

MORE & MORE  
annual report 2012



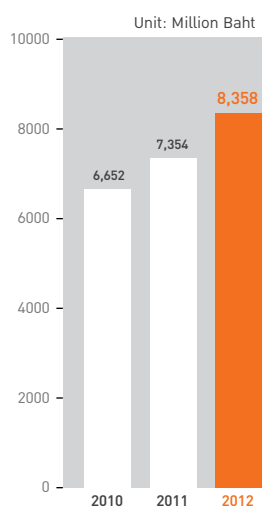
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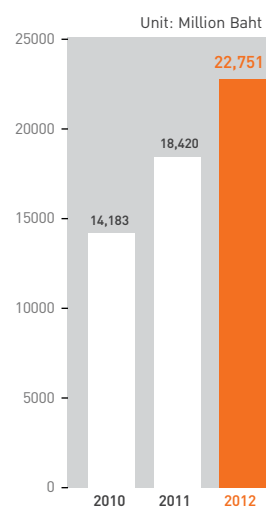
## FINANCIAL HIGHLIGHTS

(Unit : Million Baht)

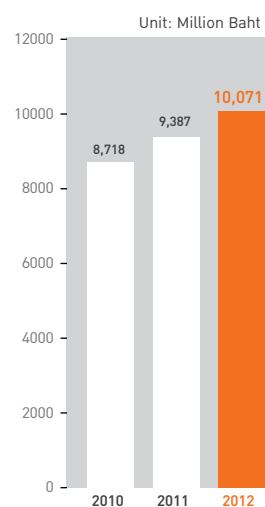
For the year ended 31 December	2012	2011	2010
<b>Operating Results</b>			
Total Revenues	8,427	7,375	6,666
Operating Revenues	8,358	7,354	6,652
Gross Profit	3,020	2,801	2,680
Operating Profit	1,385	1,513	1,629
Profit for the Years	1,108	1,079	1,166
<b>Financial Position</b>			
Total Assets	22,751	18,420	14,183
Total Liabilities	12,680	9,033	5,465
Total Shareholders' Equity	10,071	9,387	8,718
<b>Financial Ratio</b>			
Current Ratio (Times)	1.94	1.95	1.82
Gross Profit Margin (%)	36.14	38.09	40.29
Operating Profit Margin (%)	16.57	20.58	24.48
Net Profit Margin (%)	13.15	14.64	17.49
Return on Equity (%)	11.39	11.92	15.69
Return on Assets (%)	5.38	6.62	9.32
Debt to Equity Ratio (Times)	1.26	0.96	0.63
Basic Earnings per Share (Baht)	1.68	1.66	1.82
Dividend per Share (Baht)	0.787	0.65	0.70
Book Value per Share (Baht)	15.30	14.29	13.54



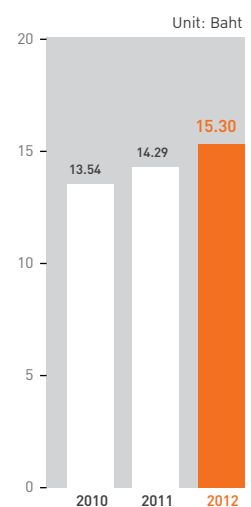
Operating Revenues



Total Assets



Total Shareholders' Equity



Book Value per Share

## MESSAGE FROM THE CHAIRMAN

**Dear Shareholders,**

2012 was a year of a unique national collaborative effort to rehabilitate and reconstruct our country in the aftermath of the near yearend 2011 mega flood that destroyed various parts of the Bangkok Metropolitan areas and its vicinity. The flood disaster caused great damage to our economy. Simultaneously, the economic problems of the global superpowers remained unsolved and required the implementation of a permanent solution. Their problems in turn become our problems, particularly affecting the export sector which is our nation's important economic segment. The private public synergy helped strengthen and revitalize our economy to a higher-than- expected 6.4 percent economic growth for 2012 and prepared us for our big step ahead.

The real estate business was largely impacted by the flood disaster that had major implications for a large segment of the population and significantly affected many residential developments. There are continuing efforts from all parties to renovate and rehabilitate the disaster-affected areas while all aspects of preventive and protective measures are being put in place. Nevertheless, during the first half of 2012, consumers remained uncertain and concerned. This caused further sluggishness in unit sales of low-rise residential developments in the Bangkok Metropolitan areas and its vicinity. High-rise development, in contrast, enjoyed much better consumer response. Growth was also evidenced in the residential development market in provincial areas. In 2012, labor shortage became a major obstacle factor for real estate developers and negatively impacted their construction plans.

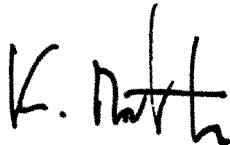
For SC Asset Corporation Public Company Limited, despite the fact that some of our low-rise development projects were located in the flood impacted zones, we were able to well-protect our projects and allowed no damage to occur. In the aftermath of the flood, we also redesigned our infrastructure and utility schemes to provide ultimate protection against any potential floods, while reassuring our project residents and our homeowners about the safety of their properties by installing required protective equipment, and raising land and ground levels of our new developments. Our consistent policy on attentive care and product innovation enabled us to achieve higher sales for single detached houses and townhouses than in the previous year. We also launched new high-rise condominiums in the central areas of Bangkok and in the resort town of Hua Hin. The Crest Santora Hua Hin is our first provincial project. We organized overseas road shows of our projects which received good responses. In the last quarter of the year we completed 3 condominiums for which the ownership transfer process for the units sold have begun. These sales proceeds helped strengthen our operating revenues for 2012 and pushed both sales and revenue growth to a higher level than their anticipated targets.

In 2012, the Company reported total revenues of Baht 8,427 million, a 14% growth from the previous year; Baht 1,108 million in net profits or Baht 1.68 in earnings per share. As at 31 December 2012, our consolidated total assets and total liabilities were Baht 22,751 million, and Baht 12,680 million, respectively. The book value per share at yearend 2012 was Baht 15.30. In 2012, we have 30 residential projects for sales with an aggregated project value of Baht 29,100 million, comprised of single detached houses, townhouses and condominium projects.

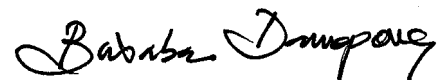
In 2012 we were awarded numerous recognitions and honors, including the Top Corporate Governance Report Awards from the Stock Exchange of Thailand, the Investors' Choice Award from the Thai Investors Association, other outstanding design and development awards for condominiums, and single detached house projects, and the Outstanding Safety Building Management Award for Shinawatra Tower III which was selected by the Bangkok Metropolitan Administration as one of the thirteen outstanding buildings.

We remain firm in our direction and policy to create continuity and stability in our business operations and stay committed to be creative and quality oriented in our business, products and services developments. We focus on human resource competency enhancement and pay attention to fostering the simultaneous creation of good society and environmental responsibility.

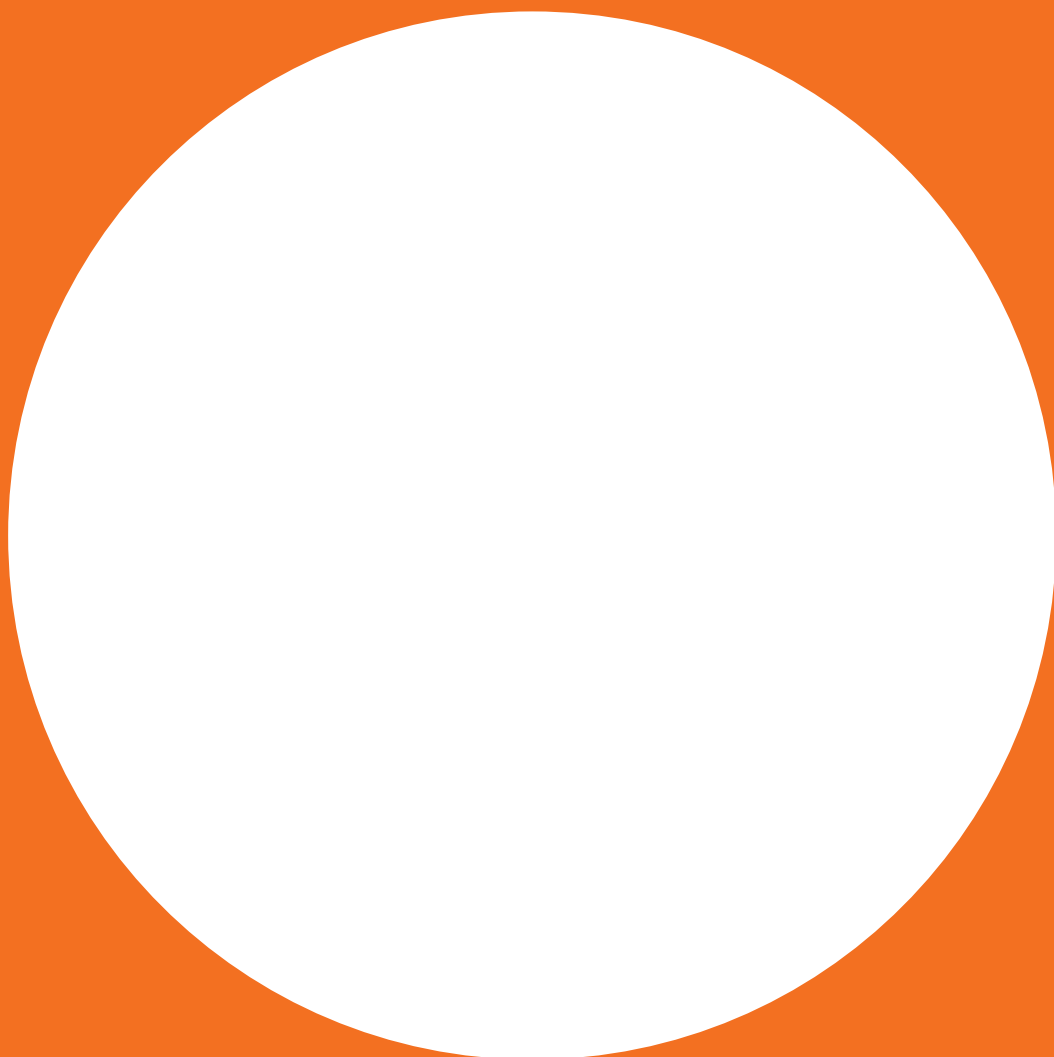
We believe that when an organization achieves its profitable growth, it has a corporate duty to pay back its share of success to the society. Together, organizations and society must progress hand-in hand. We would like to take this opportunity to express our gratitude and appreciation to all stakeholders which are the shareholders, customers, business alliances, management, and employees who have faith in the Company and have always extended their strong support to the Company in achieving its operating objective and success targets. We also promise to bring sustainable growth, good governance, and business prosperity to our work and operations.



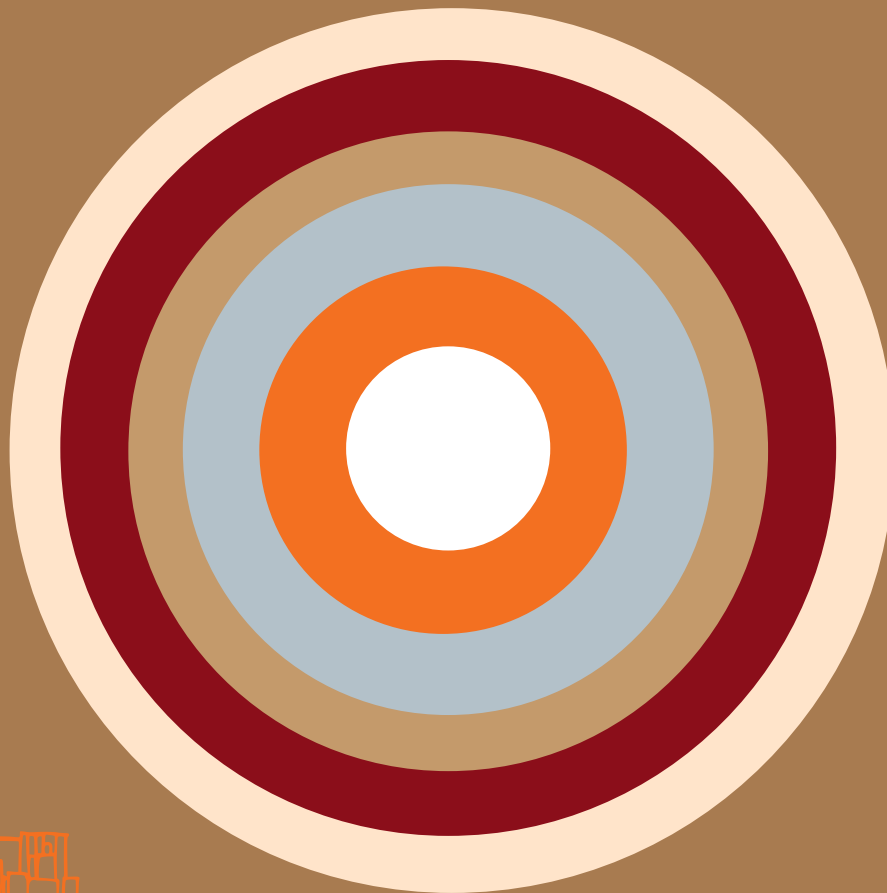
Mr. Rath Kitivejoso  
Chairman of the Board of Directors



Ms. Busaba Damapong  
Chairman of the Executive Committee

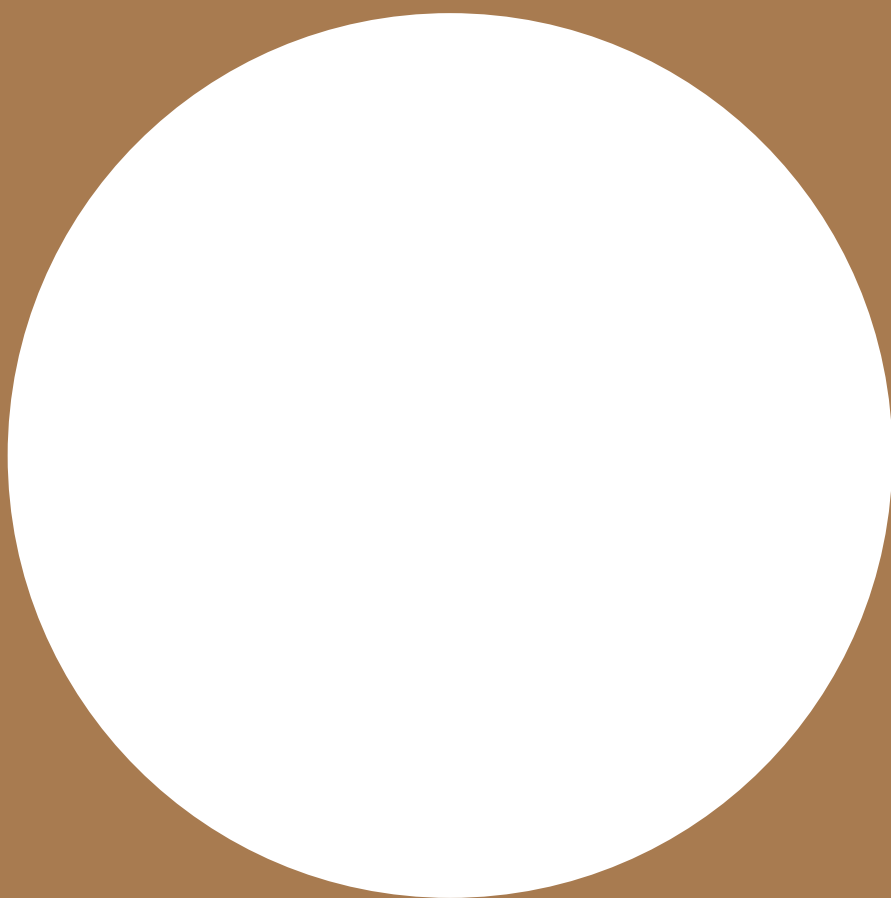


SC Asset Corporation Public Company Limited (“the Company”) operates a fully integrated real estate business with a firm commitment to provide attentive services and creative product innovation. It carries on a non-stop development of its business; from the very first step to the current tenth year of its sound and sustainable growth as at 2013.



