1.47
10	Ms. Artitaya Jantaraprapa	28,970,663	1.36
<b>Total</b>		<b>1,345,144,285</b>	<b>63.10</b>
<b>No. of ordinary shares</b>		<b>2,131,920,931</b>	<b>100</b>

### 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.7 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 2020, the resolution from 2020 Annual General Meeting of the Shareholder on March 25<sup>th</sup>, 2020 was to make a dividend payment of 0.22 Baht per share in cash.

## 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 2020 are as follows:

First Name — Last Name		Position
1. Mr. Oranop	Jantaraprapa	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 2020 are as follows:

First Name – Last Name	Position
1. Mr. Nopporn Witoonchart	Chairman of Executive Committee
2. Mr. Vicha Poonvorarluck	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 2020 are as follows:

First Name – Last Name	Position
1. Mrs. Nantiya Montriwat	Chairman of the Audit Committee
2. Mrs. Sabaitip 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 2020 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 26<sup>th</sup>, 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 26<sup>th</sup>, 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 February13<sup>th</sup>, 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 2018- 2020, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	Position	2018 (6 meetings)	2019 (4 meetings)	2020 (4 meetings)
Mr. Oranop Jantaraprapa	Chairman	6	3	4
Mr. Pongkit Suttapong	Vice chairman	6	4	4
Mr. Nopporn Witoonchart	Director	6	3	4
Mr. Somnuk Pojkasemsin	Director	6	4	4
Mr. Kittinanth Sumruatruamphol	Director	6	4	4
Mr. Vicha Poolvaraluck	Director	6	4	4
Mr. Verawat Ongvasith	Director	6	4	4
Ms. Thitapat Isarapornpat	Director	6	4	4
Mr. Chai Jroongtanapibarn	Independent Director	6	4	4
Ms. Nantiya Montriwat	Chairman of Audit Committee and Independent Director	6	4	3
Mr. Dej Bulsuk <sup>1</sup>	Member of Audit Committee and Independent Director	1	-	-
Ms. Sabaitip Suntaros	Member of Audit Committee and Independent Director	6	4	4
Mr. Vorawit Chailimpamonti <sup>2</sup>	Member of Audit Committee and Independent Director	4	4	4

1 Mr. Dej Bulsuk has passed away on February 23<sup>rd</sup>, 2018. As a result, he vacated the positions as independent director and audit committee member

2 Mr. Vorawit Chailimpamonti was appointed as a director on March 22<sup>nd</sup>, 2018

### **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 2020, 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 73 years • Shareholding 1.15%

Position	Chairman • Authorized Director
Education	<ul style="list-style-type: none"> <li>• M.B.A., East Texas State University, U.S.A.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• The Role of Chairman Program (RCP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Chairman, Siam Future Development Plc., Shopping Center Developer</li> <li>• 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</li> </ul>

### 2. Mr. Pongkit Suttapong • Age 61 years • Shareholding 5.76%

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

### 3. Mr. Nopporn Witoonchart • Age 56 years • Shareholding 6.18%

Position	Director • Chairman of Executive Committee • Acting Chief Executive Officer • Authorized Director
Education	<ul style="list-style-type: none"> <li>• B.E. (Computer Engineering), King Mongkut's Institute of Technology</li> <li>• Director Certification Program (DCP) Class #70 in 2005, Thai Institute of Directors Association (IOD)</li> <li>• Top Executive Program (CMA #8), Capital Market Academy 2009</li> <li>• Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010</li> <li>• Top Executive Program in Urban Green Development (Mahanakorn #1), Urban Green Development Institute Bangkok 2011</li> <li>• Diploma, National Defence College, The Joint State – Private Sector Course Class 55, National Defence College of Thailand</li> <li>• Top Executive Program in Industry and Investment Business Development, Institute of Business and Development (IBID1)</li> <li>• Top Executive Program in Energy Literacy for the world – Class #6, Thailand Energy Academy 2015</li> <li>• Top Executive Program in Advance Insurance Leadership – Class #6, Thailand Energy Academy 2016</li> <li>• Top Executive Program in Tourism – (Gortorsor #1), Tourism Authority of Thailand</li> <li>• Business Revolution and Innovation Network (BRAIN #1), The Federation of Thai Industries</li> <li>• Academy of Business Creativity (ABC #8), Sripatum University 2019</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 1994 – Present: Director, Chairman of Executive Committee, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1994 – Present: Managing Director, Siang Somboon Co., Ltd., Real Estate</li> <li>• 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate</li> <li>• 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer</li> </ul>

### 4. Mr. Somnuk Pojkasemsin • Age 64 years • Shareholding 0.20%

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

**5. Mr. Kittinanth Sumruatruamphol • Age 58 years • Shareholding 0%**

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

**6. Mr. Vicha Poolvaraluck • Age 58 years • Shareholding 0%**

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

**7. Mr. Verawat Ongvasith • Age 50 years • Shareholding 0.03%**

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

**8. Ms.Thitaphat Issarapornpat • Age 53 years • Shareholding 0%**

Position	Director • Executive Director
Education	<ul style="list-style-type: none"> <li>• M.B.A., Chulalongkorn University</li> <li>• Bachelor of Accounting, Ramkamhaeng University</li> <li>• Director Certification Program (DCP 148/2011), Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer</li> <li>• 2013 – Present: Chief Finance Officer and Company Secretary, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2019 – Present: Director, Tai Major Co., Ltd.</li> <li>• 2018 – Present: Director, Mtel (Thailand) Co.,Ltd.</li> <li>• 2016 – Present: Director, CJ Major Entertainment Co., Ltd.</li> <li>• 2013 – Present: Director, Major Kantana Broadcasting Co., Ltd.</li> <li>• 2012 – Present: Director, M Pictures Entertainment Plc.</li> <li>• 2011 – Present: Director, Thaiticket Major Co., Ltd.</li> <li>• 2011 – Present: Director, EGV Entertainment Plc.</li> </ul>

**9. Mrs. Nantiya Montriwat • Age 73 years • Shareholding 0.03%**

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

**10. Mrs. Sabaithip Suntaros • Age 73 years • Shareholding 0.07%**

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

**11. Mr. Chai Jroongtanapibarn • Age 66 years • Shareholding 0%**

Position	Independent Director
Education	<ul style="list-style-type: none"> <li>• M.S. (Accounting), Thammasat University</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Certification Program (DCP) in 2003, Thai Institute of Directors Association (IOD) 29/2003</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD) 24/2005</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Independent Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2018 – Present: Chairman and Independent Director, Veranda Resort Plc, Hotel</li> <li>• 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc, Cinema and Bowling</li> <li>• 2007 – Present: Independent Director, Audit Committee and Risk Management Director, Siam Food Plc., Exporting of Canned Fruits</li> <li>• 2006 – Present: Independent Director, Audit Committee and Chairman of Risk Management Director, Oishi Plc., Soft Drink and Restaurants</li> <li>• 2014 – Present: Chairman and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel Trading and Services</li> <li>• 2000 – Present: Independent Director and Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit</li> <li>• 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading and Manufacturing</li> </ul>



**12. Mr. Woravit Chailimpamontri • Age 51 years • Shareholding 0%**

Position	Member of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> <li>• M.B.A. in International Business, Schiller International University, London, England</li> <li>• B.A. (Marketing), Bangkok University</li> <li>• Director Certification Program (DCP) Class#100/2008 and Advanced Audit Committee Program (AACP) Class#28/2020, Thai Institute of Directors Association (IOD)</li> <li>• Top Executive Program (CMA#8), Capital Market Academy 2009</li> <li>• Top Executive Program in Commerce and Trade (TEPCoT#3), Commerce Academy 2010</li> <li>• Top Executive Program in Politics and Governance in Democratic Systems (Class#14), King Prajadhipok's Institute 2011</li> <li>• Certificate of Housing Finance Program at the Wharton School, University of Pennsylvania 2012</li> <li>• The Programme for Senior Executives on Justice Administration (Class#16), National Justice Academy, Office of Judiciary 2013</li> <li>• Top Executive Program in Energy Literacy for a Sustainable Future (Class#4), Thailand Energy Academy (TEA) in 2014</li> <li>• Top Executive Program in Metropolitan Management and Development (Mahanakorn Class#4), Institute of Metropolitan Development, Navamindradhiraj University in 2015</li> <li>• Public Order Management Program (Class#3), Police Education Bureau 2016</li> <li>• Thailand Insurance Leadership Program (Class#6) Office of Insurance Commission (OIC) 2017</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2018 – Present: Member of the Audit Committee and Independent Director, Siam Future Development Plc.</li> <li>• 2018 – Present: Director and Independent Director, 2S Metal PLC.</li> <li>• 2017 – Present: Director and Chairman of the Audit Committee and Independent Director, National Power Supply Plc.</li> <li>• 2017 – Present: Director and Executive Director, International Research Corporation Plc.</li> <li>• 2015 – Present: Director, Thailand-Cambodia Friendship Association</li> </ul>

Remark:

- No relationship among each director.

## Management

1. Mr. Nopporn Witoonchart • Age 56 years

Please see the Details in Board of Directors

2. Mr. Somnuk Pojkasemsin • Age 64 years

Please see the Details in Board of Directors.