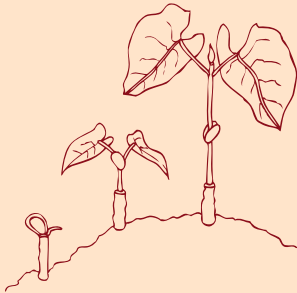
## MORE & MORE

To explain about our business expansion, we have to look back at the five essential factors of work as a support to make the company sustainable for today and in the future.

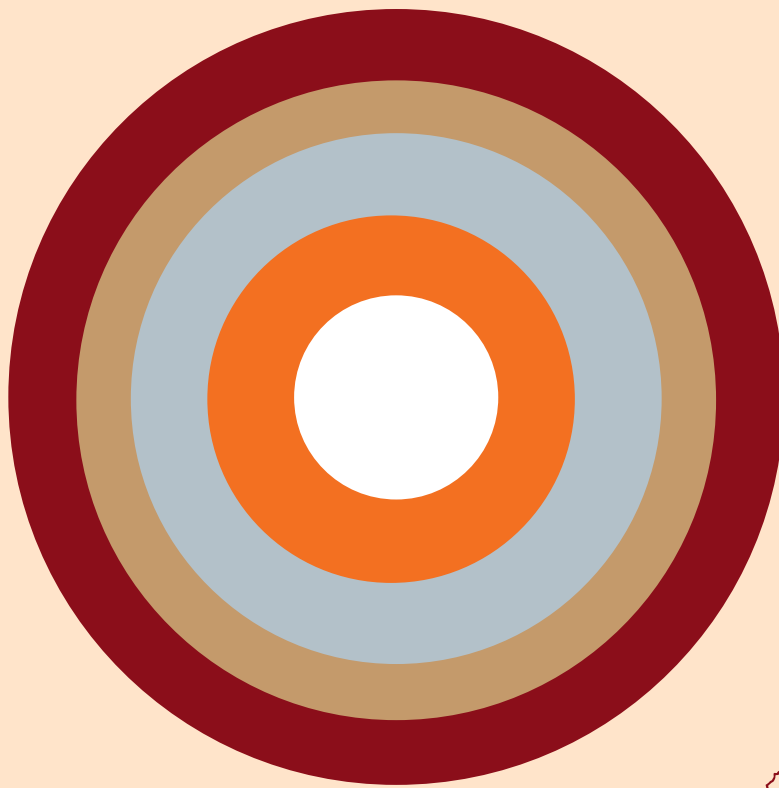




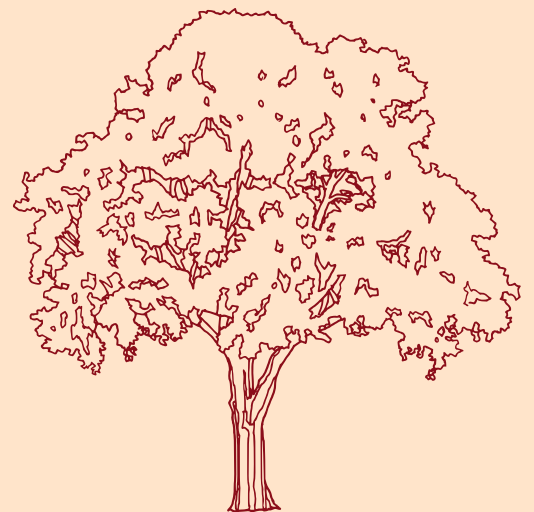
## MORE **GROWTH**



2012 is the year in which SC Asset continued to launch 14 new projects with investment values exceeding Baht 17,500 million. The projects were all scattered among the promising areas of Bangkok and its vicinity. This year the company made its initial move to expand its activities to the famous beach town of Hua Hin, a favorite tourist site for Bangkokians. It presented a resort villa & condominium project called “The Crest Santora Hua Hin”.

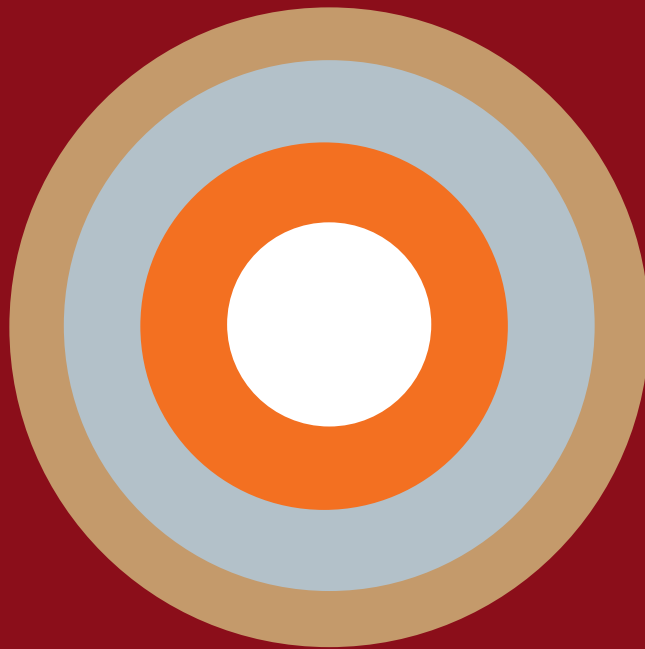


With an acute perception of business management and real estate development under good governance and transparency, in 2012, SC Asset achieved excellent customer acceptance that enabled it to reach sales target at Baht 12,250 million and total revenue at 8,427 Baht reflecting another huge step of accomplishment.

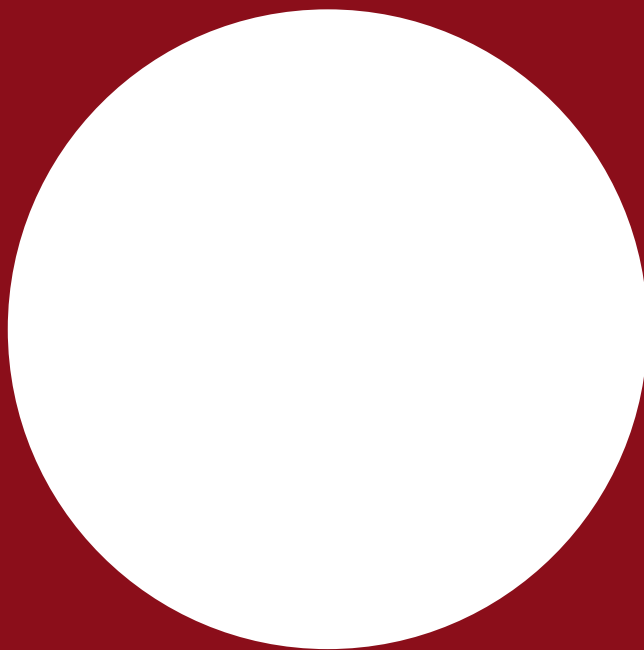




## MORE **FUNCTION**



With the project characteristics that cover the wide range of single detached houses, townhomes, home offices, and condominiums, as well as an endless of continued product development, SC Asset is thus distinctive in the functional and design aspects of its product creations that can be flexibly adapted to the changing lifestyles of consumers, and providing right solutions that satisfy the utilization needs of consumers a lot more than they had ever anticipated. The ability to offer more than its peer competitors therefore yields superb and continuous response.

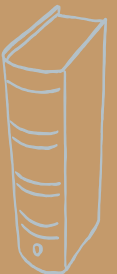


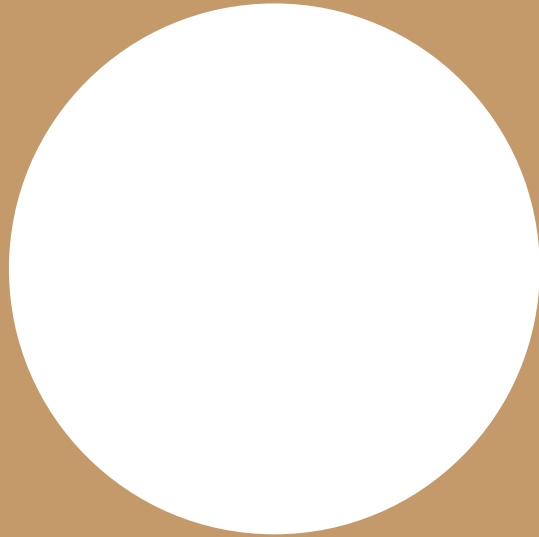
## MORE **ACTIVITY**

**Customer Relationship Management (CRM)** activities are diversified to efficiently capture the ultimate desires of its customer base, create good connections among members of the SC Family and provide friendly forums for them to continually share and exchange their experiences.



**Corporate Social Responsibility (CSR)** activities are another aspect that SC Asset realize have an important value as a contribution channel to support community, society, and environment and offer great opportunity to provide better care and attention to their needs. The fourth year continuation of its “Orange Library Project” reflects SC Asset’s constant attempts to offer better educational opportunities for underprivileged children and schools. SC Asset also organized an annual charity golf tournament to raise funds for various charitable foundations.

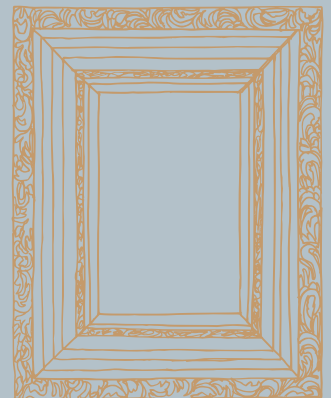




A decorative rectangular frame with ornate, symmetrical scrollwork and floral patterns at the corners and midpoints.

## MORE AWARDS

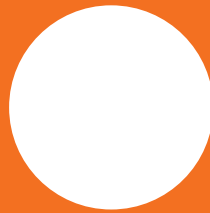
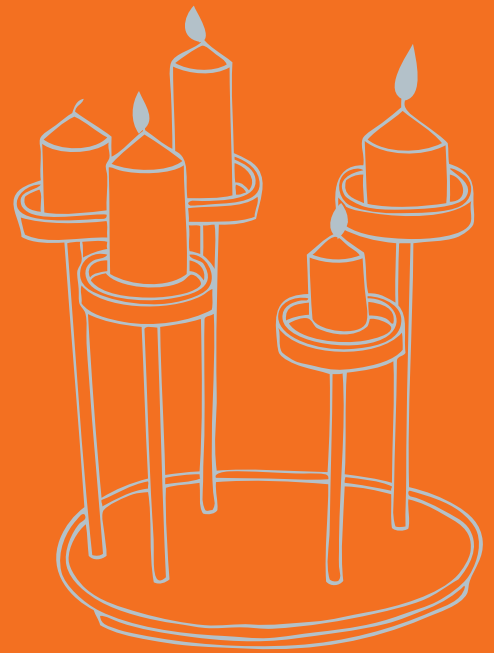
- The Top Corporate Governance Report Award for 2012 in the “SET Awards 2012” event jointly organized by the Stock Exchange of Thailand and the Money & Banking Magazine.
- The Investors’ Choice Award from the Thai Investors Association (an institution appointed by the Ministry of Finance, the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand) for its persistent attention to all shareholders.



- The BCI Asia Top 10 Developer Awards 2012 from the BCI Asia Construction Information Co., Ltd. and the FuturArc Journal.
- The 2012 outstanding real estate development honor for luxurious single home development - the award has been given to SC Asset for two successive years by the Agency for Real Estate Affairs (AREA).







## MORE **TO THE FUTURE**

With its foresighted vision, attentive business management policy, and creative innovation, SC Asset reaches its tenth year of operations in 2013 and continues its commitment towards stable growth as well as providing quality and standardized products and services to satisfy its customers, shareholders, and stakeholders at the present days and thereafter.

## BOARD OF DIRECTORS



**Mr. Rath Kitivejosoth**  
Chairman of the Board  
of Directors



**Ms. Busaba Damapong**  
Director



**Mr. Kunodom Tharmmaphornphilas**  
Independent Director



**Mr. Precha Sekhararidhi**  
Independent Director



**Ms. Phensom Damapong**  
Director



**Mr. Nathpath Ouajai**  
Director



**Mr. Nuttaphong Kunakornwong**  
Director



**Ms. Naengnoi Na Ranong**  
Director



**Mr. Prasert Samanawong**  
Independent Director

## THE BOARD OF DIRECTORS REPORT

**Dear Shareholders,**

The SC Asset Corporation Public Company Limited (“the Company”) is a fully integrated real estate company involved in property development & investment, for both sale and rent. The Company’s activities also include full scale property management and consultancy services. It is the Company’s policy to well-serve the needs of its customers with state-of-the art product development and excellent services. The Company is committed to abiding by the principles of good corporate governance and paying attention to social and environmental responsibilities. It maintains equitable and fair treatment to all stakeholders. Legality and law abiding practices are the core business principles that have enabled it to stand firm on its good corporate governance and operate in a socially and environmentally responsible way. All of these practices have ensured continued confidence in its business and enhanced its sustainable operational growth. In 2012, the Company expanded its development schemes to various new promising locations aiming to multiply its customer base as per its targeted business plan. The initial scheme started with a resort condominium project in the beach town of Hua Hin, called the Crest Santora Huahin which is named after the inspiring seascape of islands of Santorini.

In 2012, the Company held six board meetings with the presence of all its members in each and every meeting, and prior to these board meetings it also arranged six separate meetings attended only by its independent non-executive directors without the presence of the management to review corporate business operations and discuss issues of importance to the Company’s interests, as well as to scrutinise concerns regarding important management problems. Important business activities achieved by the Company during the year can be summarised as follows:

(1) Launching of 14 luxurious residential developments in the form of single-detached houses, town homes, home offices, as well as condominium developments in inner city and tourist attraction areas. They are:

- Life Bangkok Boulevard Praram 2
- Life Bangkok Boulevard Ratchaphruek - Rattanaibet
- Life Bangkok Boulevard Praram 9 - Srinakarin
- Bangkok Boulevard Ratchaphruek – Praram 5
- Grand Bangkok Boulevard Ramintra
- Grand Bangkok Boulevard Pinklao
- Grand Bangkok Boulevard Petchkasem - Pinklao
- Grand Bangkok Boulevard Praram 9 - Srinakarin
- Vista Park Praram 2
- Work Place Phet Kasem 81
- Work Place Ratchada-Ramintra 2
- The Crest Santora Hua Hin
- The Crest Sukhumvit 34
- Centric Sathorn – St.Louis

(2) With continual acknowledgment of the importance of good corporate governance, such thinking contributes to the Company's impressive outcome in various evaluations, namely:

2.1 The Company was selected as one of 74 Thai publicly listed companies with the full assessment score of 100, or "excellent" level, and is remarked to be recognised as one of the best examples regarding the quality of its 2012 Annual General Meeting of the Shareholders. Indeed, the company has consistently enjoyed this "excellent" status for four consecutive years from 2008 to 2011. This results in it being praised with distinction quality and being selected by the Thai Investors Association (an institution appointed by the Ministry of Finance, the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand and accredited to be a mechanism for protecting minority shareholders) to be awarded with the prestigious Investors' Choice Award for its persistent attention to all shareholders.

2.2 The Company was assessed by the Thai Institute of Directors for its 2012 corporate governance status (an institutional support and accredited by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand) with the highest score of 95%, which is the top scale scoring for Thai listed companies from 2008 to 2012. This results in it being praised with distinction quality and being selected as one amongst 59 Thai publicly listed companies, out of all 513 companies under review, to rank in the "excellent level" of top scoring.

2.3 The Company was one of the 11 corporates who were awarded the Top Corporate Governance Report Award for 2012 in the "SET Awards 2012" event jointly-organised by the Stock Exchange of Thailand and the Money & Banking Magazine.

Furthermore, the Company was also awarded two other prestigious honors: 1) the BCI Asia Top 10 Developer Awards 2012 from the BCI Asia Construction Information Company Limited and the FuturArc Journal, and 2) the outstanding real estate development award for luxurious single home development - the award was given for the Company's Bangkok Boulevard on Ratchaphruek - Rama V Project by the Agency for Real Estate Affairs (AREA). The award winning criteria took into account suitable combinations such as quality, design, and pricing. All these awards and honors provide the Company with pride and motivation to strive for further accomplishment along its sustainable growth path.

(3) As far as Corporate Social Responsibility (CSR) is concerned, the Company carried on its duties and activities as a good corporate citizen. Its CSR tasks are planned in a suitable manner that matches its corporate slogan of "SC Loves to Share", the sharing and caring philosophy that integrates social awareness, environmental concern, and sustainable business operations into its values. The CSR activities carried out by the Company during the year are:

3.1 Continued to build school libraries under its "Orange Color Library Project"; the second one being at the Baan Klong Farang School, Sai Noi District, Nonthaburi Province and the third one was at the La-iad Oup-patham School, Don Toom District, Nakhon Pathom Province.

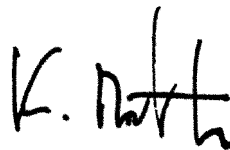
3.2 Making Social charity donations which included a Baht 300,000 (Three hundred thousand Baht) donation for the purchase of medical equipment and medical research work to the Bhumibol Hospital via the Duangtawan Foundation, and a Baht 200,000 (Two hundred thousand Baht) donation for the Universal Foundation for persons with Disabilities.

3.3 Regularly organising staff's "Birthday Activity" which enables staff to be jointly involved in various social activities on their birthdate month and encourages their volunteering spirit, as well as enhancing closer co-worker relationship. The activities included construction of check dams at the Kaeng

Krachan National Park, Kaeng Krachan District, Phetchaburi Province by the Company's volunteer staff and student apprentices.

3.4 Organising a charity golf tournament supported by its trade counterparts and commercial alliances to annually raise funds for charity, namely Baht 2,158,900 (Two million one hundred fifty eight thousand and nine hundred Baht) for the World Vision Foundation of Thailand to sponsor the Children's Breakfast Project, which assists 26 child development centers in Sirindhorn District, Ubon Ratchathani Province; Phu Sing District, Sisaket Province; and Pha Khao District, Loei Province.

The Baht 10 billion sales accomplishment for the year resulted from the cooperation and dedication of each and all staff who committed to strive through difficult moments, as well as various internal and external obstacles, to achieve its present success and led the Company to its targeted business benchmark of steady growth. The Board of Directors, therefore, would like to express its gratitude to various stakeholders such as our shareholders, clients, trade partners, financial institutions, government agencies, and private organisations who provided the Company with continual support. The Company undertakes to carry on its business goals and corporate plans set in accordance with its good corporate governance principles and maintain the policies of equitable treatment towards all its stakeholders. Indeed, along its route towards leading corporate sustainability, the Company assures of its intention to apply possible protective measures to safeguard that its operation will not cause any environmental impacts.



Mr. Rath Kitivejsoth

Chairman of the Board of Directors

SC Asset Corporation Public Company Limited

January 9, 2013

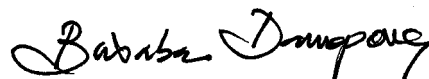
## REPORT OF THE EXECUTIVE COMMITTEE

Dear Shareholders,

In 2012, the Company achieved its success target for persistent growth despite adverse circumstances that inauspiciously impacted the Thai economy; such as the European debt crisis and the aftermath of the 2011 flood disaster. In the second half of 2012, the local real estate industry experienced further market slump, as consumer confidence became deeply shaken, caused mainly by the concern for future flooding. As the year progressed without the threat of another flood risk, restored confidence thus contributed to the vitality of the real estate sector.

In 2012, the Company reported a much stronger sales growth, showing Baht 12,250 million in aggregated sales and Baht 8,358 million in total revenues, or an increase of 13.66% from the prior year. Net profit for the year was Baht 1,101 million, a 3.86% rise from 2011. Total assets was Baht 22,751 million, or a 23.51% increase from 2011, whereas total liabilities was Baht 12,680 million, or an increase of 40.37% and shareholders' equity was Baht 10,070 million or an increase of 7.27% from 2011.

The Company's continued operational achievements have possibly been realized as a consequence of all the support received from all shareholders, customers, trade partners, financial institutions, and media, as well as the undeniable dedication of each and every one of its employees. The Company's Executive Committee would like to express its gratitude to all the above mentioned stakeholders for their continual great support. The Committee assures its unswerving commitment to successfully manage the Company's business on a progressive path into the future.



Ms. Busaba Damapong

Chairman of the Executive Committee

SC Asset Corporation Public Company Limited

February 28, 2013

## REPORT OF THE AUDIT COMMITTEE

Dear Shareholders,

The Audit Committee of SC Asset Corporation Public Company Limited was appointed by the resolution of the Company's Board of Directors, comprised of three independent directors. The Committee comprises Mr. Kunodom Tharmmaphornphilas, the Committee Chairman, Mr. Prasert Samanawong and, Mr. Precha Sekhararidhi. Ms. Pannee Tharaphat, Senior Vice President of the Company's Internal Audit Department, acts as the Committee Secretary.

In 2012, the Audit Committee held nine meetings; consisting of eight regular meetings and one special meeting attended only by the committee members and the Company's auditors without the presence of any executives of the Company. During those meetings the Committee considered various matters of importance which can be summarized as follows:

1. **Review of the Company's financial statements:** The Audit Committee has reviewed the quarterly and annual financial statements of SC Asset Corporation Public Company Limited and its consolidated financial statements, and considered that they have been prepared in accordance with the generally accepted accounting principles and that the disclosure of information has been sufficiently made. It also invited the Company's external auditor to participate in every committee meeting to discuss topics that might have occurred during their audit process, as well as to discuss matters such as sufficient disclosure of material information which is useful for users of the financial statements. The Committee also listened to suggestions made by the auditor for the preparation of these financial statements prior to the granting of its approval to such financial statements.
2. **Oversight of internal controls and internal audit:**
  - 2.1 The Committee reviewed the annual internal audit plan which was prepared to assess internal controls and risk management processes of each corporate function, and set the targeted audit work scope that covers all material aspects
  - 2.2 The Audit Committee reviewed actions of the Internal Audit Office and provided suggestions on the internal controls system, aiming to assure the effectiveness of the internal controls process and the due compliance with all applicable laws and relevant regulations affecting operations of the Company.
3. **Review of the Company's risk management:** The Committee regularly obtained reports from the Risk Management Committee and provided appropriate recommendations on systematic management and administration of risk exposures.
4. **Selection and proposal for appointment of the Company's external auditors:** The Audit Committee evaluated the previous year's performances of the Company's external auditors and recommended the appointment of the independent auditors from Sam Nak-ngan A.M.C Co., Ltd to be the Company's external auditors for 2013 and also proposed the annual audit fee for 2013 to the Company's Board of Directors to further recommend to the Annual General Meeting of the Shareholders for appointment and approval.



5. **Compliance with Thai laws on securities and exchange, regulations of the Stock Exchange of Thailand and/or any other applicable laws affecting operations of the Company:** The Audit Committee has monitored and reviewed the Company's business practices and is satisfied that it complies with laws, regulations and rules of both the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand, as well as any other relevant government entities.
6. **Review and providing opinions on related party transactions:** The Audit Committee has examined and reviewed the disclosure of intercompany transactions that might have occurred between the Company, its subsidiaries and its associated companies which may represent conflicts of interest. The review showed full and sufficient disclosure that complied accordingly with requirements of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

Throughout 2012, the Audit Committee properly performed its duties cautiously and independently within the framework of its assigned authority and responsibilities as prescribed in the Audit Committee Charter. The performed duties were delegated by the Company's Board of Directors, and carried out in accordance with the principles of good corporate governance. The Audit Committee believes that the Company's financial statements are prepared according to the generally accepted accounting principles, and the Company has an internal controls system, and appropriate and adequate risk management system. It also duly complies with laws and regulations, and abides by the listed company's best practices. It fully conforms to the rules prescribed by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand on related party transactions.



Kunodom Tharmmaphornphilas  
Chairman of the Audit Committee

SC Asset Corporation Public Company Limited

January 18, 2013

## REPORT OF THE NOMINATING AND REMUNERATION COMMITTEE

**Dear Shareholders,**

The Board of Directors of the SC Asset Corporation Public Company Limited resolved the forming of the Nominating and Remuneration Committee, and appointed the three following non-executive directors as committee members:

- |                                   |                               |
|-----------------------------------|-------------------------------|
| 1. Ms. Naengnoi Na Ranong         | The Chairman of the Committee |
| 2. Mr. Kunodom Tharmmaphornphilas | Member                        |
| 3. Mr. Precha Sekhararidhi        | Member                        |

The Nominating and Remuneration Committee has its duties and responsibilities that are prescribed in its articles of establishment. Its scope of responsibility includes involvement in aspects such as the remuneration program and human resource policy, director selection, compensation for the Chairman of the Executive Committee and the Chief Executive Officer. It also provides explanations for questions raised in the Shareholder's Meeting regarding compensation for the Company's directors and executives.

The Committee held two meetings in 2012. For the selection of the candidates for the Company's directorship and top executives' positions, the Committee based its review on the proficiency and appropriate qualifications of each member according to the Company's requirements. The setup of the Committee and the composition of its members are formed in the appropriate ratio element which is duly required by the legal framework that is basically prescribed in the Company's Articles of Association and the Principles of Good Corporate Governance.

As for the details of the Company's compensation scheme for directors and executives disclosed in this annual report under the heading of "Disclosure and Transparency", the Nominating and Remuneration Committee is of the opinion that they are appropriately structured to fit with the duties and responsibilities of the directors and the executives, and are in line with the Company's standards, its operating results and business environment, the performances of those directors and executives, as well as the general economic conditions



Ms. Naengnoi Na Ranong

Chairman of the Nominating and Remuneration Committee

SC Asset Corporation Public Company Limited

February 8, 2013

## REPORT OF THE RISK MANAGEMENT COMMITTEE

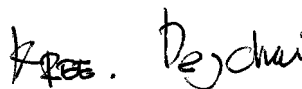
Dear Shareholders,

The Risk Management Committee of the SC Asset Corporation Public Company Limited comprises of six members who are executives of the core business departments of the Company. They are:

- |                                   |   |
|-----------------------------------|---|
| 1. Flight Lieutenant Kree Dejchai | Chairman of the Risk Management Committee                 |
| 2. Mr. Attapol Sariddipuntawat    | Member  |
| 3. Mr. Vitit Visalpattanasil      | Member  |
| 4. Mr. Suriya Pleansri            | Member  |
| 5. Mr. Krung Luengmanotham        | Member  |
| 6. Ms. Pannee Tharaphat           | Member and the Secretary of the Risk Management Committee |

The Risk Management Committee has its duty and responsibility to stipulate risk management principles and policies, to assess and analyze corporate risk, to prioritize the corporate risk profile, to provide guidelines for appropriate risk management strategy, to contain risks within acceptable limits and at suitable costs, and to monitor and evaluate outcomes of the risk management measures to further report to the Executive Committee, the Audit Committee and the Board of Directors.

In 2012, the Risk Management Committee held five meetings with quorum present to review, assess and analyze the corporate risk, as well as to prioritize the corporate risk profile. The Committee also requested executives of relevant departments to present their risk control measures for consideration and implementation. It also monitored the performance of risk management procedures, and mitigation of residual risks to ensure that they were within the acceptable level, while regularly updating risk environments and situations, to assure that the Company has adequate and suitable risk management mechanisms that are continually put into use. All of these shall assure that risks are contained within acceptable levels, and protective measures are exercised to support and enhance the Company's ability to reach its objectives and targets, and also be able to appropriately render maximized benefits to its business, shareholders, and stakeholders.



Flight Lieutenant Kree Dejchai  
Chairman of the Risk Management Committee  
SC Asset Corporation Public Company Limited  
January 18, 2013

## REPORT OF THE CORPORATE GOVERNANCE AND SOCIAL & ENVIRONMENTAL RESPONSIBILITY COMMITTEE

**Dear Shareholders,**

The SC Asset Corporation Public Company Limited recognizes and values the importance of good corporate governance and accordingly first appointed the Corporate Governance and Social & Environmental Responsibility Committee on 12 January 2011. This Committee is comprised of three members of whom each committee member has a three year term. In 2012, during its board meeting No. 6/2555 held on 13 November 2012, the Company's Board of Directors resolved the additional appointment of Mr. Nuttaphong Kunakornwong as a new member of the Corporate Governance and Social & Environmental Responsibility Committee, effective from 13 November 2012 to 12 November 2015. Presently, the Corporate Governance and Social & Environmental Responsibility Committee consists of:

- (1) Mr. Precha Sekhararidhi: (An Independent Director)  
The Chairman of the Corporate Governance and Social & Environmental Responsibility Committee
- (2) Ms. Busaba Damapong: (Director/ Chairman of the Executive Committee)  
A member of the Corporate Governance and Social & Environmental Responsibility Committee
- (3) Ms. Phensom Damapong: (Director/ Member of the Executive Committee)  
A member of the Corporate Governance and Social & Environmental Responsibility Committee
- (4) Mr. Nuttaphong Kunakornwong: (Director/ Member of the Executive Committee)  
A member of the Corporate Governance and Social & Environmental Responsibility Committee

On 17 October 2012, the Corporate Governance and Social & Environmental Responsibility Committee approved the advancement of the Company's operational guidelines to be in accordance with the principles of good governance and social & environmental responsibility, while advancing its new standards of conduct to be in line with international best practices by incorporating therein the corporate ethical principles which are observed as the code of good business practices that shall encourage a business environment of peacefulness, righteousness, and appeasement. The Company set these guidelines and standards as its key corporate policy and prescribed conducts for its corporate best practices that cover recommended corporate social & environmental responsibilities towards all stakeholders. All these actions enhance corresponding compliances with the Social Responsibility Standard - ISO 26000 and the recommended CSR Best Practices for listed companies in the real estate and construction industry as advocated by the Stock Exchange of Thailand (SET). The guideline conducts and standard best practices, approved by the Company's board during the board meeting No. 6/2012 held on 13 November 2012, can be summarized as follows:

### **(1) Corporate Governance**

The Company has applied the governance guidelines recommended by the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET), which are prescribed in accordance with the principles of corporate governance set out by the Organization for Economic Co-operation and Development (OECD). The guidelines adopted are: rights of shareholders, equitable treatment of shareholders, stakeholders' rights, disclosure and transparency, and board responsibility.

### **(2) Social & Environmental Responsibility**

The Company has applied the Corporate Social Responsibility Guidelines prescribed by the SEC's Working Group on Corporate Social & Environmental Responsibility, as well as the Social Responsibility Standard - ISO 26000 and the recommended CSR Best Practices as its guideline principles

for the strategy plan towards its short and long term actions on the issues of good corporate governance and social & environmental responsibility, of which the principles adopted are:

2.1 Corporate ethical principles such as practice guidelines towards shareholders, customers, employees, creditors, trade counterparts, business competitors, and society. The principles also include matters namely participation in community and social development, business operating practices under applicable environmental standards, non-violation of intellectual property rights, safeguard of information and data system, staff training on environmental issues, fighting against internal and external corruption or bribery, encouragement of management and staff morale against fraud and any involvement in human rights violation, as well as communication of the Company's information via various media channels.

- 2.2 Fair business practices
- 2.3 Respect human rights and fair treatment towards workers
- 2.4 Responsibility to the consumer
- 2.5 Community and social contribution
- 2.6 Environmental protection
- 2.7 Disseminate innovations from social responsibility activities, and
- 2.8 Preparation of social and environmental reports

The Company publishes these written guidelines via its company Web site for its management, staff, shareholders and stakeholders.

The Company continually commits to develop its business efficiency within the framework of good corporate governance and social & environmental responsibility, while overseeing that its management applies the CSR guideline principles in building up its corporate development and forthcoming projects for the sustainable benefits of the entire organization and all stakeholders. Indeed, the emphasis on good corporate governance has rewarded the Company with the full assessment score of 100, or "excellent" level, and is recognized by the Thai Investors Association as one of the best examples regarding the quality of its Annual General Meeting of the Shareholders consecutively since 2008 to 2011. Indeed, due to its distinction of receiving the full assessment score of 100, or the "excellent level" quality for four consecutive years the Company was thus praised by the Thai Investors Association and was honored with the prestigious Investors' Choice Award for its persistent attention to all shareholders. It also received the highest excellent scoring from the annual assessment from the Thai Institute of Directors (IOD) for its governance status and has maintained this distinctive quality since 2008 to 2012. Furthermore it also awarded the Top Corporate Governance Report Award for 2012 in the "SET Awards 2012" event jointly-organized by the Stock Exchange of Thailand and the Money & Banking Magazine.