3. Mr. Kittinanth Sumruatruamphol • Age 58 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 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 2020 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 2020 Annual General Meeting of the Shareholders
2. Attachment 1: Minutes of the 2019 Annual General Meeting of the Shareholders
3. Attachment 2: 2019 Annual Report
4. Attachment 3: Details on the provisioning of legal reserve for the 2019 operating results and dividend payment
5. Attachment 4: Details on the re-election of the directors whose terms expired and to consider an appointment of the new directors
6. Attachment 5: Details on directors' remuneration
7. Attachment 6: Details on the appointment of auditors for the year 2020 and the determination of audit fee
8. Attachment 7: Details on the Amendment to Article 24 and Article 35 of Company's Articles of Association in Accordance with the Law
9. Profile of Independent Director for principals
10. Proxy Form A
11. Proxy Form B
12. Proxy Form C
13. Evidence for proving the rights to attend the shareholders' meeting
14. Articles of Association regarding the meeting of the shareholders
15. 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 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.
  - The company set a screening point before registration. The shareholders had to do a risk survey, measure temperature, clean their hands by gel sanitizer before register. All the time in the meeting, the shareholders had to wear a mask.
- Moreover, in the meeting place (cinema), the Company provided social distancing by prepare distancing seats for the audience. For the directors the Company provided social distancing seat as well. Lastly, for the shareholders who did not want to attend in the cinema, the Company prepare seats on the common area in front of the cinema with Live broadcast from the meeting room.
- 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 Setlink of the Stock Exchange of Thailand and on Company website ([www.siamfuture.com](http://www.siamfuture.com)) for Annual General Meeting of Shareholders 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](http://www.siamfuture.com)). For the 2021 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 4 January 2021 to 29 January 2021. 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.

Under COVID-19 situation, the Company concerned on the safety of both tenants and customers in the shopping centers. So, the Company set some procedures as follow.

- Screening point before entering shopping center by providing temperature measure, hand gel sanitizer, registration area by QR code or registration sheet
- Often clean and wipe touching area such as escalator hand rail, elevator touch pad and toilets
- Every staff and customers have to wear a mask before entering shopping center
- Complying with social distancing policy by preparing seating in common area and seats in food tenants away at least 1 meter
- Sanitize all shopping center by spraying disinfectant before and after opening everyday

### 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](mailto:sajjapong@siamfuture.com), [pakorn@siamfuture.com](mailto:pakorn@siamfuture.com) or through the Company's website ([www.siamfuture.com](http://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  
6<sup>th</sup> Floor Esplanade Ratchdapisek  
99 Ratchadapisek road, Din Deang, Bangkok 10400  
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- 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 9<sup>th</sup>, 2019.
- In 2019, the Company became a member in Thai Pat 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 2020, 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 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 2020, 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 2020, 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 2020, remuneration of the Company's Board of Directors and management comprised salary, meeting attendance fee and provident fund which amounted to THB 37.74 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 26.24 million in total.
  3. Other remuneration, i.e. provident fund, equaled THB 5.5 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 Setlink 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 2020, 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)

Under COVID-19 situation, the Company concerned on the safety of both tenants and customers in the shopping centers. So, the Company set some procedures as follow.

- Screening point before entering shopping center by providing temperature measure, hand gel sanitizer, registration area by QR code or registration sheet
- Often clean and wipe touching area such as escalator hand rail, elevator touch pad and toilets



- Every staff and customers have to wear a mask before entering shopping center
- Complying with social distancing policy by preparing seating in common area and seats in food tenants away at least 1 meter
- Sanitize all shopping center by spraying disinfectant before and after opening everyday

## 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 2020.
- 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 2020 the Company had activities below.

- Opened new Megabangna U-turn bridge located on Bangna-Trad k.m.7 to facilitate both Megabangna customers and people residing on Bangna-Trad Road
- 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 11<sup>th</sup> 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 2020, 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 2019 and 2020 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
			2019	2020	
Major Cineplex Group Public Company Limited ("Major")	Major shareholders	<ul style="list-style-type: none"> <li>SF earns rental and service income as share percentage in which SF or its subsidiaries have made rental and service contracts with Major.</li> </ul>	42,964	13,008	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
		<ul style="list-style-type: none"> <li>Major provides management service for Ratchayothin Avenue in which the expense occurs monthly and the payment amount is stated in the contract.</li> </ul>	22,888	12,611	

### 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 2019 and 2020 and deemed that the Company's related transactions in the accounting year ended 31 December 2019 and 2020 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 2020



## Independent Auditor's Report

To the shareholders of Siam Future Development Public Company Limited

### My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Siam Future Development Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

### What I have audited

The consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- 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 significant accounting policies and other explanatory information.

### 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 Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions 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 judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Valuation of investment property. The matter was 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 the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Valuation of investment property</i></b></p> <p>Refer to note 15 to the financial statements regarding investment property.</p> <p>The fair value of the investment property at 18 locations was Baht 13,693.21 million, representing 56% of the total assets of the consolidated financial statement as at 31 December 2020. During the year, the Group has recognised a gain from fair value adjustment to the investment property of Baht 604.67 million 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 required the judgements by Group management. The Group management engaged 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 were agreed with the Group 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 operating in renting retail spaces adjusted by certain risk factors.</p>	<p>My procedures in relation to the valuation of investment property included:</p> <ul style="list-style-type: none"> <li>- Evaluate the independent external valuer's competence, capabilities, independence and objectivity.</li> <li>- Assess the methodologies used and the appropriateness of the key assumptions based on my knowledge of the industry and the available evidences. This included assessing the market rent for property in a comparable location and condition, and assessing the discount rate by comparing it with the industry average.</li> <li>- Check, on a sample basis, the accuracy and relevance of the input data used by comparing it with the current rental contracts.</li> </ul> <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>

#### Emphasis of matter

I draw attention to note 4.3 to the consolidated and separate financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My opinion is not modified in respect to this matter.

## 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 TFRS, 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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's 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 judgement 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's 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's 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's and the Company's 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

10 February 2021

## Statements of Financial Position

As at 31 December 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	88,983,420	53,252,211	59,368,981	25,025,936
Short-term investments	10	-	14,999,876	-	14,999,876
Trade and other receivables	11	111,248,601	189,785,642	83,283,739	141,756,489
Finance lease receivables due within one year	12	20,993,363	20,865,306	12,724,958	11,860,057
Amounts due from related parties	36 b)	27,268,911	14,740,981	983,597,632	913,595,551
Short-term loans to related parties	36 c)	12,800,000	12,800,000	-	1,200,000
Other current assets	13	55,796,787	45,144,634	53,118,778	35,030,113
<b>Total current assets</b>		<b>317,091,082</b>	<b>351,588,650</b>	<b>1,192,094,088</b>	<b>1,143,468,022</b>
<b>Non-current assets</b>					
Restricted cash		626,942	621,391	-	-
Finance lease receivables	12	406,233,689	432,236,068	248,464,062	265,011,010
Investments in subsidiaries	14	-	-	257,925,000	257,925,000
Investments in associates	14	-	-	126,380,790	126,380,790
Investments in joint ventures	14	9,948,516,742	8,653,782,734	1,852,200,000	1,852,200,000
Prepaid rent, net		702,064	768,407	-	-
Investment property	8, 15	13,693,206,786	11,745,296,354	6,444,378,782	5,911,567,416
Right-of-use		18,782,441	-	18,782,441	-
Building and equipment, net	16	58,741,019	62,994,249	32,749,428	34,520,990
Intangible assets, net	17	31,237,328	33,489,899	26,494,886	28,549,748
Deposits for leasehold land		50,084,316	48,457,932	49,933,116	48,457,932
Other non-current assets		37,732,060	40,701,843	33,454,325	35,886,857
<b>Total non-current assets</b>		<b>24,245,863,387</b>	<b>21,018,348,877</b>	<b>9,090,762,830</b>	<b>8,560,499,743</b>
<b>Total assets</b>		<b>24,562,954,469</b>	<b>21,369,937,527</b>	<b>10,282,856,918</b>	<b>9,703,967,765</b>