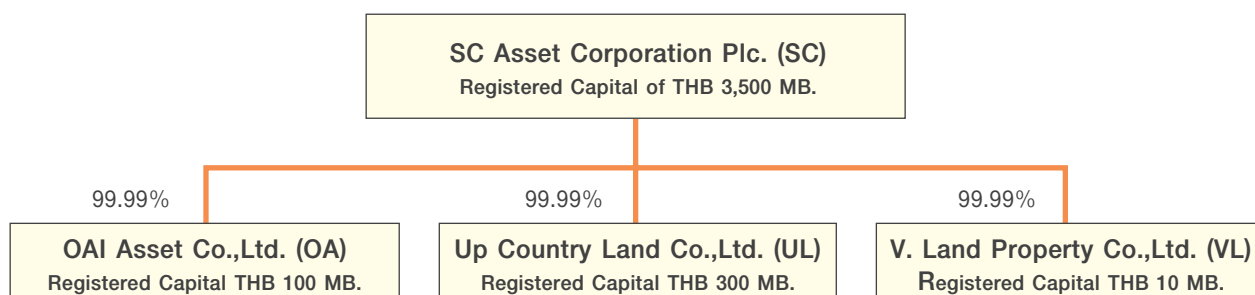


Mr. Precha Sekhararidhi

Chairman of the Corporate Governance  
and Social & Environmental Responsibility Committee  
SC Asset Corporation Public Company Limited

February 22, 2013

## STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES



## MILESTONE DURING THE YEAR 2012

January	<p>Launching of the Bangkok Boulevard Ratchaphruek-Praram 5 with Baht 1,700 million in project value.</p> <p>Launching of the Work Place Petchkasem 81 with Baht 62 million in project value.</p>
February	<p>Ms. Pintongta Shinawatra resigned from her post as Director and Member of the Executive Committee for perform other missions</p> <p>The Company's Board of Directors resolved the appointment of Mr. Nuttaphong Kunakornwong to take a directorship position, replacing Mr. Chanon Chotevijit, and appointed Mr. Nuttaphong Kunakornwong to be the Member of the Executive Committee, An Authorized Director and the Deputy Chief Executive Officer of the Company on 1 March 2012.</p> <p>Launching of the Grand Bangkok Boulevard Ramintra with Baht 730 million in project value.</p>
March	<p>Launching of the Work Place Ratchada-Ramintra 2 with Baht 250 million in project value.</p> <p>Launching of the Crest Santora Hua Hin with Baht 1,650 million in project value.</p>
May	<p>Dividend payment of Baht 0.65 per share was made based on the Company's 2011 operating results.</p>
July	<p>Launching of the Life Bangkok Boulevard Praram 2 with Baht 500 million in project value.</p> <p>Launching of the Crest Sukhumvit 34 with Baht 2,500 million in project value.</p> <p>Launching of the Centric Sathorn-St.Louis with Baht 1,800 million in project value.</p>
August	<p>Launching of the Vista Park Praram 2 with Baht 540 million in project value.</p>
October	<p>Launching of the Life Bangkok Boulevard Ratchaphruek-Rattanatibet with Baht 2,300 million in project value.</p>
November	<p>Launching of the Grand Bangkok Boulevard Pinklao with Baht 1,200 million in project value.</p> <p>Launching of the Grand Bangkok Boulevard Petchkasem-Pinklao with Baht 1,600 million in project value.</p> <p>Launching of the Grand Bangkok Boulevard Praram 9-Srinakarin with Baht 1,300 million in project value.</p> <p>Launching of the Life Bangkok Boulevard Praram 9-Srinakarin with Baht 1,400 million in project value.</p>

## GENERAL INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES

### SC ASSET CORPORATION PLC.

Registration No.	BorMorJor. 0107546000253
Head office	1010 Shinawatra Tower III, Vibhavadi Rangsit Rd., Chatuchak, Chatuchak, Bangkok Tel : 0-2949-2000 Fax : 0-2949-2220 Home Page : <a href="http://www.scasset.com">www.scasset.com</a>
Nature of Business	Property Development
Type of Shares	Common
Registered Capital (Shares)	700,000,000
Par Value Per Share (Baht)	5
Paid up Capital (Baht)	3,291,683,000 (As at December 31, 2012)
% of Investment	-

### OAI ASSET CO., LTD.

Head office	1291/1 Phaholyothin Rd., Samsennai, Phayathai, Bangkok Tel : 0-2299-6000 Fax : 0-2299-6974
Nature of Business	Property Development
Type of Shares	Common
Registered Capital (Shares)	10,000,000
Par Value Per Share (Baht)	10
Paid up Capital (Baht)	100,000,000
% of Investment	99.99%

### UP COUNTRY LAND CO., LTD.

Head office	414 Phaholyothin Rd., Samsennai, Phayathai, Bangkok Tel : 0-2299-5000 Fax : 0-2299-5888
Nature of Business	Property Development
Type of Shares	Common
Registered Capital (Shares)	30,000,000
Par Value Per Share (Baht)	10
Paid up Capital (Baht)	300,000,000
% of Investment	99.99%

### V. LAND PROPERTY CO., LTD.

Head office	1291/1 Phaholyothin Rd., Samsennai, Phayathai, Bangkok Tel : 0-2299-6000 Fax : 0-2299-6974
Nature of Business	Property Development
Type of Shares	Common
Registered Capital (Shares)	1,000,000
Par Value Per Share (Baht)	10
Paid up Capital (Baht)	10,000,000
% of Investment	99.99%

**REFERENCE PERSONS**

The Securities Registrar

Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building,  
7<sup>th</sup> FL. Ratchadaphisek Road, Klongtoey,  
Klongtoey, Bangkok  
Tel : 0-2229-2000      Fax : 0-2654-5642

Auditor

Ms. Praphasri Leelasupha  
Certified Public Accountant (Thailand) Registration No. 4664  
SAM NAK-NGAN A.M.C. Co., Ltd.  
4<sup>th</sup> Unit, 19th Floor, Silom Complex Building,  
191 Silom Road, Silom, Bangrak, Bangkok  
Tel : 0-2231-3980-7      Fax : 0-2231-3988



## NATURE OF BUSINESS

The Company and its subsidiaries operate fully integrated property development activities which include:

### 1. Property Development for Sales

The company is engaged in several property development projects including single detached houses, townhouses and condominiums. The Company focuses on the application of modern technologies into our construction tasks.

### 2. Property Development for Rental Purposes

At present, the Company owns three office buildings with a total rental space of 86,600 sq. meters, two medium size office buildings with a total rental space of 14,809.75 sq. meters, and a technical building which is specifically designed and built to accommodate installations of telecommunication systems or engineering equipments for cellular phone services. This building is currently leased to a telecommunication company.

### 3. Consultancy and Management Services

Services which are offered to the Company's subsidiaries and associate companies include consultancy, management and administration, engineering techniques and support systems. The services cover various work scopes, namely short-term, ad hoc, and long-term.

### Current Project of the Company and its subsidiaries in 2012

Business	Project/Location	Operator	Project Description
Property Development for Sales	Granada Pinklao / Borommaratchachonnani Rd.	SC	Single detached house total of 39 units priced at Baht 30-96 million each, total project value is Baht 2,100 million.
	Grand Bangkok Boulevard Satorn-Ratchaphruek / Ratchaphruek Rd. (Project was closed on March 2012)	SC	Single detached house total of 51 units priced at Baht 20-40 million each, total project value is Baht 1,465 million.
	Grand Bangkok Boulevard Ratchapruek-Rattanaibet / Ratchaphruek Rd.	SC	Single detached house total of 87 units priced at Baht 12-35 million each, total project value is Baht 1,400 million.
	Grand Bangkok Boulevard Ramintra / Ramintra Rd.	SC	Single detached house total of 40 units priced at Baht 14.99-25.0 million each, total project value is Baht 730 million.
	Grand Bangkok Boulevard Pinklao / Phuttha Monthon ( Sai 2) Rd.	SC	Single detached house total of 48 units priced at Baht 25-40 million each, total project value is Baht 1,200 million.
	Grand Bangkok Boulevard Petchkasem-Pinklao / Kanchanaphisek Rd.	SC	Single detached house total of 55 units priced at Baht 25-35 million each, total project value is Baht 1,600 million.
	Grand Bangkok Boulevard Praram 9 – Srinakarin / Krungthep Kritha Rd.	SC	Single detached house total of 72 units priced at Baht 15-30 million each, total project value is Baht 1,300 million.
	Bangkok Boulevard Ratchada-Ramintra 2 / Kanchanaphisek Rd. (Project was closed on March 2012)	SC	Single detached house total of 92 units priced at Baht 6.5-10.0 million each, total project value is Baht 837 million.
	Bangkok Boulevard Ramintra KM.2 / Ladplakhao Rd. (Project was closed on March 2012)	SC	Single detached house total of 74 units priced at Baht 9-13 million each, total project value is Baht 766 million.
	Bangkok Boulevard Ratchada-Ramintra 3 / Kanchanaphisek Rd.	SC	Single detached house total of 162 units priced at Baht 8-13 million each, total project value is Baht 1,700 million.

Business	Project/Location	Operator	Project Description
	Bangkok Boulevard Teparak-Wongwaen / Teparak Rd.	SC	Single detached house total of 222 units priced at Baht 7.19-18.0 million each, total project value is Baht 1,900 million.
	Bangkok Boulevard Ratchaphruek-Praram 5 / Ratchaphruek Rd.	SC	Single detached house total of 161 units priced at Baht 8-14 million each, total project value is Baht 1,700 million.
	Life Bangkok Boulevard Wongwaen - Onnuch / Kanchanaphisek Rd. (Project was closed on July 2012)	SC	Single detached house total of 152 units priced at Baht 5-7 million each, total project value is Baht 921 million.
	Life Bangkok Boulevard Pinklao-Petchkasem / Petchkasem-Pinklao Rd.	SC	Single detached house total of 173 units priced at Baht 5.59-8.39 million each, total project value is Baht 1,050 million.
	Life Bangkok Boulevard Ratchapruek-Jarun / Bangwaek Rd.	SC	Single detached house total of 190 units priced at Baht 5.9-15.0 million each, total project value is Baht 1,400 million.
	Life Bangkok Boulevard Praram 2 / Praram 2 Rd.	SC	Single detached house total of 52 units priced at Baht 7.99-18.0 million each, total project value is Baht 500 million.
	Life Bangkok Boulevard Ratchaphruek-Rattanatibet / Ratchaphruek Rd.	SC	Single detached house total of 326 units priced at Baht 5.99-8.99 million each, total project value is Baht 2,300 million.
	Life Bangkok Boulevard Praram 9 – Srinakarin / Krungthep Kritha Rd.	SC	Single detached house total of 161 units priced at Baht 7.85-12.0 million each, total project value is Baht 1,400 million.
	Vista One Eight O Ratchavipha / Pibulsongkram Rd (Project was closed on February 2012)	SC	Townhouse total of 116 units priced at Baht 3.8-4.5 million each, total project value is Baht 503 million.
	Vista One Eight O Teparak-Wongwaen / Teparak Rd.	SC	Townhouse total of 99 units priced at Baht 2.9-4.5 million each, total project value is Baht 367 million.
	Work Place Petchkasem 81 / Phetkasem 81 Rd. (Project was closed on April 2012)	SC	Home office total of 9 units priced at Baht 5.8-8.6 million each, total project value is Baht 62 million.
	Work Place Ratchada-Ramintra 2 / Ratchada-Ramintra Rd.	SC	Home office total of 29 units priced at Baht 7.9-8.2 million each, total project value is Baht 250 million.
	Vista Park Praram 2 / Praram 2 Rd.	SC	Townhouse total of 107 units priced at Baht 4.49-6.0 million each, total project value is Baht 540 million.
	The Crest Ruamrudee / Phloen Chit Rd. (Project was closed on May 2012)	SC	A 8-storey condominium total of 37 units priced at Baht 4.5-10.0 million each, total project value is Baht 275 million.
	The Crest Phahonyothin 11 / Phahonyothin 11 Rd.	SC	A 30-storey condominium total of 163 units priced at Baht 3.5-10.0 million each, total project value is Baht 930 million.
	Centric Ratchada-Suttisan / Sutthisan Vinitchai Rd.	SC	A 26-storey condominium total of 270 units priced at Baht 2.7-4.9 million each, total project value is Baht 920 million.
	The Crest Sukhumvit 24 / Sukhumvit 24 Rd.	SC	A 8-storey condominium total of 82 units priced at Baht 6.74-27.54 million each, total project value is Baht 720 million.
	The Crest Sukhumvit 49 / Sukhumvit 49 Rd.	SC	A 8-storey condominium total of 88 units priced at Baht 4.3-9.9 million each, total project value is Baht 470 million.
	Centric Tiwanon Station / Krung Thep-Nonthaburi Rd.	SC	A condominium; 2 towers : Tower A (41 floors), Tower B (36 floors) total of 1,063 units and shophouse 17 units priced at Baht 2.2-4.7 million each, total project value is Baht 2,700 million.
	The Crest Sukhumvit 34 / Sukhumvit 34 Rd.	SC	A 28-storey condominium total of 265 units priced at Baht 5.5-22.0 million each, total project value is Baht 2,500 million.
	Centric Sathorn-St.Louis / Sathorn Rd.	SC	2 Condominium Buildings : Tower A (28 floors), Tower B (7 floors) total of 367 units and shophouse 3 units priced at Baht 3.2-16.5 million each, total project value is Baht 1,800 million.
	The Crest Santora Hua Hin / Hua Hin Soi 7 Rd.	SC	10 Condominium Buildings (4 Floors.) total of 181 units priced at Baht 4-32 million each, total project value is Baht 1,650 million.

Business	Project/Location	Operator	Project Description
Property Development for Rental Purposes	Shinawatra Tower III / Vibhavadi Rangsit Rd.	SC	A 36-storey and 2-underground storey office building with the total rental space of 49,329 sq.meters.
	Shinawatra Tower I / Phaholyothin Rd.	SC	A 31-storey and 1-underground storey office building with the total rental space of 21,051 sq.meters.
	Shinawatra Tower II / Phaholyothin Rd.	SC	A 20-storey and 1-underground storey office building with the total rental space of 16,220 sq.meters.
	Office Building / Pak Kred Town bypass	SC	A 4-storey office building with the total rental space of 8,322.75 sq.meters.
	Office Building / Phaholyothin Rd.	OA	A 8-storey and 1-underground storey office building with the total rental space of 6,487 sq.meters.
	Mobile Switching Center, Maintenance Center, and Branch Office	UL	Building for mobile services 111 sites around the country.

## REVENUE STRUCTURE

(Unit : Million Baht)

Revenues	Operator	2012		2011		2010	
		Revenues	%	Revenues	%	Revenues	%
Revenues from sales *	SC	7,554.97	89.65	6,526.10	88.49	5,823.04	87.36
Revenues from rental and rendering of services	SC, OA, UL, VL, ANET***	802.92	9.53	827.67	11.22	828.70	12.43
Revenues from consulting and management services	VL	0.54	0.01				
Other Income **	SC, OA, UL, VL, ANET***	68.50	0.81	20.98	0.29	13.98	0.21
Total		8,426.93	100.00	7,374.75	100.00	6,665.72	100.00

### Remark

- \* In 2011, there was a change in the Company's accounting policy regarding revenue recognition for agreements for the construction of real estate. The adjustments to previous periods arising from this policy change were accounted for by restating the comparative figures of the revenues from property development for sales in 2010.
- \*\* Other income included income from profit from fair value adjustment in investment properties, income from rental and service deposits held by the company as a security and interest income from short-term investments.
- \*\*\* The Asset Network Fund matured on 28 July 2010, and its liquidating distributions were completed as at 24 August 2010.

## INDUSTRY OVERVIEW

The overview of the real estate business in Thailand in 2012 revealed a general improvement, particularly the continued growth in high-rise projects which still commanded excellent market responses and the expansion of new developments to provincial markets. Low-rise projects slackened during the beginning part of the year due to uncertainty following the aftermath of the mega flood around the end of 2011; this low-rise residential segment later picked up during the second half of 2012. According to the Agency for Real estate Affairs Co., Ltd. in 2012, the newly launched residential units for the Bangkok Metropolitan Region and Vicinity (BMR) totaled to 102,038 units, showing a 19% rise from the previous year. Their aggregated value was Baht 299,762 million; with a 17% increase from the previous year's value. The increase contributed mainly from new development of condominiums. The office rental market showed a tendency of improvement, evidenced from an increase in average rental fees. As for the 2013 outlook, it is anticipated that the general economy will continue to grow, despite some cautions on possible uncertainty brought by other prevalent negative factors such as the global economic slump that may impact consumer's confidence. Thai property market remains competitive; with fierce competition among the brand leaders, which are publicly listed property companies with the combined market share totaling more than half the current market size.

### Housing and Condominiums

In 2012, the numbers of residential registrations in the Bangkok Metropolitan Region and Vicinity (BMR) totaled 111,875 units, showing an increase of 37% from the previous year. Market breakdown by residential development type for 2012 showed that condominiums taking the largest share of 58%, followed by single detached houses and townhouses which were 29%, and 12%, respectively. In 2012, most of the new houses built were Developer built, which accounted for 79% as compared to the 21% of Self built residences. The share of the Developer built to Self built figure was 75% to 25% in 2011.

#### New Registered Residential Supply in Bangkok Metropolitan Region and Vicinity

(Unit : Units)

Type	2007	2008	2009	2010	2011	2012
Overall	75,530	85,579	94,977	106,893	81,856	111,875
Single Detached House	38,705	34,618	28,998	31,687	31,813	32,193
Developer Built	16,390	13,437	10,863	11,403	13,999	11,260
Self Built	22,315	21,181	18,135	20,284	17,814	20,933
Duplex Detached House	1,556	2,296	1,138	1,520	1,462	1,192
Developer Built	1,436	2,133	1,000	1,366	1,381	1,090
Self Built	120	163	138	154	81	102
Townhouse and Shophouse	17,837	14,616	11,116	13,767	13,847	13,774
Developer Built	14,931	11,943	9,771	11,707	11,614	11,312
Self Built	2,906	2,673	1,345	2,060	2,233	2,462
Apartment and Condominium	17,432	34,049	53,725	59,919	34,734	64,716

**Source :** The Land Offices in Bangkok Areas, Municipals, and the Land Offices in Outskirt

**Collected by :** Information Division on Residential Housing, Academic Department, and information on Residential Housing, The Government Housing Bank

**Remark :** \* December 2012 not included data of Bangkhuae District and Bangkruea District

On the supply side, in 2012, residential units offered for sale in BMR totaled 434,181 units, with an estimated worth of Baht 1,312,810 million. Out of these units, 102,038 units were among new projects launched during the year (24% out of total units supplied for the year), showing a 19% increased from the previous year, with an estimated aggregate value of Baht 299,762 million (23% out of the total estimated value supplied for the year), showing a 17% increased from the previous year. The residential supply also showed continued trend which was quite similar to that of 2011. Most of the new residential developments launched during the year were condominiums, which accounted for 61% out of the total project newly launched units for the year, as compared to its 48% in 2011. Supply of single detached houses for the year accounted for 12% of the total project newly launched units, reflecting a decreased from its 20% share in 2011. Supply of townhouses also decreased from its 26% in 2011 to 22% share in 2012.

During the year, residential projects commanded a lower price per unit, declined from Baht 2.98 million in 2011 to Baht 2.94 million in 2012. The decrease resulted mainly from the impacts of flood incident around the end of 2011 which led most developers to launch new condominiums at the price level between Baht 1-3 million. This new supply drove down the average market price of real estate.

#### Overall Housing Situation in Bangkok Metropolitan Region and Vicinity as of end 2012

Type			Detached	Duplex	Townhouse	Shop house	Condominium	Total
Projects Offered	Number Of Units	Unit	97,921	18,950	110,715	7,470	199,125	434,181
		%	23%	4%	25%	2%	46%	100%
	Development Value	Mil. Baht	486,878	51,634	220,490	26,890	526,918	1,312,810
		%	37%	4%	17%	2%	40%	100%
	Avg. Unit Price	Mil. Baht	4.97	2.72	1.99	3.60	2.65	3.03
Projects Newly Launched	Number Of Units	Unit	12,720	2,380	22,503	1,887	62,548	102,038
		%	12%	2%	22%	2%	61%	100%
	Development Value	Mil. Baht	80,208	7,402	56,091	9,840	146,221	299,762
		%	27%	2%	19%	3%	49%	100%
	Avg. Unit Price	Mil. Baht	6.31	3.11	2.49	5.21	2.34	2.94
Unit Sold	Units Sold	Unit	59,143	11,013	72,098	5,993	158,272	306,519
		%	19%	4%	24%	2%	52%	100%
	Units Left	Unit	38,778	7,937	38,617	1,477	40,853	127,662
		%	30%	6%	30%	1%	32%	100%
	% Sold	%	60%	58%	65%	80%	79%	70%

Source : Agency for Real Estate Affairs

The information received from many market surveys and analyses showed that the single detached house projects launched in 2012 mainly targeted home buyers in the mid-market section. The single detached houses with the average price range of Baht 5–10 million captured the largest market share of 37%, followed by those with the average price range of Baht 3–5 million with 36% market share. As of the year-end 2012, 97,921 units of single detached house were available for sales; their total value aggregated to 37% of the overall combined value of all residential sales for the year. Among all types of available dwelling sales, single detached houses with the average price range of Baht 3-5 million had the highest share of 44%.

In 2012, the total number of townhouses offered for sale totaled 110,715 units and accounted for 25% of the whole residential housing segment. The figure showed an increase of 5% from the previous year. Its total value accounted for 17% of the total housing value supplied for the year. New townhouses launched in 2012 amounted to 22,503 units, representing an increase of 3% from the earlier year. The townhouses in the price range lower than Baht 2 million captured the highest market share with 11,798 units launched during 2012, and accounted for 52% of the total market share for townhouses.

In 2012, condominiums took the highest share of unit supply in the market. The total number of condominiums offered for sale accounted for 46% of the total number of residential units in the market with the total number of units offered amounting to 199,125 units and the total value amounting to Baht 526,918 million, or a 12% increase from the earlier year. In 2012, the total number of newly launched condominiums was 62,548 units, an increase of 51% with an aggregated value of Baht 146,221 million, with an increase in aggregate value of 38% in 2012. The condominiums had an average price range of Baht 2.34 million in 2012, decreasing from the average price range of Baht 2.55 million in 2011, due to the market preference for condominiums priced below Baht 2 million. The total number of condominiums with a unit price lower than Baht 2 million amounted to 38,664 units in 2012, or a supply share of 62% of project newly launched units.

For 2013, the property sector continued to face many risk factors such as the recovery of the global economy, shortage of construction labor, upside trend for construction costs, and higher home prices caused by increased development costs which were impacted consumer confidence. Consumers still prefers projects developed by reputable developers with an acceptable track record. All of these elements shall intensify the market completion among industry participants, developers need to be well-experienced, fully understand consumer's needs, and be flexible enough to well adjust their business strategies in accordance with changes in market circumstances. They must also be proficient enough in their business management to command consumers' confidence and acceptability.

## Office Buildings

In 2012, the office rental sector in Bangkok faced stronger competition both in pricing and in rental terms. Rental rates and occupation rates showed continual increase due mostly to limited supply of office rental space, and higher office rental demand. At year-end 2012, vacant office space was 12.1%, a decline from 14.1% as at year-end 2011. Supply of available office space at year-end 2012 totaled 8.09 million sq.meters, composed of an equal ratio available office space in the CBD<sup>1</sup> areas and outside the CBD areas of 50%: 50%.

### Supply and Vacancy Rate of Office Building Located in Bangkok as at Q4, 2012

(Unit : million sq. meters)

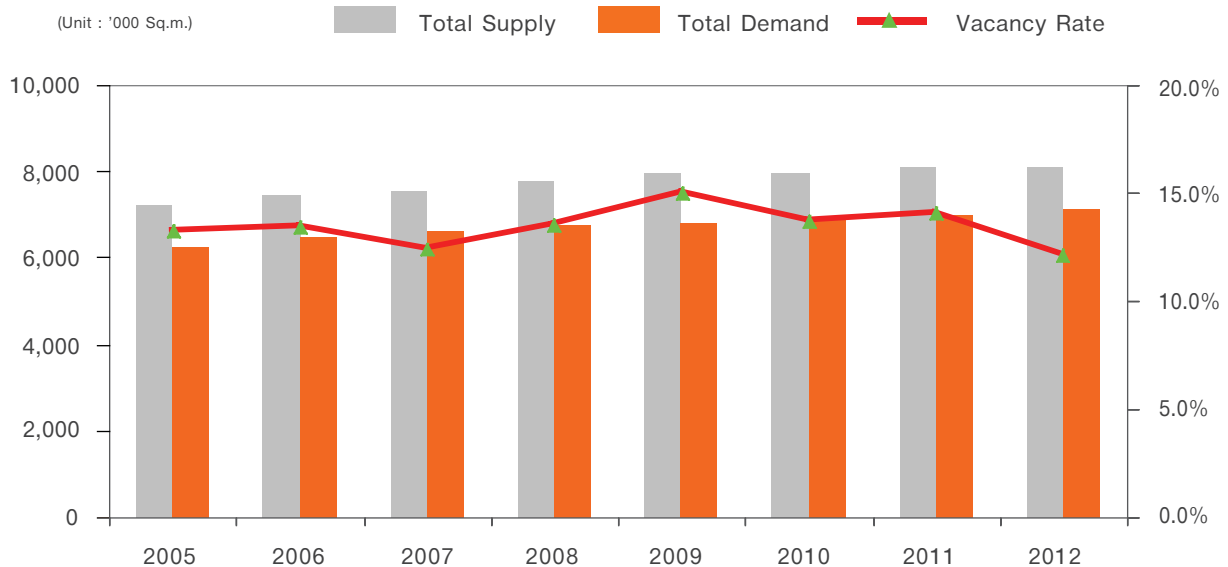
Areas	Total Supply	Vacant Space	Vacancy Rate (%)
CBD	4.09	0.52	12.76
Non-CBD	4.00	0.46	11.52
<b>Total</b>	<b>8.09</b>	<b>0.98</b>	<b>12.15</b>
CBD Grade A	1.23	0.17	13.98
NON-CBD Grade A	0.53	0.01	2.39

Source : CB Richard Ellis Research

<sup>1</sup>CBD : Central Business District included Silom Road, Sathorn Road, Surawongse Road, Ploenchit Road, Rama IV Road, Wireless Road, Sukhumvit Road, and Asoke Road.

Classifications of office space in Bangkok at year-end 2012 were 1.75 million sq.meters or 22% in the Grade A type and 6.34 million sq.meters in the Grade B and C types or the remaining 78%.

### Bangkok Office Market 2005-2012



Source : CB Richard Ellis Research

In 2012, the total supply of office rental space in Bangkok was 8.09 million sq.meters, a decrease of 25,595 sq.meters because few office buildings are removed as some has been abolished and some has changed to another type of property; while few office buildings have been added to the database. The estimated aggregated supply for office space for the duration of 2013-2014 will likely be around 340,549 sq.meters, in which 108,428 sq.meters is expected to be completed in 2013 and 232,121 sq.meters in 2014.

In 2012, total office rental space was 7,110,598 sq.meters, out of which 138,505 sq. meters was newly occupied space. Vacant space as at the end of the fourth quarter of 2012 was 0.98 million sq.meters, lower than the 1.15 million sq.meters recorded for the same period of 2011.

In 2012, office rental rates showed a slight upward. The average rental rate for the overall Grade A type was Baht 672 per square meters, or an increase of 8.2% from 2011. The average rental rate for the Grade A type in the CBD areas was an average price of Baht 766 per sq.meters or an increase of 11.3% from 2011, whereas the average rental rate for the Grade A type in the Non-CBD areas showed an increase of 4.3% at the average price of Baht 577 per sq.meters. The average rental rate for the Grade B for the year increased by 13.7%.

In summary, the overall office rental market for 2012 faced increased competition both in pricing and rental terms. Rental rates and occupancy rates grew consistently due to a limited supply of office space and an increase in office rental demand. The situation improved with positive economic conditions and increasing political stability in Thailand. This helped strengthen investor confidence. In 2013, if the negative important factors such as global economic crisis prevails and poses adverse impacts to the Thai economy, the Thai economy may experience economic volatility. If however, the government's economic stimulus package proves to be a successful policy as planned, it is possible that the demand for office space may expand.



## RISK FACTORS

### Risk from Global Economic Crisis

In 2012, the global economy deteriorated further from its 2011 slump, particularly among major industrial countries including the United State of America. The US economy was still “fragile”, whereas growth slowed in China and Japan, and the Eurozone recovery remained sluggish with its debt crisis deepened. The implemented economic measures did little to solve the larger macro problems, for they simply just delayed the crisis impacts, and the actions of extending massive liquidity injections to induce investments and employments aimed mostly at stimulating economic growth in their economies in general. However, there were no conclusive plans or measures to resolve these chronic situations and revitalize the economic vitality of the global economic powers, and it is anticipated that the situations shall take quite some time to fully recuperate. This sluggish recovery of the global economic powers largely impacted the whole world, particularly the export oriented nations including Thailand.

The impacts of such global financial situations, caused impairment in Thai export trades, as well as its industrial activities and investments. The Thai export sector, which is the country’s important economic driver, suffered particularly from lower purchasing power across the board, mostly in its main markets such as ASEAN countries, China, Japan, USA, and the Eurozone. Export growth drastically declined in 2012 to a moderate increase of only 3.2%, compared to 16.4% in 2011. The circumstances ultimately hit the nation’s general economic conditions. The Thai government was obliged to invigorate domestic spending and investment via various stimulus packages.

Economic growth and consumer confidence represent a positive relationship with the real estate industry, as the industry benefits from the faster pace of domestic economic growth and stronger consumer confidence. On the other hand, lack of market confidence, weaker consumer confidence, and reduced purchasing power are key attributes that force a delay in homebuyer’s purchase decision, and a suspension or even a cancellation of foreign investor plans to acquire real assets or to co-invest in local development projects. All these negative attributes can directly pose adverse impacts to the real estate industry. In the past year, the government launched various supportive measures to assist the local real estate segment, which is considered an important economic sector. These measures included an assistance program for lower income households such as the government’s “first-house” incentive program that offered 0% interest rate for three years, and a home loan with low interest rates. Today, real estate developers depend on various success factors for their achievements such as experience and the ability to understand and adapt to changing market environments, a sound financial status, an adequate liquidity position, and management proficiency.

The Company operates its main businesses in residential development for sales and development of office buildings for rent. The office rental business is the activity that provides long-term earnings and steady cash flow to its operations. The Company has a clear policy on stable growth and sustainability. Prior to its investment in any development plans, the Company always undertakes a well-organized project plan that includes market feasibility, financial feasibility, and legal feasibility, as well as thorough planning. Its teamwork comprises skilled and experienced personnel who are proactive in their strategic planning, and thus are capable to well adjust their work plan to accommodate any changes in market conditions. The Company continually develops new products to suit diversified market demand and wider customer base.

On the financial aspect, the Company pays great attention to its money discipline which enables it to well manage economic risks and market uncertainties. It also formed the Risk Management Committee to oversee market situations and make assessment of risks that impact the Company’s operations and performance. The committee also prescribes control measures for each relevant risk aspect.



Most of the Company's clients are Thai homeowners who purchase their homes for dwelling purposes. The Company has neither any plans to invest in overseas projects, nor any joint ventures with foreign investors. The declines in foreign investments and property purchases by foreigners therefore, do not directly impact the Company's business operations.

### **Risk from Capital Flows**

The recent global economic crisis forced the central banks of US, Europe and Japan to implement many economic stimulus measures that included the sustaining of low interest rate environment, and their policies of quantitative easing. The visible effects thereof are the continued influx of capitals to fundamentally stronger economies with higher investment yields via debt and capital markets, particularly in the Asian regions. The Asian central banks in turn have been paying closer attention to the flows and are making policy responses to manage such capital inflows.