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 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings					
from financial institutions	18	910,000,000	379,765,115	610,000,000	379,765,115
Trade and other payables	19	255,758,078	203,543,788	115,679,388	138,626,517
Amounts due to related parties	36 d)	6,105,078	9,500,784	26,253,455	23,842,654
Short-term borrowings from subsidiaries	36 e)	-	-	882,200,000	717,800,000
Current portion of unearned rental and service income	23	33,565,588	48,267,382	12,293,225	19,988,043
Current portion of long-term borrowings	20	446,070,000	806,478,073	446,070,000	806,478,073
Liabilities on land leases - current portion	22	180,532,354	160,292,996	142,047,411	124,157,816
Corporate income tax payable		3,374,614	9,975,899	-	-
Other current liabilities	21	277,760,281	233,181,831	155,169,028	130,347,511
<b>Total current liabilities</b>		<b>2,113,165,993</b>	<b>1,851,005,868</b>	<b>2,389,712,507</b>	<b>2,341,005,729</b>
<b>Non-current liabilities</b>					
Unearned rental and service income	23	520,234,567	527,542,227	274,206,356	263,829,017
Long-term borrowings	20	1,684,947,127	1,202,337,282	1,684,947,127	1,202,337,282
Deposits received from customers		523,760,352	533,636,799	318,737,265	314,904,466
Deferred tax liabilities	24	1,321,766,523	1,167,638,498	377,393,025	406,983,222
Liabilities on land leases	22	2,166,935,808	1,573,773,948	1,544,996,313	1,125,114,198
Employee benefit obligations	25	59,112,906	53,108,158	59,112,906	53,108,158
<b>Total non-current liabilities</b>		<b>6,276,757,283</b>	<b>5,058,036,912</b>	<b>4,259,392,992</b>	<b>3,366,276,343</b>
<b>Total liabilities</b>		<b>8,389,923,276</b>	<b>6,909,042,780</b>	<b>6,649,105,499</b>	<b>5,707,282,072</b>

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 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	26				
Authorized share capital		2,131,929,050	2,131,929,050	2,131,929,050	2,131,929,050
Issued and paid-up share capital		2,131,920,931	2,131,920,931	2,131,920,931	2,131,920,931
Share premium		634,028,511	634,028,511	634,028,511	634,028,511
Retained earnings					
Appropriated - legal reserve	27	213,192,093	213,192,093	213,192,093	213,192,093
Unappropriated		11,957,031,310	10,374,503,364	655,055,786	1,017,990,060
Other components of equity		(445,902)	(445,902)	(445,902)	(445,902)
<b>Equity attributable to owners of the parent</b>		<b>14,935,726,943</b>	<b>13,353,198,997</b>	<b>3,633,751,419</b>	<b>3,996,685,693</b>
Non-controlling interests		1,237,304,250	1,107,695,750	-	-
<b>Total equity</b>		<b>16,173,031,193</b>	<b>14,460,894,747</b>	<b>3,633,751,419</b>	<b>3,996,685,693</b>
<b>Total liabilities and equity</b>		<b>24,562,954,469</b>	<b>21,369,937,527</b>	<b>10,282,856,918</b>	<b>9,703,967,765</b>

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 2020

		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
	Notes	Baht	Baht	Baht	Baht
Revenues					
Rental and services income		1,101,755,437	1,499,421,707	639,354,221	833,955,225
Finance and interest income		19,207,022	17,078,648	12,180,312	13,690,208
Dividends income	36 a)	-	-	214,980,000	253,975,000
Other income		20,037,658	33,897,548	107,440,582	162,971,989
Share of profit from joint ventures	14	1,523,436,841	1,767,931,192	-	-
Total revenues		2,664,436,958	3,318,329,095	973,955,115	1,264,592,422
Expenses					
Cost of rental and services		429,702,808	626,209,314	233,651,658	386,699,836
Loss (gain) from adjustments					
on investment property, net	15	(469,039,036)	196,567,707	360,897,118	216,324,668
Selling expenses		39,556,278	44,136,955	33,951,835	40,825,282
Administrative expenses		191,491,853	231,678,549	174,395,845	213,146,754
Total expenses		191,711,903	1,098,592,525	802,896,456	856,996,540
Profit before finance costs					
and income tax		2,472,725,055	2,219,736,570	171,058,659	407,595,882
Finance costs	29	(90,064,106)	(96,127,976)	(94,560,700)	(103,882,556)
Profit before income tax		2,382,660,949	2,123,608,594	76,497,959	303,713,326
Income tax	30	(169,779,242)	(71,645,196)	29,590,195	(11,421,561)
Profit for the year		2,212,881,707	2,051,963,398	106,088,154	292,291,765
Profit attributable to:					
Owners of the parent		2,083,273,207	2,031,350,713	106,088,154	292,291,765
Non-controlling interests		129,608,500	20,612,685	-	-
		2,212,881,707	2,051,963,398	106,088,154	292,291,765
Earnings per share					
Basic earnings per share	31	0.98	0.95	0.05	0.14

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 2020

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Profit for the year</b>		2,212,881,707	2,051,963,398	106,088,154	292,291,765
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined employee benefit plans	25	-	923,017	-	923,017
Income tax relating to above- mentioned gains		-	(184,603)	-	(184,603)
<b>Total comprehensive income for the year</b>		2,212,881,707	2,052,701,812	106,088,154	293,030,179
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		2,083,273,207	2,032,089,127	106,088,154	293,030,179
Non-controlling interests		129,608,500	20,612,685	-	-
		2,212,881,707	2,052,701,812	106,088,154	293,030,179

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 2020

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 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	32	-	-	-	(177,658,192)	-	-	(177,658,192)
Shares dividends	32	355,313,390	-	-	(355,313,390)	-	-	-
Legal reserve	27	-	-	35,525,403	(35,525,403)	-	-	-
Dividends 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
Opening balance 1 January 2020 - previously report		2,131,920,931	634,028,511	213,192,093	10,374,503,364	(445,902)	1,107,695,750	14,460,894,747
Impacts from initial application of new financial reporting standards	5	-	-	-	(31,722,833)	-	-	(31,722,833)
Opening balance 1 January 2020 - restated		2,131,920,931	634,028,511	213,192,093	10,342,780,531	(445,902)	1,107,695,750	14,429,171,914
Cash dividends	32	-	-	-	(469,022,428)	-	-	(469,022,428)
Total comprehensive income for the year		-	-	-	2,083,273,207	-	129,608,500	2,212,881,707
Closing balance 31 December 2020		2,131,920,931	634,028,511	213,192,093	11,957,031,310	(445,902)	1,237,304,250	16,173,031,193

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 2020

	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 2019		1,776,607,541	634,028,511	177,666,690	1,293,456,866	(445,902)	3,881,313,706
Cash Dividends	32	-	-	-	(177,658,192)	-	(177,658,192)
Share dividends	32	355,313,390	-	-	(355,313,390)	-	-
Legal reserve	27	-	-	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
Opening balance 1 January 2020		2,131,920,931	634,028,511	213,192,093	1,017,990,060	(445,902)	3,996,685,693
Cash dividends	32	-	-	-	(469,022,428)	-	(469,022,428)
Total comprehensive income for the year		-	-	-	106,088,154	-	106,088,154
Closing balance 31 December 2020		2,131,920,931	634,028,511	213,192,093	655,055,786	(445,902)	3,633,751,419

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

## Statements of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated Financial statements		Separate Financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	638,992,290	650,897,089	397,009,651	216,528,700
Interest paid		(90,358,966)	(93,436,586)	(86,164,908)	(105,358,026)
Income tax paid		(43,980,674)	(55,251,402)	(19,055,398)	(27,102,984)
<b>Net cash generated from operating activities</b>		<b>504,652,650</b>	<b>502,209,101</b>	<b>291,789,345</b>	<b>84,067,690</b>
<b>Cash flows from investing activities</b>					
Purchases of intangible assets		(1,770,687)	(5,360,207)	(1,912,855)	(5,074,684)
Purchases of building, equipment and investment property		(652,552,823)	(419,674,322)	(335,915,534)	(364,097,970)
Short-term loans made to subsidiaries	36 c)	-	10	-	10
Proceeds from disposal of investment in joint ventures		-	1,700,000	101,800,000	6,300,000
Repayments received from short-term loans to subsidiaries and related parties	36 c)	-	58,808,172	-	58,808,172
Proceeds from disposal of equipment and investment properties		196,980,000	196,980,000	196,980,000	253,975,000
Dividends received	14	587,852	1,081,655	2,740,769	251,245
Interest received		(1,770,687)	(5,360,207)	(1,912,855)	(5,074,684)
		(652,552,823)	(419,674,322)	(335,915,534)	(364,097,970)
<b>Net cash used in investing activities</b>		<b>(456,755,658)</b>	<b>(166,464,692)</b>	<b>(136,907,620)</b>	<b>(49,838,227)</b>
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from financial institutions		1,865,234,885	624,947,824	1,565,234,885	624,947,824
Proceeds from long-term borrowings from financial institutions	20	600,000,000	496,083,233	600,000,000	496,083,233
Proceeds from borrowings from subsidiary	36 e)	-	-	402,900,000	364,700,000
Repayments to short-term loans from financial institutions		(1,085,000,000)	(1,105,000,000)	(1,085,000,000)	(1,105,000,000)
Repayments to long-term borrowing from financial institutions	20	(227,830,000)	(163,500,000)	(227,830,000)	(163,500,000)
Redemption of debentures	20	(500,000,000)	-	(500,000,000)	-
Payment for debenture issuance cost	20	(896,050)	(1,841,480)	(896,050)	(1,841,480)
Repayments to short-term loans from subsidiary	36 e)	-	-	(238,500,000)	(73,700,000)
Repayments to land leases		(194,652,190)	-	(167,425,086)	-
Dividends paid		(469,022,428)	(177,658,192)	(469,022,429)	(177,658,192)
Dividends paid from subsidiary to non-controlling interests	32	-	(6,505,000)	-	-
<b>Net cash used in financing activities</b>		<b>(12,165,783)</b>	<b>(333,473,615)</b>	<b>(120,538,680)</b>	<b>(35,968,615)</b>

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 2020

	Consolidated		Separate	
	Financial statements		Financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Notes				
Net increase (decrease) in cash and cash equivalents	35,731,209	2,270,794	34,343,045	(1,739,152)
Cash and cash equivalents,				
at beginning of the year	53,252,211	50,981,417	25,025,936	26,765,088
Cash and cash equivalents at end of the year	88,983,420	53,252,211	59,368,981	25,025,936

Supplementary information for cash flows:

## Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	Financial statements		Financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of				
purchases of building, equipment and				
investment property	74,485,408	19,926,191	3,274,618	18,966,936
Investment property increases due to				
reversal of finance lease contracts	6,375,042	38,931,687	3,902,330	31,836,591
Increase in liabilities on land leases	879,604,334	218,953,644	485,052,316	218,953,644

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

**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 operations of the Company and its subsidiaries (the Group) is the rental of building space and provision of utilities services in 4 categories as follows:

- (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 10 February 2020.