The huge influx of foreign capital into Thailand influences the Thai Baht in various ways namely greater fluctuations of its currency, and the strengthening of the Baht that poses adverse impacts on Thai exports. In addition, if the flows are largely for short-term speculative purposes they could further cause increased volatility in the domestic stock market and exchange rate overshooting, as well as possible assets price bubble that could possibly harm the real market and general economy. At the same time, the local authorities need to be well- prepared to cope with any sudden large capital outflows caused possibly by repatriation of funds due to the recovery of the US and European economies or any occurrence of a domestic situation that might threaten foreign investors' confidence. Despite the fact that the Bank of Thailand is already prepared to handle these inflows of foreign capitals via its launching of various measures such as the flexible exchange rate policy, periodic currency interventions, and encouragement of overseas investments by Thai entities, the speculative nature – rather than the usual foreign direct investment nature - of the fund flows into Asia in the recent past, as well as the size and speed of the flows, many concerned parties then would like the Bank of Thailand to apply clear and effective measures to curb the short-term capital inflows. All these pose concerns to local entrepreneurs and consumers about whether Thailand can well-handle the situation and on how large a scale will the impact be on the Thai economy.

The Company develops its residential projects both the high-rise and low-rise ones with a development ratio of 30% to 70%, respectively. Such a business structure enables the Company to better manage its financial risks, particularly in terms of cash flow management, revenue recognition, and construction controls. The Company's products are focused on the upper midscale pricing whereas its customers are mostly homebuyers with strong purchasing power who are more capable at meeting their financial obligations than those in the lower pricing brackets. Their purchases are also for real demand rather than for speculative purposes. It is interesting to note that many of the Company's customers are making cash settlements for their home purchases, with most of the Company's clients being Thai homeowners, and only a small number of its buyers being foreigners. The Company emphasizes on the importance of efficient and well-disciplined financial management. Its borrowings are all in Thai Baht. In addition, the Company also implements work process improvement to enable reductions in the sales closing period, construction time and ownership transfer process to improve its cash conversion cycles.

### **Risks from Labor Shortage**

Labor shortage increasingly has become a disturbing problem in all business segments in Thailand, especially after the 2011 mega flood that boosted an exceptionally strong labor demand in the industrial sectors which was desperately needed to fulfill increasing production requirements in the aftermath of an extended production disruption in the overall economy during the flood period. In 2012, the labor shortage situation intensified due to various drivers such as the launching of new public infrastructure projects by the government, the increase in minimum wage rate, as well as the first-car tax incentive that

lifted the aggregate labor demand in the automobile industry. In addition, some portions of Thai laborers have always shifted back to the agricultural sector during the planting and harvest seasons. In 2013, the labor shortage condition carried on and further intensified following the increase in minimum wage to Baht 300 per day that was applicable countrywide as of 1 January 2013. Others factors that influences the further shortage in labor are the facts that; certain numbers of Thai workers return to work in their hometowns, the spreading out of nationwide government major infrastructure construction schemes for their completion in some continual years, the return to their country of origin by legal foreign labors, and investment expansion in Asean countries.

In the real estate industry, many developers are planning to launch many new projects in the Bangkok Metropolitan Region and Vicinity (BMR) and have also expanded their business operations to major provinces and famous resort towns. Many new condominium developments are also planned. All of these require a significant labor supply and will hence be impacted by the current and continual labor shortage, despite the applying for the employment of foreign workers in the attempts to minimize the problems. Many developers are not able to complete their developments on time, and are compelled to delay their product delivery to customers. Many developers have thus turned to new construction methods such as prefabrication techniques to reduce their construction time or, in certain cases, applying an advance employment contract to mitigate their labor shortage risk.

The Company employs contractors for their development projects. For its low-rise projects, the Company uses many medium sized contractors both the ones with an ongoing work record with the Company as well as additional new ones with no previous work record with the Company. In order to better allocate appropriate tasks to suit its contractors' capability, each year the Company provides its contractors with complete details of its construction plans so that they can preplan their manpower accordingly. The Company also regularly assesses its contractors' performance, applying a grading scheme for construction contractors, and reviewing and inspecting each stage of their work detail. Besides, the Company emphasizes the importance of its credit commitment by setting precise payment criteria and timing that is promptly applied upon its acceptance of relevant construction work. This action helps assure a sufficiency of the contractors' required working capital for work completion, and signifies good will in business alliance relations between the Company and its contractors and suppliers that further ensures confidence and willingness of teamwork spirit which results in quality and timely completion of work. For its high-rise projects, the Company then applies a bidding process to select appropriate contractors for structural, architectural and utility work. Selection criteria includes the contractor's background in its operational size, experience in constructions of high-rise buildings, depth and breadth of workforce resources and labor pool, availability of external expertise in specialized fields such as engineering management, and ability to master the construction schedule control. Indeed, the Company is also studying new innovations and technologies, including the use of precast system, for construction as another means of risk mitigation for labor shortage risk, and reduction of construction time.

### **Risk from Higher Costs of Construction Materials**

In 2012, crude price movement in the world market continued its volatility. Dubai crude averaged around \$109 per barrel, showing an upsurge from its average of \$106 per barrel in 2011. The price volatility resulted from a combination of factors such as the US and Eurozone economic crisis, the Iranian nuclear disputes, as well as unrests in the Middle East and North Africa. In 2013, the outlook for crude prices remains uncertain with continued price fluctuation that is anticipated for the whole year. This has resulted from ongoing situations that arose from 2012 and the OPEC roles in controlling the supply of crude production to maintain market equilibrium, and sustainability of crude prices.

Thailand still depends on oil imports as the main source of its energy supply; the increase in the oil price and its price volatility will have an impact on all production costs and transportation costs. For the real estate industry, construction materials, land, and labor costs are its major cost components. The

increase in prices of construction materials thus affects the industry. In addition, the launching of various major government infrastructure projects will certainly add up to a stronger demand for construction materials; whereas, land prices are escalating due to less availability of new land sites for future developments, particularly in the CBD areas as well as the promulgation of the revision of land price estimations by the Treasury Department in 2012. Nevertheless, the public infrastructure expansion projects will undoubtedly produce an outward spreading of the city, suburban sprawl, and a geographically spread-out pattern of urban community. In addition, the government policy on the increase of the minimum wage per day to Baht 300 in 2012, and its nationwide policy implementation in 2013 have added an upward effect to construction costs, whereas developers are not able to quickly adjust their sales prices to fully accommodate these increasing costs because of the market competition and the diminishing consumers' purchasing power due to higher costs of living.

The Company always pays attention to effective construction management measures and cost control measures. It directly purchases important materials from major materials producers (approximately 50% of its total material costs) with a price discount for bulk purchases, and makes advance purchase contracts with suppliers for future supply of materials which display a tendency of shortage or price increase, such as steel. The Company preplans its construction schemes with a precise completion schedule, and an appropriate monitoring scheme which ensures that the decided construction targets are achieved as planned. Furthermore, the Company also plans to build ready-to-move in houses for sale with allocated construction zoning for each completion phrase. Construction contracts are made with each contractor for an appropriate amount of work. This policy makes it possible for the Company to properly control its inventories of finished houses that are available for sale in each of its project sites, and know its accurate costs prior to the launching of any sales prices. For its condominiums whose pre-construction sales have to be made in advance of the commencement of construction, the Company then applies a bidding process to select suitable contractors for the construction work and utilities systems. This practice allows the Company the ability to set its sales prices in accordance with possible incurred costs, and enables it to obtain the required work quality from its contractors. Furthermore, the Company is always studying market conditions and researching on consumer's needs.

### **Risks from Having Major Shareholders**

The Company's major shareholders are the Shinawatra Family who, as at 12 March 2013, owned 60.14% of the Company's shares. The family therefore is considered as the major shareholder with controlling power that can influence the voting rights in the Company's shareholders' meetings, and also influence matters such as appointments of directors, or resolutions of any meeting agenda in the Company shareholders' meetings which requires majority votes, except for matters which are prescribed by laws or by the Company's Articles of Association to get three fourths of the total votes of the Company shareholders' meetings. In this respect, other shareholders cannot gather enough votes to question or counter influence matters proposed by the major shareholders.

Nevertheless the Board of Directors and the Executive Committee are entitled with legitimate authority to manage the Company. Additionally, the Audit Committee is assigned with duties to monitor and oversee possible issues which could be a conflict of interest. In addition there is the Securities and Exchange Commission of Thailand (SEC) which oversees that the public companies, which are listed on the Stock Exchange of Thailand, operate properly, transparently and duly comply with its prescribed laws and regulations to ensure investor protection.

## STRUCTURE OF SHAREHOLDERS

The registered capital of the Company is Baht 3,500 million. Its paid-up capital is Baht 3,285 million comprising of 657.02 million common shares with 5 Baht par value.

As at 31 December 2012, the Company had the outstanding balance of Baht 1,450 million in Bills of Exchange (B/E), representing an increase of Baht 750 million from the prior year.

During the first quarter of the year, the Company also redeemed Baht 300 million bills of exchange issued for sales via private placement and redeemed its Baht 365 million bills of exchange issued for sales via private placement for sales to High Net Worth (HNW) or institutional investors that came due. The Company issued Baht 815 million bills of exchange via private placement for sales to HNW or institutional investors with a fixed maturity of 176 days to 270 days and carried interest at the prevailing money market rate.

In the second quarter of 2012, the Company redeemed its Baht 35 million bills of exchange and issued Baht 385 million bills of exchange via private placement for sales to HNW or institutional investors with a fixed maturity of 173 days to 270 days and carried interest at the prevailing money market rate.

In the third quarter of 2012, the Company redeemed its Baht 735 million bills of exchange and issued Baht 735 million bills of exchange via private placement for sales to HNW or institutional investors with a fixed maturity of 173 days to 270 days and carried interest at the prevailing money market rate.

In the fourth quarter of 2012, the Company redeemed its Baht 465 million bills of exchange and issued Baht 715 million bills of exchange via private placement for sales to HNW or institutional investors with a fixed maturity of 182 days to 270 days and carried interest at the prevailing money market rate.

## SHAREHOLDERS

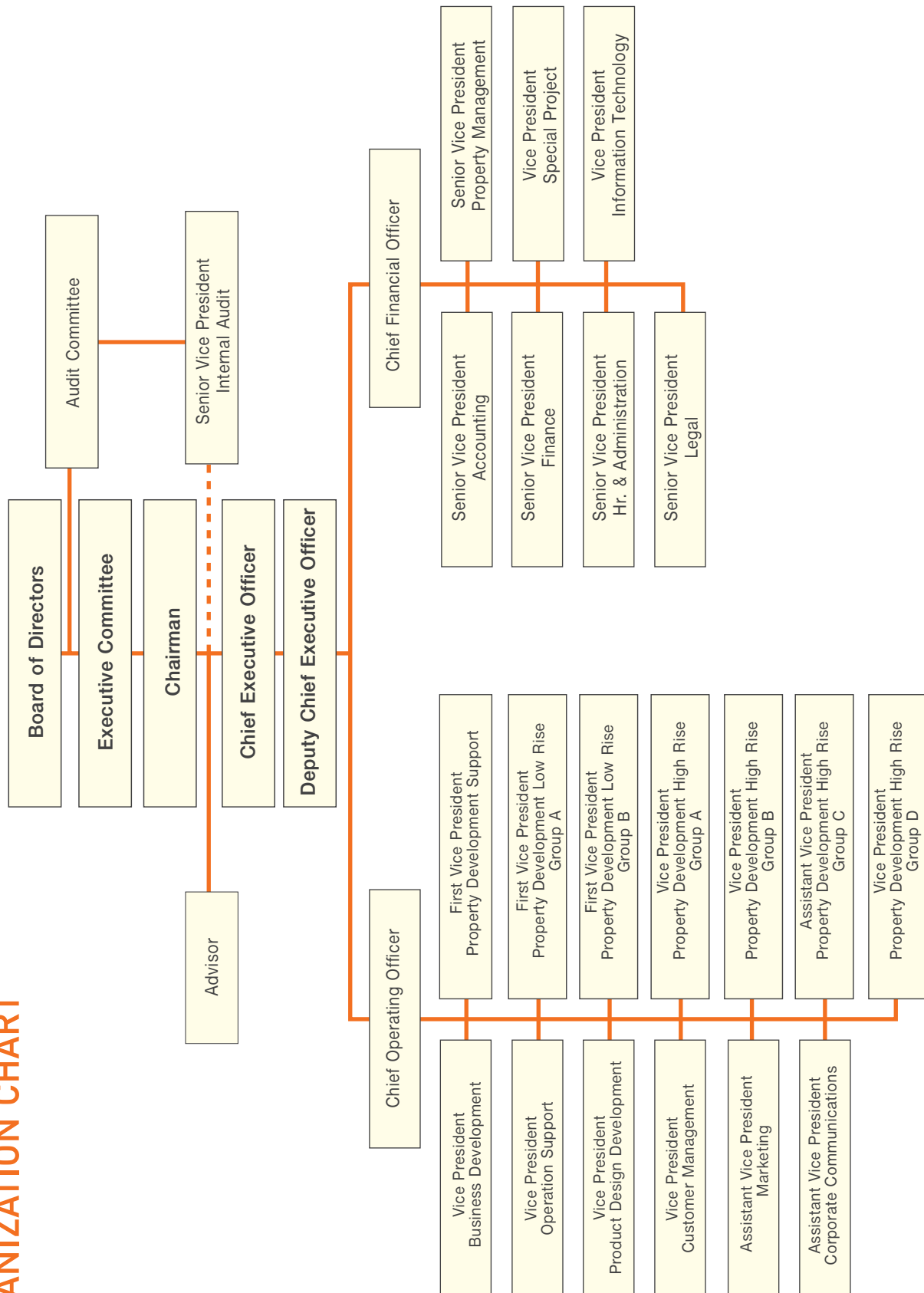
List of 10 major shareholders per closing of the shareholder registration book as at 12 March 2013

No.	Name	Number of Shares Held	Percentage of Shares Held
1.	Shinawatra's Family	396,669,670	60.14
	1.1 Ms.Paetongtarn Shinawatra (192,181,708 shares)		
	1.2 Ms.Pintongta Shinawatra (185,981,708 shares)		
	1.3 Khunying Potjaman Damapong (18,506,254 shares)		
2.	Mr.Bhanapot Damapong	31,800,000	4.82
3.	Thai NVDR Company Limited	24,162,667	3.66
4.	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-TIGER	10,301,400	1.56
5.	Mr.Sophon Mitpunpanich	7,669,900	1.16
6.	Bualuang Long-Term Mutual Funds	6,585,900	1.00
7.	Bualuang Infrastructure RMF	6,169,800	0.94
8.	Ms.Yingluck Shinawatra (by Asset Plus Fund Management)	5,566,000	0.84
9.	Government Pension Fund (EQ-TH)	5,450,400	0.83
10.	THE BANK OF NEW YORK (NOMINEES) LIMITED	5,377,300	0.82
<b>Total</b>		<b>499,753,037</b>	<b>75.76</b>

### Shareholder Structure

It is not the Company's policy to have cross-holding of shares by two or more companies or involve itself in any practice of pyramid holding.

# ORGANIZATION CHART



# MANAGEMENT AND CORPORATE GOVERNANCE

## MANAGEMENT

The management structure of the Company comprises the Board of Directors and 5 sub-committees as follows:

1. The Executive Committee
2. The Audit Committee
3. The Nominating and Remuneration Committee
4. The Corporate Governance and Social & Environmental Responsibility Committee
5. The Risk Management Committee

### The Board of Directors

As at January 9, 2013, there are 9 directors on the Company's Board of Directors consisted of:

- Five executive directors, and
- Four independent directors.

Mr. Rath	Kitivejsoth	Chairman of the Board of Directors (Independent Director*)
Ms. Busaba	Damapong	Director/ Chairman of the Executive Committee/ Member of the Corporate Governance and Social & Environmental Responsibility Committee and Authorized Director (Acting Chief Executive Officer)
Ms. Phensom	Damapong	Director/ Member of the Executive Committee/ Member of the Corporate Governance and Social & Environmental Responsibility Committee and Authorized Director
Mr. Nathpath	Ouajai	Director/ Member of the Executive Committee and Authorized Director
Mr. Kunodom	Tharmmaphornphilas	Director/ Chairman of the Audit Committee/ Member of the Nominating and Remuneration Committee (Independent Director)
Mr. Prasert	Samanawong	Director/ Member of the Audit Committee (Independent Director)
Mr. Precha	Sekhararidhi	Director/ Chairman of the Corporate Governance and Social & Environmental Responsibility Committee/ Member of the Nominating and Remuneration Committee and Member of the Audit Committee (Independent Director)
Ms. Naengnoi	Na Ranong*	Director/ Chairman of the Nominating and Remuneration Committee
Mr. Nuttaphong	Kunakornwong	Director/ Member of the Executive Committee/ Member of the Corporate Governance and Social & Environmental Responsibility Committee/ Authorized Director and Deputy Chief Executive Officer

#### Remarks:

- Ms. Busaba Damapong was elected by the meeting of the Board of Directors No. 4/2011 on the 13<sup>th</sup> of July, 2011 to serve as a director, Chairman of the Executive Committee, Member of the Corporate Governance and Social & Environmental Responsibility Committee, Authorized Director and Acting Chief Executive Officer, in replacement of Ms. Yingluck Shinawatra who resigned from her directorship, effective as at 13 July, 2011 onwards.

- Mr. Nathpath Ouajai has been an authorized director of the Company since March 4, 2011, so he cannot be considered as an independent director by virtue of his involvement in the management of work.
- Mr. Precha Sekhararidhi was appointed by the meeting of the Board of Directors No. 6/2011 on the 14<sup>th</sup> of November, 2011, as a Member of the Audit Committee in replacement of Mr. Chanon Chotevijit who resigned from his position.
- Ms. Naengnoi Na Ranong was appointed by the meeting of the Board of Directors No. 6/2011 on the 14<sup>th</sup> of November, 2011, as a Chairman of the Nominating and Remuneration Committee in replacement of Mr. Chanon Chotevijit who resigned from his position.
- Ms. Pintongta Shinawatra resigned from all her positions in the Company with effect from February 25, 2012.
- Mr. Nuttaphong Kunakornwong was elected by the meeting of the Board of Directors No. 2/2012 on the 28<sup>th</sup> of February, 2012 to serve as a director (in replacement of Mr. Chanon Chotevijit who resigned from his position), Member of the Executive Committee, Authorized Director and Deputy Chief Executive Officer with effect from 1<sup>st</sup> March, 2012. In addition, Mr. Nuttaphong Kunakornwong was appointed by the meeting of the Board of Directors No. 6/2012 on the 13<sup>th</sup> of November, 2012, to act as a Member of the Corporate Governance and Social & Environmental Responsibility Committee as an additional position.
- \* Even Ms. Naengnoi Na Ranong has retired from her position as an authorized director of the Company since 28<sup>th</sup> February, 2012, she has not been considered as an independent director, because she has engaged in management within the last 2 years.

**Authorized Director:** “Ms. Busaba Damapong, Ms. Phensom Damapong, Mr. Nuttaphong Kunakornwong, Mr. Nathpath Ouajai, any two of these four directors co-sign their names and affix the company seal.”

#### **Directors’ Scope of Authorities and Responsibilities:**

1. To manage the Company’s business in compliance with any relevant laws, the Company’s objectives and Articles of Association as well as the resolutions of the shareholders’ meetings, except matters required by law to be approved by a resolutions of the shareholders, such as entering into connected transactions, purchase or sale of significant assets as defined by the regulations of the Stock Exchange of Thailand or other government organization, etc.
2. To set or change the list of authorized directors.
3. To set policies and business directions of the Company as well as monitor and supervise the Company’s Executive to ensure they efficiently and proficiently perform their duties in compliance with prescribed policies for the best economic gain of shareholders while sustaining business growth.
4. To make decisions on significant issues such as business plans, investment in major projects, management authority, and other matters in compliance with laws.
5. To evaluate operating result and to consider the remuneration of the Company’s executives.
6. To be responsible for the operational result and the performance of the Company’s executives by placing emphasis on their intention and attention to perform their duties.
7. To establish the Company’s accounting systems, ensure reliable financial reports are created and properly audited, and monitor the evaluation procedures for the appropriateness and effectiveness of internal control systems and internal audit functions, including risk management, financial reporting, and performance follow-up.
8. To ensure that there is no conflict of interest among stakeholders.
9. To monitor business operation to ensure work ethical standard.
10. To report the responsibilities of the Board of Directors in the preparation of financial report that shall be disclosed in the annual report together with the auditor’s report. The Board of Directors’ report shall cover key issues in accordance with the Code of Best Practices of the Stock Exchange of Thailand.



11. To appoint other persons to operate the Company's businesses under the control of the Board of Directors, or it may authorize other persons, to perform other duties for period of time as deemed appropriate. The Board reserves its right to change or revoke any authorities given to any such person.

The Board of Directors has authorized the Executive Committee to manage the business in accordance with the scope of authorities of the Executive Committee. However, this delegation of power does not permit members of the Executive Committee, or person(s) appointed by the Executive Committee, to approve any transaction between them, or person that may have interest or a conflict of interest (as prescribed in the Articles of Association of the Company and the notices of the Securities and Exchange Commission (SEC)), and the company or its subsidiaries. This excludes transactions approval in accordance with the policies and criteria already approved by the Board of Directors.

### **Qualifications of Directors**

The Company sets the following qualification criteria for its directorship;

1. Knowledgeable and proficient in the fields related to the Company's business and willing to devote their time for their duties.
2. Its qualifications must not be prohibited by the Public Limited Company Act B.E. 2535, the Securities and Exchange Act B.E. 2535, and the Principle of Good Corporate Governance.
3. Holding not exceeding 2 posts of directorship in different public listed companies without any exception. In case of the Chairman of the Executive Committee or the Chief Executive Officer by virtue of his/her position, he/she is able to hold only 1 directorship in public listed company namely SC Asset Corporation Public Company Limited and cannot hold more than 5 directorships in other entities as follows:
  - 3.1 The Company's subsidiary
  - 3.2 The Company's associated company which operates business other than real estate development, and he/she shall not take the position of the Chairman of the Executive Committee or the Chief Executive Officer of such company.
  - 3.3 Charity organization/ foundation promoting public benefits and education

### **Selection of Director(s)**

The Company has implemented transparent selection and recruitment process in recruiting the company's director(s). The Nominating and Remuneration Committee is mainly responsible for seeking candidate(s) with qualifications appropriate -- possessing knowledge and competency in company business, willing to devote his/her time adequately to the business of the company, and having the qualifications according to the rules and regulations of the government and the Good Corporate Governance of the listed company -- to be appointed as director(s) of the company. A database from a Director Pool may sometimes be used by the Company for consideration to seek the company's director(s). When the Company has got appropriate and qualified director nominee(s), the Company will propose such director nominee(s) to the Board of Directors for approval and/ or proposing such director nominee(s) to the annual general meeting for its approval, as the case may be.

**Selection of Chairman of the Executive Committee/ Chief Executive Officer**

1. Having qualifications according to the requirements of the Company.
2. Both directorship positions will be selected and appointed from qualified persons who are able to hold only 1 directorship in public listed company i.e. SC Asset Corporation Public Company Limited and cannot hold more than 5 directorships in other entities as follows:
  1. The Company's subsidiary
  2. The Company's associated company which operates business other than real estate development, and he/she shall not take the position of the Chairman of the Executive Committee or the Chief Executive Officer of such company
  3. Charity organization/ foundation promoting public benefits and education

The Board of Directors shall be responsible for selecting any new qualified and experienced director. Such new director(s) must also have sufficient time to devote their knowledge and capabilities for the benefit of the Company. The Nominating and Remuneration Committee has the authority and responsibility to select new director for approval by the Board of Directors and/or approval at the Annual General Meetings of Shareholders in accordance with the following criteria and procedures as set forth in the regulations of the Company:

1. At every Annual General Meeting of shareholders, one-third of the Directors, or, if their number is not a multiple of three, the number nearest to one-third shall retire from office. Director's retirement in the first and second year after the registration of the Company shall be drawn by lots. In every subsequent year, the Directors who have served the longest in office shall retire. A retiring director is eligible to be re-elected.
2. In the event of positions vacated due to causes other than expiry by their terms, the Board of Directors must elect someone to be the Board members to replace such vacant positions, in the subsequent meeting of the Board of Directors. This election must be by resolution with the vote of not less than three-fourths of the remaining Board members, and the person must be qualified and not prohibited by Section 68 of the Public Limited Company Act B.E. 2535. In the case of any director having less than two months remaining on his/her term, the replacing director must be nominated as a director only for the remaining period of time of the previous director.
3. At the Annual General Meeting of shareholders, the following rules and procedures shall apply to the election of a director:
  - 3.1 Each shareholder has a voting right equal to the number of shares owned.
  - 3.2 Each shareholder can exercise all votes applicable under 3.1 in voting for one or more persons as one or more directors. In the event of exercising voting rights for more than one director, such voting rights can be allocated by given fewer or more votes to any particular candidate.
  - 3.3 The candidate who acquires the highest number of votes shall be elected as the Company's director for that particular selection. In the event that there is more than one candidate with equal votes, the Chairman will be granted one casting vote to allow a final decision.

## Directors' Remuneration

The reasonable and fair remuneration which is considered from the Board of Directors' duties and responsibilities has been designed to the Company's Directors at the similar level to the industry compensation of Thai listed companies. It's believed that such remuneration could attract, retain and motivate the directors to perform their roles and carry out their responsibilities to accomplish the Company's goals efficiently and transparently.

*Company Secretary:* Mr. Somboon Kuptimanus, the Company's Senior Vice President - Legal Affairs and the Head of Compliance, has acted as the Company Secretary since September 1, 2008 according to a resolution of the Board of Directors meeting No.5/2008, dated August 13, 2008. At present, he has not been defined as 4 levels under Chief Executive Officer since March 1, 2012 owing to a reform of structure of the Company. Please contact him at somboon@scasset.com.

## Company Secretary's scope of duties and responsibilities:

1. To produce and keep
  - Record of Directors,
  - Notice of Board of Directors meeting, minutes of Board of Directors meeting and company's annual report,
  - Notices and minutes of all shareholders' meetings.
2. To keep all interest or conflicts of interest report reported by directors or any members of management team and submit such report to the Chairman of the Board of Directors and Chairman of the Audit Committee within 7 days upon receiving by the Company.
3. To perform any other action as determined by Capital Market Supervisory Board.
4. To act with full responsibility, duty of care and fidelity under the laws, company's objectives, regulations, Board of Directors' resolution and shareholders' resolution.

**\*Independent Directors** means any director who is independent from major shareholder and management and is able to express their opinions and report any suggestion independently as assigned, such as being the Chairman of the Board of Directors, member of the Audit Committee, member of the Nominating and Remuneration Committee and the Chairman of Corporate Governance and Social & Environmental Responsibility Committee without any concern over possible remuneration benefits or perceivable rewarded titles and not acting under of any control or influence by any individual or group that might force them not to express their independent opinions.

Thus, the person who shall be qualified to be independent director must be in fully compliance with the following qualifications and independent criteria as prescribed by Capital Market Supervisory Board. However, the company has defined its independent director more intensive than the minimum requirements in accordance with the Notification of the Capital Market Supervisory Board which are:

## Roles and Duties of Independent Directors

While the roles and duties of independent directors are the same as executive directors, they also play crucial roles and duties to act independently to protect the interests of all stakeholders without dominance from any group of person(s).

Since 2009, the Company has encouraged the independent directors, now comprising 4 independent directors including Mr. Rath Kitivejsoth, the Chairman of the Board of Directors, to hold their own meeting, without any participation from executives or individuals who could be deemed as company-related person or individual who may cause partiality in the meeting, before each meeting date of the Board of Directors to consider on each Board of Directors agenda item, and mutually make recommendations to the Board of Directors with respect to an improvement of the development and efficiency of the Company's management and operation for benefit to all stakeholders. Presently, all 4 independent directors hold a directorship position in a listed company not exceeding 5 companies.

#### **Qualifications of Independent Directors**

1. holding shares not exceeding 0.5 percent of the total number of shares with voting rights of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the applicant, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person;
3. not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the applicant or its subsidiary company;
4. neither having nor used to have a business relationship with the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person;
5. neither being nor used to be an auditor of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person;
6. neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the applicant, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services;
7. not being a director appointed as representative of directors of the applicant, major shareholder or shareholder who is related to major shareholder;
8. not undertaking any business in the same nature and in competition to the business of the applicant or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the applicant or its subsidiary company;
9. not having any other characteristics which cause the inability to express independent opinions with regard to the applicant's business operation.

### **Business Relationship or professional Advisor**

There was neither business relationship transaction nor professional advisor transaction between independent director (and director) and its parent company, subsidiary, or juristic person who may have conflicts of interest having the amount more than prescribed in Notification of the Capital Market Supervisory Board No. Tor Chor. 28/2551 Re: Application for an Approval of Offer for Sale of Newly Issued Shares Which is Defined Significantly and is not Independent, which are:

- a normal business relationship transaction with the amount of three percent or more of the net tangible assets or twenty million Baht or more, whichever is lower. It shall include the transaction taking place during the course of six months prior to a date of transaction. The amount of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship commences.
- being an auditor or professional advisor of the company such as legal advisor, financial advisor or asset appraisal.

### **Policy on the Limitation on the Number of Directorship Positions and the Holding of Directorship Position of the Chairman of the Executive Committee and Chief Executive Officer**

Too many directorship positions held by a board member could impair his efficiency in well conducting his position as a good member of the Board of Directors. Therefore, the Company's Board of Directors in their meeting No. 1/2554 held on 12 January 2011 resolved to limit the number of directorship positions held by each of its board members in other public listed companies to two companies. This restriction is final and without any exception.

The Company's Chairman of the Executive Committee or its Chief Executive Officer shall not maintain any other similar position in any other public listed entity except for his/her position in the SC Asset Corporation Public Company Limited; furthermore, he/she shall hold no more than five other positions in the following entities:

1. The Company's subsidiary
2. The Company's associated company which operates business other than real estate development, and he/she shall not take the position of the Chairman of the Executive Committee or the Chief Executive Officer of such company
3. Charity organization/foundation promoting public benefits and education

### **Additional Training Courses or Relevant Seminars Attended by Directors**

It is a policy of the Company and its Board of Directors to encourage members of the board to consistently obtain appropriate knowledge applicable for performance of their roles and duties through attendance of additional training courses and relevant seminars such as participation in courses offered by the Thai Institute of Director (Details of which appear in the "Details of the Board of Directors and Executives" Section of this annual report), as well as courses arranged by other agencies. The purpose of this policy is for these participants to apply any obtained knowledge for promoting continuity of our corporate stability and sustainable growth.

In 2012, 2 directors took 2 courses to improve their skills and knowledge for their roles and duties as follows:

1. Mr. Nuttaphong Kunakornwong, a new director, completed a Director Certification Program Class 157/2012 from the Thai Institute of Directors.
2. Ms. Naengnoi Na Ranong completed a Capital Market Academy Leadership Program Class 14 from the Capital Market Academy, the Stock Exchange of Thailand.

## **Preparation of Successor Plan for Management and Top Executives**

The Company has relevant plans and procedures for successors and continuation of management and top executives, particularly in the event that any of its top executives are not able to carry out their functions due to the following reasons:

### **1. Chairman of the Executive Committee /Chief Executive Officer**

In the event that the positions of the Chairman of the Executive Committee/ Chief Executive Officer are vacant or the individual in such positions cannot perform their duties, the Company has an arrangement whereby executives in a closely comparable level or their deputy shall act on their behalf until the selection process for the qualified replacements is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience, that well suit the Company's corporate culture. The Company's Nominating and Remuneration Committee shall be responsible for the selection process and submit their final choice to the Company's Board of Directors for approval and further appointment.

### **2. Management**

In the event that the management positions at the level of department manager and above are vacant or the individual in such positions cannot perform their duties, the Company makes an arrangement whereby executives in a closely comparable level or their deputy shall act on their behalf until the selection process for the qualified replacements, undertaken by the Human Resource Department, is completed. Candidates for these positions can be from either existing staff or outsourced. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as knowledge, proficiency, and experience, that well suit the positions. Upon completion of the selection process, the Human Resource Department shall submit their final choices to the Chief Officer - or the Chairman of the Executive Committee for approval and further appointment.