**2 Significant events during the current year**

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has adverse effects on operating results for the year ended 31 December 2020.

From 22 March 2020 to 16 May 2020, 17 shopping malls of the Group must abide the Announcement of the Bangkok Metropolitan to temporarily close. Consequently, the Group partially waived and provided discount of rental and service fees for some tenants from 22 March 2020 to 31 December 2020. This waiver is treated as lease contract modification which results in a reduction in rental and services fee income of approximately Baht 216.82 million. All shopping malls of the Group have reopened on 17 May 2020. The Group pays specific attention to the COVID-19 pandemics situation and assesses the impact on the operations including plans to handle the incidents cautiously.

**3 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 7.

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.

#### 4 New and amended financial reporting standards

##### 4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group

###### a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

###### 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.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

c) **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.

d) **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.

e) **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.

f) **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. The Group 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.

#### 4 New and amended financial reporting standards (Cont'd)

##### 4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group (Cont'd)

- g) **Amendment to TFRS 3, Business combinations** clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The previously held interest is therefore re-measured.
- h) **Amendment to TFRS 11, Joint arrangements** clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- i) **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, i.e. 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.

##### 4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and have significant impacts to the Group

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

- a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, clarification the role of management's ability to maintain the entity's economic resources, and uncertainty of the measurement in financial reporting.

- b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.
- c) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.
- d) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.



#### 4 New and amended financial reporting standards (Cont'd)

##### 4.3 The temporary exemption guidance to relieve the impact from COVID-19

The Federation of Accounting Professions (TFAC) announced the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) on 22 April 2020 for the reporting periods ending between 1 January 2020 and 31 December 2020. The Group applied the exemption on the following areas:

##### Impairment of assets

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

##### Fair value measurements of investment properties

The Group has chosen not to take into account the forward-looking prediction related to COVID-19 in the projections for the purpose of fair valuing investment properties as of 31 December 2020. (Note 15).

#### 5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.

The Group and the Company have adopted these accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies are recognised in the statement of financial position as of 1 January 2020.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) and leases standard (TFRS 16):

	Consolidated financial information			
	As at 31 December 2019 Previously reported Baht' 000	TAS 32 and TFRS 9 Reclassifications and adjustments Baht' 000 (Note 5.1)	TFRS 16 Reclassifications and adjustments Baht' 000 (Note 5.2)	As at 1 January 2020 Restated Baht' 000
<b>Assets</b>				
<b>Non-current assets</b>				
Right-of-use assets	-	-	21,409	21,409
Investment in joint ventures	8,653,783	(31,722)	-	8,622,061
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Liabilities on land leases				
- current portion	160,293	-	2,529	162,822
<b>Non-current liabilities</b>				
Liabilities on land leases	1,573,774	-	18,880	1,592,654
<b>Equity</b>				
Unappropriated retained earnings	10,374,503	(31,722)	-	10,342,781

## 5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

	Separate financial information			
	As at 31 December 2019 Previously reported Baht' 000	TAS 32 and TFRS 9 Reclassifications and adjustments Baht' 000 (Note 5.1)	TFRS 16 Reclassifications and adjustments Baht' 000 (Note 5.2)	As at 1 January 2020 Restated Baht' 000
<b>Assets</b>				
<b>Non-current assets</b>				
Right-of-use assets	-	-	21,409	21,409
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Liabilities on land leases				
- current portion	124,158	-	2,529	126,687
<b>Non-current liabilities</b>				
Liabilities on land leases	1,125,114	-	18,880	1,143,994
<b>Equity</b>				
Unappropriated retained earnings	1,017,990	-	-	1,017,990

## 5.1 Financial instruments

The joint venture had entered into interest rate swap contracts. This instrument will be remeasured to fair value through profit or loss. The first time adoption of this accounting standard requires adjustment for the cumulative effect of the fair value measurement to the retained earnings and the investment in joint venture as at 1 January 2020 amounting to Baht 31.72 million.

## (i) Impairment of financial assets

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables
- loans to related parties

The management assessed that impact of the change in impairment methodology on the Group's and the Company's retained earnings at 1 January 2020 was immaterial.

Trade receivables and contract assets

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The impact of the change in impairment methodology on the Group's and the Company's retained earnings at 1 January 2020 was immaterial.

Loans to related parties

The Company has loans to related parties measured at amortised cost. The 12-month expected credit loss allowance was recognised for those loans without any significant increase in credit risk. The lifetime expected credit loss was recognised for those loans with significant increase in credit risk.

The impact of the change in impairment methodology on the Group's and the Company's retained earnings at 1 January 2020 was immaterial.

## 5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

### 5.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 8.00%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

	Consolidated financial information Baht'000	Separate financial information Baht'000
Operating lease commitments disclosed as at		
31 December 2019	13,049	11,151
<u>Less</u> Discounted using the interest rate implicit in the lease at the date of initial application	(1,180)	(1,180)
<u>Less</u> Short-term leases recognised on a straight-line basis as expense	(9,915)	(8,017)
<u>Add</u> Adjustments as a result of a different treatment of extension options	19,455	19,455
<u>Add</u> Lease liabilities recognised as at 31 December 2019	1,734,067	1,249,272
<b>Lease liability recognised as at 1 January 2020</b>	<b>1,755,476</b>	<b>1,270,681</b>
Current lease liabilities	162,822	126,687
Non-current lease liabilities	1,592,654	1,143,994
<b>Total</b>	<b>1,755,476</b>	<b>1,270,681</b>

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Consolidated financial information		Separate financial information	
	31 December 2020 Baht'000	1 January 2020 Baht'000	31 December 2020 Baht'000	1 January 2020 Baht'000
Properties	18,782	21,409	18,782	21,409

#### *Practical expedients applied*

In applying TFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an arrangement contains a Lease.

## 6 Accounting policies

### 6.1 Principles of consolidation and equity accounting

#### 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 using cost method.

#### 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 using cost method.

#### c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements.

##### *Joint operations*

A joint operation is a joint arrangement whereby the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the Group's financial statement line items.

##### *Joint ventures*

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method.

In the separate financial statements, investments in joint ventures are accounted for using cost method.

#### d) Equity method

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

The Group's subsequently recognises 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.

## **6 Accounting policies (Cont'd)**

### **6.1 Principles of consolidation and equity accounting (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.

### **6.2 Foreign currency translation**

#### **a) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's and 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.

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.

### **6.3 Cash and cash equivalents**

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

In the statements of financial position, bank overdraft is shown in current liabilities.

### **6.4 Trade accounts receivable**

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

## 6 Accounting policies (Cont'd)

### 6.5 Financial assets

#### For the year ended 31 December 2020

##### a) Classification

From 1 January 2020, the Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

##### b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest (SPPI).

##### d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of profit or loss.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

## 6 Accounting policies (Cont'd)

### 6.5 Financial assets (Cont'd)

#### For the year ended 31 December 2020

#### e) Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.

#### f) Impairment

From 1 January 2020, the Group applies the TFRS 9 simplified approach in measuring the impairment of trade receivables other receivables, which applies lifetime expected credit loss, from initial recognition, for all trade receivables other receivables.

For other financial assets carried at amortised cost and FVOCI, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss.

Classification and measurement of financial assets for the year ended 31 December 2019 is disclosed in Note 5.1.

#### For the year ended 31 December 2019

#### Investments in debt and equity securities

Investments other than investments in subsidiaries, associates and joint ventures are initially recognised at fair value of consideration paid plus direct transaction cost.

## 6 Accounting policies (Cont'd)

### 6.6 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.

### 6.7 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.

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.



## 6 Accounting policies (Cont'd)

### 6.8 Intangible assets

#### Computer software

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.

### 6.9 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. 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.

### 6.10 Leases

For the year ended 31 December 2020

#### Leases - where the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

## 6 Accounting policies (Cont'd)

### 6.10 Leases (Cont'd)

#### For the year ended 31 December 2020 (Cont'd)

##### **Leases - where the Group is the lessee (Cont'd)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

##### **Leases - 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 which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

#### For the year ended 31 December 2019

##### **Leases - where the Group is the lessee**

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

##### **Leases - 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 which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## 6 Accounting policies (Cont'd)

### 6.11 Financial liabilities

#### For the year ended 31 December 2020\

##### a) Classification

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

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 reporting date.

##### b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

##### c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

#### For the year ended 31 December 2019

##### *Borrowings*

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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 reporting date.

## 6 Accounting policies (Cont'd)

### 6.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

### 6.13 Current and 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.

#### Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 6.14 Employee benefits

#### Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave, bonuses and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

#### Defined contribution plan

The Group pays contributions to a separate fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

## **6 Accounting policies (Cont'd)**

### **6.14 Employee benefits (Cont'd)**

#### **Defined benefit plans**

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### **6.15 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 the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **6.16 Revenue 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 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.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into individual distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Expenses are generally recognised on an accrual basis.

### **6.17 Dividend distribution**

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

### **6.18 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.

## **7 Critical accounting estimates, assumptions and judgements and capital risk management**

### **7.1 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 expected credit loss to reflect impairment of trade receivables and finance lease receivables relating to estimated losses resulting from the inability of customers to make required payments.

#### **b) 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.

#### **c) 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 25.

#### **d) 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 mostly at the rates of 11.50% per annum.

### **7.2 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.

## 8 Fair value

### 8.1 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 2020.

	Consolidated financial statements
	Level 3
	Baht'000
<b>Assets</b>	
Investment property	13,693,207
	Separate Financial statements
	Level 3
	Baht'000
<b>Assets</b>	
Investment property	6,444,379

### 8.2 Fair value measurements using significant unobservable inputs (Level 3)

The Group disclosed the changes in fair value of investment property which is classified as Level 3 measure in Note 15.

In 2020, the Group engaged an external valuer to assess the fair value of the investment property according to the Group's accounting policy.

### 8.3 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 dividends 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 mostly at the rate of 11.50% The discount rate of finance lease liabilities on land leases is ranging from 5.19% to 8.00% per annum. The independent valuer conducts the estimates of such information as part of the valuation of investment property.

8 Fair value (Cont'd)

8.3 Group's valuation processes (Cont'd)

The sensitivity analysis of the significant assumption for the fair value measurement of investment property as at 31 December 2020 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 702,383	Increase 786,280	

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 354,108	Increase 397,967	

9 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Cash on hand	231	194	160	126
Deposits at call with banks	88,752	53,058	59,209	24,900
	88,983	53,252	59,369	25,026

The interest rates of deposits at call with banks are ranging from 0.13% to 0.45% per annum (2019: 0.20% to 0.63% per annum).

10 Short-term investments

As of 31 December 2020 and 2019, the Group has investments in securities as follows:

	Consolidated and Separate financial statements			
	2020		2019	
	Cost Baht'000	Fair Value Baht'000	Cost Baht'000	Fair Value Baht'000
Short-term investments				
Trading securities - equity	-	-	15,000	15,000

During the year ended 31 December 2020, the movements of investments in securities are as follows:

	Consolidated and Separate financial statements
	2020 Baht'000
Beginning balance, net	15,000
Additions	30,000
Disposals	(45,000)
Ending balance, net	-



## 11 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Trade receivables	75,345	152,080	49,382	118,971
<u>Less</u> Expected credit loss	-	-	-	-
Trade receivables, net	75,345	152,080	49,382	118,971
Prepayments	13,432	5,729	7,099	4,725
Property tax receivable	22,381	18,861	6,838	5,549
Other receivables	91	13,115	1,965	12,511
Dividends receivable	-	-	18,000	-
	111,249	189,785	83,284	141,756

Outstanding trade accounts receivable can be aged as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Current	42,843	126,939	24,996	102,455
Overdue 1 to 6 months	25,228	17,330	17,328	8,648
Overdue 7 to 12 months	2,576	1,890	2,576	1,804
Overdue over 12 months	4,698	5,921	4,482	6,064
	75,345	152,080	49,382	118,971
<u>Less</u> Expected credit loss	-	-	-	-
	75,345	152,080	49,382	118,971

## 12 Finance lease receivables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	38,578	38,103	23,529	23,331
Due within 2 to 5 years	161,810	161,362	96,744	98,414
Due later than 5 years	370,363	417,048	223,674	250,262
	570,751	616,513	343,947	372,007
The present value of minimum lease payments receivable				
Due within 1 year	20,993	20,865	12,725	11,860
Due within 2 to 5 years	98,890	94,166	59,082	57,519
Due later than 5 years	307,344	338,070	189,382	207,492
	406,234	432,236	248,464	265,011
	427,227	453,101	261,189	276,871
<u>Less</u> Expected credit loss	-	-	-	-
	427,227	453,101	261,189	276,871
Unearned finance income	143,524	163,412	82,758	95,136

Unearned finance income is calculated based on the discount rates between 6.00% to 11.50% per annum.

## 12 Finance lease receivables (Cont'd)

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.

## 13 Other current assets

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Withholding tax deducted at sources	54,058	44,625	51,386	35,030
Value-added tax	1,739	520	1,733	-
	55,797	45,145	53,119	35,030

## 14 Investments in subsidiaries, investments in associate and investments in joint ventures

There is no movement in investments in subsidiaries and investments in associate during 2020.

### 14.1 Investments in joint ventures

Movements of investments in joint ventures during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Investments in joint ventures</b>				
Opening net book amount				
as previously reported	8,653,782	7,082,831	1,852,200	1,978,581
Modified retrospective (Note 5)	(31,722)	-	-	-
As modified retrospectively	8,622,060	7,082,831	1,852,200	1,978,581
Dividends received	(196,980)	(196,980)	-	-
Shares of profit from joint ventures	1,523,437	1,767,931	-	-
Reclassification	-	-	-	(126,381)
Closing book value	9,948,517	8,653,782	1,852,200	1,852,200

The joint venture had entered into interest rate swap contracts. This instrument will be remeasured to fair value through profit or loss. The first time adoption of this accounting standard requires adjustment for the cumulative effect of the fair value measurement to the retained earnings and the investment in joint venture as on 1 January 2020 amounting to Baht 31.72 million.

During 2020, shareholders of the joint venture approved a dividends payment at Baht 1.34 per share (2019: Baht 1.34 per share). The dividends were paid to the Company on 27 March 2020, amounting to Baht 196.98 million (2019: Baht 196.98 million).

## 14 Investments in subsidiaries, investments in associate and investments in joint ventures (Cont'd)

### 14.1 Investments in joint ventures (Cont'd)

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

	Nature of relationship	% Ownership interest	
		2020	2019
Joint ventures			
SF Development Company Limited	Shareholder	49	49
North Bangkok Development Company Limited	Shareholder	49	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 ventures.

#### 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	2020	2019
	Baht'000	Baht'000
Cash and cash equivalents	167,701	465,705
Trade and other receivables	167,967	133,126
Other current assets	88,898	82,533
Prepaid rent	42	42
Investment property	27,162,963	24,520,632
Equipments, net	2,555,185	1,656,007
Intangible assets, net	9,839	8,900
Other assets	35,498	42,171
<b>Total assets</b>	<b>30,188,093</b>	<b>26,909,116</b>
Trade and other payables	532,413	259,319
Other current liabilities	293,777	459,179
Finance lease liabilities on land leases	320,463	319,083
Long-term loans from financial institutions	4,581,250	4,676,250
Unearned rental	132,627	150,753
Deferred tax liabilities	3,288,162	2,733,310
Employee benefit obligations	23,677	18,145
Other liabilities	1,372,793	1,291,054
<b>Total liabilities</b>	<b>10,545,162</b>	<b>9,907,093</b>
<b>Net assets</b>	<b>19,642,931</b>	<b>17,002,023</b>

14 Investments in subsidiaries, investments in associate and investments in joint ventures (Cont'd)

14.1 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	2020 Baht'000	2019 Baht'000
Rental income	2,184,493	2,681,148
Gain on fair value adjustment on investment property, net	2,447,899	2,890,022
Interest income	1,219	4,619
Other income	128,025	210,055
Cost of rental and service	(415,286)	(692,094)
Selling and administrative expenses	(231,739)	(313,240)
Finance costs	(230,045)	(246,258)
<b>Profit before income tax</b>	<b>3,884,566</b>	<b>4,534,252</b>
Income tax	(776,917)	(905,290)
<b>Net profit</b>	<b>3,107,649</b>	<b>3,628,962</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>3,107,649</b>	<b>3,628,962</b>
Owners of the parent	3,109,314	3,631,065
Non-controlling interests	(1,665)	(2,103)
	<b>3,107,649</b>	<b>3,628,962</b>
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 are as follows:

	2020 Baht'000	2019 Baht'000
Less than 1 year but not later than 3 years	-	6,309,975
Over 3 years	406,250	531,250
	<b>406,250</b>	<b>6,841,225</b>

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.

## 14 Investments in subsidiaries, investments in associate and investments in joint ventures (Cont'd)

### 14.1 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 ventures.

For the year ended 31 December	2020 Baht'000	2019 Baht'000
<b>Summarised financial information</b>		
Opening net assets 1 January	17,002,023	13,805,268
Total comprehensive income for the year	3,107,649	3,628,962
Dividends paid	(402,000)	(402,000)
Net assets of West Bangkok Development Company Limited	1,215,259	1,249,793
Investment in West Bangkok Development Company Limited	(1,280,000)	(1,280,000)
Closing net assets	19,642,931	17,002,023
<u>Less</u> Non-controlling interests	(193,021)	(103,691)
<b>Closing net assets after deducting</b>		
non-controlling interests	19,449,910	16,898,332
Investments in joint ventures (49%)		
<b>Carrying value</b>	<b>9,530,456</b>	<b>8,280,183</b>

#### Individually immaterial joint venture

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 (reclassified as investments in associate during 2019) that are accounted for using equity method.

	2020 Baht'000	2019 Baht'000
Aggregate carrying amount of individually immaterial joint ventures:		
North Bangkok Development Company Limited	373,472	373,599
West Bangkok Development Company Limited	-	-
	<b>373,472</b>	<b>373,599</b>
Aggregate amounts of the reporting entity's share of:		
loss from continuing activities		
North Bangkok Development Company Limited	(127)	(243)
West Bangkok Development Company Limited	-	(11,048)
	<b>(127)</b>	<b>(11,291)</b>

### 14.2 Investments in associate

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

Associate	Nature of relationship	% Ownership interest	
		2020	2019
West Bangkok Development Company Limited	Shareholder	8.22	8.22

## 14 Investments in subsidiaries, investments in associate and investments in joint ventures (Cont'd)

### 14.3 Principal subsidiaries

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

	Nature of relationship	% Ownership interest	
		2020	2019
Subsidiaries			
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 subsidiaries are incorporated in Thailand and engaged in the business of building rental and providing utilities services.

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	2020	2019
	Baht'000	Baht'000
<b>Current</b>		
Assets	35,601	31,580
Liabilities	(59,270)	(54,213)
<b>Total current net assets</b>	<b>(23,669)</b>	<b>(22,633)</b>
<b>Non-current</b>		
Assets	2,082,759	1,868,762
Liabilities	(485,393)	(451,344)
<b>Total non-current net assets</b>	<b>1,597,366</b>	<b>1,417,418</b>
<b>Net assets</b>	<b>1,573,697</b>	<b>1,394,785</b>

14 Investments in subsidiaries, investments in associate and investments in joint ventures (Cont'd)

14.3 Principal subsidiaries (Cont'd)

Summarised statement of comprehensive income: Ratchayothin Avenue Company Limited

For the year ended 31 December	2020 Baht'000	2019 Baht'000
Revenue	226,216	11,863
Expenses	(1,754)	(4,080)
Profit before income tax	224,462	7,783
Income tax	(45,549)	(2,213)
Net profit	178,913	5,570
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>178,913</b>	<b>5,570</b>
Total comprehensive income allocated to non-controlling interests	89,456	2,785

Summarised statement of cash flows: Ratchayothin Avenue Company Limited

For the year ended 31 December	2020 Baht'000	2019 Baht'000
<b>Cash flow from operating activities</b>		
Cash generated from operations	11,129	12,398
Interest paid	(305)	(642)
Income tax paid	(6,565)	(6,500)
Net cash generated from operating activities	4,259	5,256
Net cash generated from investing activities	7	1,920
Net cash used in financing activities	(1,200)	(7,300)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,066</b>	<b>(124)</b>
Cash and cash equivalents at beginning of the year	4,373	4,497
<b>Cash and cash equivalents at end of the year</b>	<b>7,439</b>	<b>4,373</b>

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

For the year ended 31 December	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Investment property at 1 January	11,745,296	11,250,082	5,911,567	5,523,393
Additions during the year	1,575,269	666,236	798,411	613,013
Disposals during the year	(232,029)	(73,083)	-	(73,083)
(Gain) loss from fair value adjustment	604,671	(97,939)	(265,599)	(151,756)
Investment property at 31 December	13,693,207	11,745,296	6,444,379	5,911,567

Statements of income for the year ended 31 December	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Gain (loss) from fair value adjustment	604,671	(97,939)	(265,599)	(151,756)
Finance cost from recognising investment property	(135,632)	(98,629)	(95,298)	(64,569)
Gain (loss) from adjustment on investment property, net	469,039	(196,568)	(360,897)	(216,325)

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

Fair value of investment property increases during 2020 mainly because the Group has obtained an extension of the land lease agreement of which a shopping mall is situating thereon for a period of another 8 years after the expiration of the current lease agreement. These is a shopping mall that the renovation has been completed and there are 2 malls under construction. On the other hand, the fair value of 2 shopping malls has decreased because the decrease in tenants. In addition, the Group has decreased the discount rate applied in valuation of the investment property from 12.00% to 11.50% per annum in order to reflect the current assessment of time value of money and appropriate risk factors.

Other forward-looking information relating to COVID-19 is not taken into accounts when fair-valuing the investment properties as at 31 December 2020.



Consolidated financial statements			
	Building and building improvement Baht'000	Motor vehicles, office equipment, computer and computer equipment Baht'000	Total Baht'000
<b>At 1 January 2019</b>			
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
<b>For the year ended 31 December 2019</b>			
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
<b>At 31 December 2019</b>			
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
<b>For the year ended 31 December 2020</b>			
Opening net book amount	5,607	57,387	62,994
Additions	-	17,822	17,822
Depreciation charge	(278)	(21,797)	(22,075)
Closing net book amount	5,329	53,412	58,741
<b>At 31 December 2020</b>			
Cost	11,852	264,060	275,912
<u>Less</u> Accumulated depreciation	(6,523)	(210,648)	(217,171)
Net book amount	5,329	53,412	58,741

	Separate financial statements
	Motor vehicles, office equipment, computer and computer equipment Baht'000
<b>At 1 January 2019</b>	
Cost	145,622
<u>Less</u> Accumulated depreciation	(113,042)
Net book amount	32,580
<b>For the year ended 31 December 2019</b>	
Opening net book amount	32,580
Additions	16,922
Disposals, net	(810)
Depreciation charge	(14,171)
Closing net book amount	34,521
<b>At 31 December 2019</b>	
Cost	159,176
<u>Less</u> Accumulated depreciation	(124,655)
Net book amount	34,521
<b>For the year ended 31 December 2020</b>	
Opening net book amount	34,521
Additions	10,767
Depreciation charge	(12,539)
Closing net book amount	32,749
<b>At 31 December 2020</b>	
Cost	169,943
<u>Less</u> Accumulated depreciation	(137,194)
Net book amount	32,749

## 17 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
<b>At 1 January 2019</b>				
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
<b>For the year ended 31 December 2019</b>				
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
<b>At 31 December 2019</b>				
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
<b>For the year ended 31 December 2020</b>				
Opening net book amount	4,437	29,053	33,490	28,550
Additions	-	1,770	1,770	1,913
Amortisation charge	-	(4,023)	(4,023)	(3,968)
Closing net book amount	4,437	26,800	31,237	26,495
<b>At 31 December 2020</b>				
Cost	5,000	68,738	73,738	68,256
<u>Less</u> Accumulated amortisation	(563)	(41,938)	(42,501)	(41,761)
Net book amount	4,437	26,800	31,237	26,495

## 18 Short-term borrowings from financial institutions

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Short-term borrowings from financial institutions	910,000	379,765	610,000	379,765

Short-term borrowings are in forms of promissory notes and bills of exchange denominated in Thai Baht, bearing interest at fixed rates ranging from 2.35% to 2.50% per annum and due for repayment in 2021.

## 19 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Trade payables	106,135	12,026	32,743	7,463
Accrued expenses	92,912	108,011	44,970	64,201
Retention payables	21,591	21,699	20,076	19,504
Accrued interest expense	6,919	9,807	6,898	9,807
Others	28,201	52,001	10,992	37,651
	255,758	203,544	115,679	138,626

	Consolidated and Separate	
	financial statements	
	2020	2019
	Baht'000	Baht'000
<b>Current portion of long-term borrowings</b>		
Debentures	-	499,978
Loan from financial institutions	446,070	306,500
<b>Total current borrowings</b>	<b>446,070</b>	<b>806,478</b>
<b>Non-current portion of long-term borrowings</b>		
Debentures	498,617	498,607
Loan from financial institutions	1,186,330	703,730
<b>Total non-current borrowings</b>	<b>1,684,947</b>	<b>1,202,337</b>
<b>Total borrowings</b>	<b>2,131,017</b>	<b>2,008,815</b>

Maturity of long-term borrowings:

	Consolidated and Separate	
	financial statements	
	2020	2019
	Baht'000	Baht'000
Within 1 year	446,070	806,478
Later than 1 year but not later than 2 years	823,753	242,066
Later than 2 years	861,194	960,271
	<b>2,131,017</b>	<b>2,008,815</b>

#### Debentures

The movements in the debentures can be analysed as follows:

	Consolidated and Separate	
	financial statements	
	2020	2019
	Baht'000	Baht'000
At 1 January	998,585	998,195
Redemption	(500,000)	-
Debenture issuance costs	(896)	(1,841)
Amortisation of debenture issuance cost	928	2,231
<b>At 31 December</b>	<b>498,617</b>	<b>998,585</b>

As at 31 December 2020, 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 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.

## 20 Long-term borrowings (Cont'd)

### Borrowings from financial institutions

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

	Consolidated and Separate financial statements	
	2020	2019
	Baht'000	Baht'000
At 1 January	1,010,230	677,647
<b>Cash items:</b>		
Additions	600,000	496,083
Repayments	(227,830)	(163,500)
<b>Non-cash items:</b>		
Reclassification from short-term borrowings	250,000	-
At 31 December	1,632,400	1,010,230

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

The weighted average effective rate of interest on long-term borrowings was 3.17% per annum (2019: 4.03% 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	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Total long-term borrowings	2,131,017	2,008,815	2,015,522	1,963,952

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.

## 21 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued property tax	274,118	222,802	152,116	121,680
Others	3,642	10,380	3,053	8,668
	277,760	233,182	155,169	130,348

## 22 Liabilities on land leases

Liabilities on land leases are due for settlement as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	180,532	160,293	142,047	124,158
Within 2 years but not later than 5 years	625,934	561,842	463,743	405,231
Later than 5 years	1,541,002	1,011,932	1,081,253	719,883
	2,166,936	1,573,774	1,544,996	1,125,114
	2,347,468	1,734,067	1,687,043	1,249,272

## 23 Unearned rental and service income

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	33,566	48,267	12,293	19,988
Within 2 years but not later than 5 years	304,742	123,242	233,970	52,469
Later than 5 years	215,492	404,300	40,236	211,360
	520,234	527,542	274,206	263,829
	553,800	575,809	286,499	283,817

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

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
At 1 January	(1,167,638)	(1,139,175)	(406,983)	(405,858)
Charges to statements of comprehensive income	-	(184)	-	(184)
Charges to income statements (Note 30)	(154,129)	(28,279)	29,590	(941)
At 31 December	(1,321,767)	(1,167,638)	(377,393)	(406,983)

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

	Consolidated financial statements			
	Deposit received from customers Baht'000	Unearned service income Baht'000	Others Baht'000	Total Baht'000
At 1 January 2019	15,536	13,050	9,848	38,434
Charges to statements of comprehensive income	-	-	(184)	(184)
Charges to income statements	183	(882)	2,017	1,318
At 31 December 2019	15,719	12,168	11,681	39,568
At 1 January 2020	15,719	12,168	11,681	39,568
Charges to income statements	618	(845)	17,021	16,794
At 31 December 2020	16,337	11,323	28,702	56,362

	Profit from		
	finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
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
At 1 January 2020	132,689	1,074,517	1,207,206
Charges to income statements	(8,264)	179,187	170,923
At 31 December 2020	124,425	1,253,704	1,378,129

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

Deferred tax assets	Separate financial statements			
	Deposit	Unearned service income	Others	Total
	received			
	from			
	customers			
Baht'000	Baht'000	Baht'000	Baht'000	
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
At 1 January 2020	7,796	2,515	11,681	21,992
Charges to income statements	209	(90)	17,022	17,141
At 31 December 2020	8,005	2,425	28,703	39,133

Deferred tax liabilities	Profit from	Investment	Total
	finance lease		
	contracts		
	Baht'000		
	Baht'000	Baht'000	Baht'000
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
At 1 January 2020	36,965	392,010	428,975
Charges to income statements	(2,798)	(9,651)	(12,449)
At 31 December 2020	34,167	382,359	416,526

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	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets	56,362	39,568	39,133	21,992
Deferred tax liabilities	(1,378,129)	(1,207,206)	(416,526)	(428,975)
Total deferred tax liabilities	(1,321,767)	(1,167,638)	(377,393)	(406,983)



## 25 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	
	2020	2019
	Baht'000	Baht'000
Statement of financial position		
Retirement benefit obligations	59,113	53,108
Statement of comprehensive income		
Expenses included in operating profit	6,005	11,890
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	
	2020	2019
	Baht'000	Baht'000
At 1 January	53,108	43,945
Current service cost	4,862	4,880
Past service cost	-	5,942
Interest cost	1,143	1,068
	59,113	55,835
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)
At 31 December	59,113	53,108

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	
	2020	2019
Discount rates	1.31%	1.31%
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

## 25 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant used is as follows:

		Impact to employee benefit obligations			
		Consolidated and Separate financial statements			
		Increase in assumption		Decrease in assumption	
	Change in assumption	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Discount rate	1%	Decrease 2,546	Decrease 2,411	Increase 2,890	Increase 2,727
Salary growth rate	1%	Increase 3,347	Increase 2,667	Decrease 3,012	Decrease 2,409
Turnover rate	1%	Decrease 2,718	Decrease 2,566	Increase 756	Increase 648

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 2020	31 December 2019
Duration of the defined benefit obligation	6.70 years	6.70 years
	Baht'000	Baht'000
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 5 years	49,845	52,360
Benefits expected to be paid		
later than 5 years and not later than 15 years	32,394	29,484
Benefits expected to be paid later than 15 years	153,026	156,954

## 26 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 2019	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
Issue of shares	-	-	-
At 31 December 2020	2,131,921	634,029	2,756,950

As at 31 December 2020, total authorised number of the ordinary shares is 2,131,929,050 shares with a par value of Baht 1 each (2019: 2,131,929,050 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 (2019: 2,131,920,931 shares with a paid-up of Baht 1 each).

27 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
At 1 January	213,192,093	177,666,690	213,192,093	177,666,690
Appropriation during the year	-	35,525,403	-	35,525,403
At 31 December	213,192,093	213,192,093	213,192,093	213,192,093

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.

28 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation and amortisation	30,497	27,789	20,905	18,149
Staff costs	125,021	143,374	125,021	143,374

29 Finance costs

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Interest expenses				
- Debentures	22,405	45,500	22,405	45,500
- Long-term borrowings from financial institutions	61,962	44,126	57,010	44,126
- Bank overdrafts	3	4	3	4
- Bill of exchange	2,264	4,259	2,264	4,259
- Debenture issuance cost (Note 20)	928	2,231	928	2,231
- Loans from related parties	-	-	9,449	7,754
- Others	2,502	8	2,502	8
Total finance costs	90,064	96,128	94,561	103,882

30 Income tax

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

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	15,650	43,366	-	10,481
Deferred tax:				
Origination and reversal of temporary differences (Note 24)	154,129	28,279	(29,590)	941
Total income tax	169,779	71,645	(29,590)	11,422

### 30 Income tax (Cont'd)

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	2,382,661	2,123,609	76,498	303,713
Tax calculated at a tax rate of 20% for the Company and 15% to 20% for subsidiaries	477,502	424,722	15,300	60,743
Tax effect of:				
Income not subject to tax	(347,027)	(403,725)	(42,996)	(50,795)
Expenses not deductible for tax purpose	1,801	2,367	822	1,971
Additional deductible expenses	(2,506)	(1,480)	(1,421)	(775)
Others	40,009	49,761	(1,295)	278
Income tax	169,779	71,645	(29,590)	11,422

### 31 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.

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit attributable to equity holders of the parent (Baht'000)	2,083,273	2,031,351	106,088	292,292
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)	0.98	0.95	0.05	0.14

### 32 Dividends

#### 2020

At the Annual General Shareholders Meeting held on 26 March 2020, the shareholders approved dividends in respect of 2019, in form of cash dividends amounting to Baht 0.22 per share totaling Baht 469.02 million. The dividends were paid to the shareholders on 16 April 2020.

#### 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 dividend share, totaling 355,313,390 shares. The dividends were paid to the shareholders on 17 April 2019.

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

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Profit before income tax		2,382,661	2,123,609	76,498	303,713
Adjustments for:					
Depreciation and amortisation	28	30,497	27,789	20,905	18,194
Amortisation of prepaid rent		66	66	-	-
Interest income		(19,207)	(17,079)	(12,180)	(13,690)
Interest expense	29	90,064	96,128	94,561	103,882
Dividends income		-	-	(214,980)	(253,975)
Realised unearned rental and service income		(27,040)	(28,269)	(8,053)	(8,955)
Employee benefit obligations	25	6,005	11,890	6,005	11,890
Gain (loss) from adjustment on investment property, net	15	(469,039)	196,568	360,897	216,325
Share of profit from joint venture	14	(1,523,437)	(1,767,931)	-	-
Unrealised gain from revaluation of short-term investments		-	(30)	-	(30)
Write-off of withholding tax		3,303	3,495	2,700	2,714
Changes in operating assets and liabilities:					
- short-term investment		15,000	62,581	15,000	62,581
- trade and other receivables		78,537	(67,067)	76,473	(65,617)
- finance lease receivables		37,824	54,467	23,190	40,250
- amounts due from related parties		(12,239)	7,863	(71,973)	(141,655)
- other current assets		7,773	5,087	(1,733)	4,780
- deposits for leasehold land		(1,626)	66	(1,475)	66
- other non-current assets		2,970	2,643	2,432	2,219
- trade and other payables		543	(132,831)	(13,057)	(141,846)
- amounts due to related parties		(3,396)	6,955	2,411	5,188
- other current liabilities		44,578	(8,234)	24,821	(25,506)
- unearned rental and service income		5,031	203,539	10,735	201,689
- deposit received from customers		(9,876)	34,641	3,833	15,449
- finance lease liabilities on land leases		-	(163,245)	-	(119,333)
- employee benefit obligations	25	-	(1,804)	-	(1,804)
Cash generated from operations		638,992	650,897	397,010	216,529

## **34 Financial risk management**

### **34.1 Financial risk**

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.

#### **34.1.1 Foreign exchange risk**

The Group operates the rental of building space and provision of utilities services in Thailand. Therefore, its operation does not based on foreign exchange rate and does not use any forward contracts, transacted with the financial institutions, to hedge their exposure to foreign currency risk of transactions in foreign currency.

#### **34.1.2 Fair value interest rate risk**

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. The Group is exposed to interest rate risk on its deposits at financial institutions, loans to related parties and short-term loans. The Group's financial assets and financial liabilities mostly carry the floating or fixed interest rates which close to the current market rate. The Group assess that interest rate risk is not material.

#### **34.1.3 Credit risk**

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables.

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.

### **Impairment of financial assets**

The Group has financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Trade and other receivables
- Loan to related parties

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Information expected credit loss are included in Note 11.

The Group write-off trade receivables when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments or cannot be contacted.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For the impairment assessment on loans to related parties, the Group measured it at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Lifetime expected credit losses is recognised for the loans that the credit risk is significant increased.

## 34 Financial risk management (Cont'd)

### 34.1 Financial risk (Cont'd)

#### 34.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Management monitors i) rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plan.

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Consolidated financial statements				
	Within	Within	1 - 5 years	Total	Carrying
	1 year	1 year	1 - 5 years	Total	value
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>Maturity of financial liabilities</b>					
<b>As at 31 December 2020</b>					
Short-term borrowings					
from financial institutions	910,000	-	-	910,000	910,000
Trade and other payables	255,758	-	-	255,758	255,758
Leases liabilities	201,992	829,359	4,599,853	5,631,204	2,347,468
Long-term borrowings					
from financial institutions	446,070	1,173,216	13,114	1,632,400	1,632,400
Debenture	-	500,000	-	500,000	500,000
<b>Total</b>	<b>1,813,820</b>	<b>2,502,575</b>	<b>4,612,967</b>	<b>8,929,362</b>	<b>5,645,626</b>
	Separate financial statements				
	Within	Within	1 - 5 years	Total	Carrying
	1 year	1 year	1 - 5 years	Total	value
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>Maturity of financial liabilities</b>					
<b>As at 31 December 2020</b>					
Short-term borrowings					
from financial institutions	610,000	-	-	610,000	610,000
Trade and other payables	115,679	-	-	115,679	115,679
Leases liabilities	156,814	617,410	3,478,169	4,252,393	1,687,043
Long-term borrowings	446,070	1,173,216	13,114	1,632,400	1,632,400
Debenture	-	500,000	-	500,000	500,000
<b>Total</b>	<b>1,328,563</b>	<b>2,290,626</b>	<b>3,491,283</b>	<b>7,110,472</b>	<b>4,545,122</b>

### 34.2 Capital management

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

The Group considers their capital levels from debt to equity ratio on a regular basis.

#### Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Interest bearing Debt to Equity ratio must be not more than 1.5 :1
- Debt Service Coverage Ratio must be not more than 1

The Group has complied with these covenants throughout the reporting period.

### 35 Financial assets and financial liabilities

As at 31 December 2020, all financial assets and financial liabilities of the Group are measured based on amortised cost.

### 36 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 29.13% of the Company's share (31 December 2019: 28.09%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

The following transactions were carried out with related parties:

#### a) Revenues and expense

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Rental and service income</b>				
Subsidiaries	-	-	560	960
Group Major Cineplex Group				
Public Company Limited	13,008	42,964	4,519	20,507
Related parties	43,873	54,548	20,401	24,085
	<u>56,881</u>	<u>97,512</u>	<u>25,480</u>	<u>45,552</u>
<b>Management fee income</b>				
Subsidiaries	-	-	53,521	57,313
Joint ventures	3,232	4,800	3,232	4,800
	<u>3,232</u>	<u>4,800</u>	<u>56,753</u>	<u>62,113</u>
<b>Interest income</b>				
Subsidiaries	-	-	606	303
Major Cineplex Group				
Public Company Limited	289	312	-	-
	<u>289</u>	<u>312</u>	<u>606</u>	<u>303</u>
<b>Dividends income</b>				
Subsidiaries	-	-	18,000	56,995
Joint ventures	-	-	196,980	196,980
	<u>-</u>	<u>-</u>	<u>214,980</u>	<u>253,975</u>
<b>Cost of rental and service</b>				
Subsidiaries	-	-	2,573	2,573
<b>Administrative expense</b>				
Major Cineplex Group				
Public Company Limited	12,611	22,888	12,177	22,474
<b>Interest expense</b>				
Subsidiaries	-	-	9,449	7,754



### 36 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	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Subsidiaries	-	-	963,352	899,218
Joint venture	14,774	12,500	14,774	12,500
Major Cineplex Group Public Company Limited	630	356	-	-
Related parties	11,865	1,885	5,472	1,877
	27,269	14,741	983,598	913,595

#### c) Short-term loans to related parties

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

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Beginning balance	12,800	14,500	1,200	7,500
Additions	-	-	100,600	-
Repayments received	-	(1,700)	(101,800)	(6,300)
Ending balance	12,800	12,800	-	1,200

Short-term loans to subsidiaries are repayable upon demand, bearing interest at the rates between 2.24% to 5.00% per annum (2019: 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 (2019: 2.25% per annum).

#### d) Amounts due to related parties

	Consolidated financial statements		Separate financial statements	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Subsidiaries	-	-	20,784	15,136
Major Cineplex Group Public Company Limited	6,105	9,501	5,469	8,707
	6,105	9,501	26,253	23,843

#### e) Short-term loans from a subsidiary

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

	Separate financial statements	
	2020 Baht'000	2019 Baht'000
Beginning balance	717,800	426,800
Additions	402,900	364,700
Repayments	(238,500)	(73,700)
Ending balance	882,200	717,800

Short-term loans from subsidiaries represented unsecured loans, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rate between 0.58% to 2.50% per annum (2019: 1.06% to 2.25% per annum).

### 36 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 2020, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 64 million (2019: Baht 70 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	
	2020 Baht'000	2019 Baht'000
Short-term benefits	15,487	14,623
Post-employment benefits	2,220	5,506
	<u>17,707</u>	<u>20,129</u>

### 37 Commitments and contingencies

#### 37.1 Bank guarantees

As at 31 December 2020, the Group has outstanding letters of guarantee amounting to Baht 53.97 million (2019: Baht 55.14 million) issued by banks in respect of normal business operations.

#### 37.2 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	
	2020 Baht'000	2019 Baht'000	2020 Baht'000	2019 Baht'000
Less than 1 year	-	11,606	-	9,708
Over than 1 year				
but not later than 5 years	-	1,443	-	1,443
	<u>-</u>	<u>13,049</u>	<u>-</u>	<u>11,151</u>

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 and excluding the effects of TFRS 16.

Profit and loss based on cost method of investment property for the year ended 2020 and 2019 are as follows:

	Consolidated financial statements	
	2020 Baht'000	2019 Baht'000
<b>Revenues</b>		
Rental and service income	1,101,755	1,499,422
Finance and interest income	19,207	17,079
Other income	20,038	33,897
Share of profit from joint ventures	425,522	501,962
Total revenues	1,566,522	2,052,360
<b>Expenses</b>		
Cost of rental and service	850,165	1,011,215
Selling and administrative expenses	231,048	275,815
Total expenses	1,081,213	1,287,030
<b>Profit before finance costs</b>	485,309	765,330
Finance costs	(88,398)	(96,128)
<b>Profit before income taxes</b>	396,911	669,202
Income taxes	9,182	(34,272)
<b>Profit for the year</b>	406,093	634,930
<b>Profit before adjustments regarding investment property-net attributable to:</b>		
Owners of the parent	397,831	615,588
Non-controlling interests	8,262	19,342
	406,093	634,930
Adjustments regarding investment property, net	1,806,789	1,417,033
<b>Profit for the year after adjustments regarding investment property</b>	2,212,882	2,051,963
<b>Profit after adjustments regarding investment property-net attributable to:</b>		
Owners of the parent	2,083,273	2,031,351
Non-controlling interests	129,609	20,612
	2,212,882	2,051,963
<b>Timing of revenue recognition - Rental and service income</b>		
At a point in time	42,681	64,285
Overtime	1,059,074	1,435,137
Total rental and service income	1,101,755	1,499,422

### 39 Post statement of financial position event

At the Board of Directors meeting No.1/2021 held on 10 February 2021, the Board approved cash dividend payment amounting to Baht 0.20 per share totaling Baht 426.38 million in respect of 2020 operating results. The dividends will be payable to the shareholders in April 2021.



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