## **Channels and Procedures for Stakeholders to Contact, and Make Suggestions or Complaints to the Board of Directors**

The Company's Board of Directors recognizes the importance of the stakeholders' rights; therefore, it has provided various channels for all stakeholders to be able to contact, and make suggestions or complaints to the Board of Directors, particularly on matters which may cause damage to the Company. Additionally, the Company has also provided channels and processes for staff to report illegal behaviors, corruptions and immoralities to the Board of Directors. The contacts, suggestions, and complaints can be directed to each of the board members via their following addresses and emails:

1. Mr. Rath Kitivejsoth  
110 Yak 3 Alley, Lat Phrao Road, Plub Pla Sub-district, Wang Thonglang District, Bangkok, 10310  
E-mail address: rath@scasset.com
2. Ms. Busaba Damapong  
207/99, Village No. 9, Bang Kraso Sub-district, Mueang Nonthaburi District, Nonthaburi, 11000  
E-mail address: busaba@scasset.com
3. Ms. Phensom Damapong  
75, Pradiphat Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok, 10400  
E-mail address: phensom@scasset.com

4. Mr. Nathpath Ouajai  
41/10, Village No. 10, Chok Chai 4 Alley (Osathit 3), Lat Phrao Road, Lat Phrao Sub-district, Lat Phrao District, Bangkok, 10230  
E-mail address: nathpath@scasset.com
5. Mr. Kunodom Tharmmaphornphilas  
179/5, Khum Sap Alley, Bang Khun Non Road, Bangkok Noi District, Bangkok, 10700  
E-mail address: kunodom@scasset.com or kunodom@hotmail.com
6. Mr. Prasert Samanawong  
50, Mu Ban Seri On Nut, 1 Alley, On Nut 70/1 Road, Prawet Sub-district, Prawet District, Bangkok, 10250  
E-mail address: praserts@scasset.com or sertsam@yahoo.com
7. Mr. Precha Sekhararidhi  
68/174, Mu Ban Pracha Niwet 4, Samakkhi Alley, Pracha Chuen Road, Tha Sai Sub-district, Mueang District, Nonthaburi, 11000  
E-mail address: precha@scasset.com or prechas2555@hotmail.com
8. Ms. Naengnoi Na Ranong  
1/238, Mu Ban Chat San Rot Fai Thung Song Hong, Village No. 5, Vibhavadi Rangsit 25 Alley, Vibhavadi Rangsit Road, Thung Song Hong Sub-district, Lak Si District, Bangkok, 10210  
E-mail address: naengnoi@scasset.com or naengnoi.n@gmail.com
9. Mr. Nuttaphong Kunakornwong  
472, Charan Sanit Wong 69 Alley, Charan Sanit Wong Road, Bang Phlat Sub-district, Bang Phlat District, Bangkok, 10700  
E-mail address: nuttaphong@scasset.com

#### **Procedures for Stakeholders and Staffs to Contact, and Make Suggestions or Complaints to the Board of Directors**

The existing procedures for stakeholders and staffs to contact, make suggestion, or report illegal, dishonest or unethical behaviors or any action deemed detrimental to the Company are as follows:

1. The stakeholders and staffs may report their complaints directly to each director by mailing to his/her address or e-mail address as it appears above.
2. After receiving a complaint, the Company will investigate the complaint initially. If a prima facie ground is found, an interrogation team will be set up to investigate the complaints competently, diligently and impartially. The team will deal with the complaints appropriately and promptly.
3. The Company will respond and report back investigating results to director(s) and appellant(s). If there is any damage to appellant(s) the Company is glad to remedy them fairly.

#### **Whistleblowing Protection to Employee(s) and Appellant(s)**

The Company will not disclose a name of employee(s) and appellant(s) to any third party and will keep them confidential. The Company will set up a committee to consider the complaints and provide justice to all relevant stakeholders.

There was no any complaint with respect to illegal, dishonest or unethical behaviors reported to the Board of Directors during the year 2012.



**Authorized transactions and authorization limit per transaction of Board of Directors / Executive Committee / Chairman of the Executive Committee / Chief Operating Officer / Chief Financial Officer / Senior Vice President / First Vice President / Vice President and Assistance Vice President**

Item	Board of Director (Baht)	Executive Committee (Baht)	Chairman of the Executive Committee (Baht)	Chief Operating Officer Chief Financial Officer (Baht)	Senior Vice President (Baht)	First Vice President Vice President Assistance Vice President (Baht)
1. Capital Investment (Project)						
1.1 Budget	unlimited *	500,000,000	200,000,000	50,000,000	2,000,000	1,000,000
1.2 Over Budget	unlimited *	500,000,000	100,000,000	5,000,000	-	-
1.3 Non - Budget	unlimited *	500,000,000	100,000,000	5,000,000	-	-
2. Fixed Assets						
2.1 Budget	unlimited *	50,000,000	20,000,000	2,000,000	100,000	50,000
2.2 Non- Budget	unlimited *	50,000,000	2,000,000	200,000	10,000	5,000
3. Cost / Expenses						
3.1 Cost	unlimited *	50,000,000	20,000,000	5,000,000	1,000,000	200,000
3.2 Marketing Expense	unlimited *	50,000,000	20,000,000	5,000,000	500,000	300,000
3.3 Staff Expense	unlimited *	50,000,000	20,000,000	5,000,000	500,000	200,000
Customer Service Expense						
Administrative Expense except Entertain						
3.4 Entertain Expense	unlimited *	5,000,000	1,000,000	100,000	10,000	5,000
4. Advance Payment	unlimited *	50,000,000	20,000,000	1,000,000	50,000	20,000

\*Remark - Connected transactions are treated in accordance with measures prescribed by the Securities and Exchange Commission.

## Sub-committees

The Board appointed qualified directors and assigned relevant duties for them according to their individual skill and proficiency to be members of other committee. The committees were set up to assist the Board in corporate governing activities and to efficiently scrutinize and undertake detailed study of required matters for the Board. These committees and subcommittees are the Executive Committee, the Audit Committee, the Nominating and Remuneration Committee, the Risk Management Committee and the Corporate Governance and Social & Environmental Responsibility Committee.

### 1. The Executive Committee

As at January 9, 2013, all members of the Executive Committee did not hold any directorship in other listed companies. The Executive Committee consisted of:

1. Ms. Busaba Damapong Chairman of the Executive Committee
2. Ms. Phensom Damapong Member
3. Mr. Nathpath Ouajai Member
4. Mr. Nuttaphong Kunakornwong Member

The Secretary of the Executive Committee is Mr. Vitit Visalpattanasil, the Senior Vice President – Accounting



### Scope of Authorities and Responsibilities:

1. To set the policies, directions, strategies, and main management structure of the business operations of the Company by reviewing the current, and future economic trends and competitive situation as previously outlined to shareholders and submit to the Board of Directors for their approval.
2. To set business plan, annual budget, and management guideline and submit to the Board of Directors for their approval.
3. To monitor and follow up operations to ensure compliance with policies and other management directions of the Company for its operational efficiency.
4. To monitor and follow up the performance of the Company as set forth in the approved business plans.
5. To consider all major project investments.
6. To carry out financial transactions with financial institutions in respect of the opening of bank accounts, loans, pledge, mortgage, guaranty, and any other transactions including sales and purchases, and the registration of any land title as laid down in the objectives of the Company for the benefit of the Company's operations under the determined budget.
7. To operate any other activities specifically assigned by the Board of Directors.

### Segregation of duties between the Company's Board of Directors and its management team

It is the Company's policy to clearly segregate the duties between its Board of Directors' and its management's, whereas the roles of the Chairman of the Board of Directors and the Chairman of the Executive Committee are separate and shall not be the same person. This, in fact, encourages a clear-cut mechanism of check and balance of power between direction and management functions.

**The Chairman of the Board of Directors** has the authority and responsibility to act as the leader to set management policies of the Board of Directors, and to preside over Board of Directors and shareholder meetings.

**The Chairman of the Executive Committee and/or the Managing Director** is the Chief Executive Officer whose responsibility to the Board of Directors is to manage the Company to achieve the assigned corporate targets.

## 2. The Audit Committee

As at January 9, 2013, the members of the Audit Committee (serving period 3 years) consisted of:

- |                                   |   |
|-----------------------------------|---|
| 1. Mr. Kunodom Tharmmaphornphilas | Chairman of the Audit Committee (Being an independent director and having his professional background in structural engineering and financial accounting). He has competence and experience to review the Company's financial statements. |
| 2. Mr. Prasert Samanawong         | Member (Being an independent director and having his professional background in financial accounting). He has competence and experience to review the Company's financial statements.   |

3. Mr. Precha Sekhararidhi

Member (Being an independent director and having his professional background in engineering, management and financial accounting). He has competence and experience to review the Company's financial statements.

The Secretary of the Audit Committee is Ms. Pannee Tharaphat, the Senior Vice President – Internal Audit.

The Audit Committee was formed on 1 September 2003, with committee composition, member qualifications, prescribed scope of duties and responsibilities, period of directorship, as well as meeting rules set in accordance with the Audit Committee Charter. The current version, which was approved by the Board of Directors at its meeting No. 4/2009 held on 15 July 2009, is prepared in accordance with the regulatory requirements prescribed by the Securities and Exchange Commission of Thailand and conforms to notifications issued by the Stock Exchange of Thailand, effective from the 16th of July, 2009. The Audit Committee Charter covers roles and responsibilities, qualifications, constitution, and quorum of the Audit Committee. Interested parties are encouraged to visit our website: [www.scasset.com](http://www.scasset.com) for more information in the Corporate topic.

**Scope of Authorities and Responsibilities:**

1. To review the Company's financial statements to ensure they are accurate, reliable and have sufficient disclosure with the generally accepted accounting principles.
2. To review the efficiency and appropriateness of the Company's internal controls and internal audit systems. Oversee the independency of the Internal Audit Department. Give accord for considerations made regarding appointment, transfer, and cancellation of employment of the Chief of the Internal Audit Office, as well as review his/her performance and remuneration.
3. To review practices to ensure compliance with rules and regulations of the Stock Exchange of Thailand, and other related authorities.
4. To consider, select, nominate a qualified independent individual to be the Company's auditor and propose a suitable remuneration scheme for such appointed auditor. Organize meetings, at least once a year, with the Company's auditor, without the presence and attendance of the Company's management.
5. To oversee that inter-company transactions or transactions which may represent conflict of interest are reviewed according to applicable laws and regulations of the Stock Exchange of Thailand in order to ensure their rationality and for the benefit of the Company.
6. To review the efficiency and effectiveness of the Company's risk management systems.
7. To review and submit an opinion on Internal Audit plans, practices of the Internal Audit Department.
8. To prepare the Audit Committee Report and disclose it in the Company's annual report. The Audit Committee Report must be signed by the Chairman of the Audit Committee and should at least include the following information:
  - (a) Opinions on the accuracy and accountability of the Company's financial statements.
  - (b) Opinions on the adequacy of the Company's internal controls.
  - (c) Opinions on the Company's compliance with laws governing securities and exchange, rules and regulation of the Securities Exchange of Thailand, or other relevant laws which govern business activities of the Company.
  - (d) Opinions on the suitability of the Company's auditor.
  - (e) Opinions on the transactions which may represent conflict of interest.

- (f) Number of the Audit Committee Meetings and the attendance record of each committee member.
  - (g) Opinions or general remarks obtained by the Audit Committee in performing its duties in accordance with the Audit Committee Charter.
  - (h) Other transactions of which the general shareholders and investors should be aware under the scope of duties and responsibilities assigned by the Board of Directors to the Committee.
9. To report the performance of Audit Committee to the Board of Directors at least 4 times a year.
  10. To have the authority to ask the management or officers to share opinions, have meetings, or submit any necessary documents.
  11. To have the authority to hire advisors or others to opine or advise in necessary cases.
  12. To carries out actions assigned by the Board of Directors and approved by the Audit Committee.

#### **Qualification and Composition of the Audit Committee**

1. The Audit Committee must compose of independent directors appointed by the Company's Board of Directors or by the resolution of the Shareholders' Meeting. A member of the Audit Committee shall be appointed as the Chairman of the Audit Committee.
2. Members of the Audit Committee must not be a director who is assigned by the Board of Directors to make any business decision for the Company, its parent company, its subsidiaries, its affiliates, fellow subsidiaries, major shareholders or controlling persons.
3. Members of the Audit Committee must not be a director of the Company's parent company, its subsidiaries, its affiliates, and fellow subsidiaries which are listed companies.
4. The Audit Committee must comprise of three directors as a minimum. At least one of the directors among the members of the Audit Committee must have adequate experience to make an assessment review on the accountability of the financial statements.
5. Members of the Audit Committee must possess qualifications prescribed by the Securities and Exchange Commission of Thailand.

In addition to the above required qualification and specific composition of the Audit Committee, members of the Audit Committee also maintain qualification and specific composition as independent directors (please refer to further details in the topic of "The Board of Directors")

The Committee regularly convened at least 8 meetings annually. In 2012 the Committee held 8 meetings, of which 4 of them were related to auditing outcomes and performance of the Internal Audit Department, the Company's compliance program, and the Company's compliance with the significant legal and regulatory requirements applicable to the Company. On February 21, 2012, the Committee was meeting with the Company's auditor, without the presence and attendance of the Company's management. The Committee also reports to the Company's Board of Directors and conducts joint meetings with external auditors and the accounting department for quarterly reviews of the Company's financial statements. Self-assessment by each committee member is held annually with 6 topics. The self-assessment results on financial reporting, risk management, internal controls, related transactions, compliance governance, ethical codes, and overall relationship with internal and external auditor by members of the Audit Committee, in relation to their roles and duties as the Audit Committee, ranks in the level of Excellent.

### 3. The Nominating and Remuneration Committee

As at January 9, 2013, the Nominating and Remuneration Committee (serving period 3 years) consisted of:

- |                                   |   |
|-----------------------------------|---|
| 1. Ms. Naengnoi Na Ranong         | Chairman of the Nominating and Remuneration Committee |
| 2. Mr. Kunodom Tharmmaphornphilas | Member, Independent Director (non-executive)          |
| 3. Mr. Precha Sekhararidhi        | Member, Independent Director (non-executive)          |

The Secretary of the Nominating and Remuneration Committee is Ms. Charanya Tangbunjerdsook, the Senior Vice President-Human Resources and Administration.

The Nominating and Remuneration Committee was appointed on September 1, 2003 which, at first, was separately divided in 2 subcommittees, the Nominating Subcommittee and Remuneration Subcommittee. Its scope of authorities, responsibilities serving period were both prescribed in the charter of Nomination Subcommittee and Remuneration Subcommittee. Since the members of both Subcommittees were the same and worked together, the Board of Directors has designed to combine two Subcommittees in to one committee and adjusted new the charter of Nominating and Remuneration Committee. Its scope of authorities, responsibilities, qualified, element, serving period and meeting. Thus interested person is encouraged to visit our website: [www.scasset.com](http://www.scasset.com), in corporate section.

In compliance with requirements of the Responsibilities of the Board of Directors section under the Good Corporate Governance Principle which designates that the Chairman of Nominating and Remuneration Committee shall be an independent director, the Board of Directors at its meeting No. 2/2012 held on 28 February 2012 unanimously resolved to remove Ms. Naengnoi Na Ranong, who hold the Chairman of the Nominating and Remuneration Committee post, from the authorised director of the Company effective on February 28th, 2012. Nonetheless, in accordance with a Notification on Applying for a Permission and Permission to Offer to Sell New Shares of the Capital Market Supervisory Board No. ThorJor. 4/2009, Ms. Naengnoi has not been considered as an independent director because she has vacated the position of director not exceeding two years. She will be defined as an independent director from the 28th of February, 2014 onwards and she will be a female independent director according to the Good Corporate Governance Principle.

#### **The Nominating and Remuneration Committee has authorities and responsibilities as follows:**

1. To set principles and policies relating to nominations of directors and sub-committee members for the Company's Board of Directors and other committees and subcommittees;
2. To consider and nominate suitable candidates for the director posts and submit their names to the Company's Board of Directors for approval and/or for further submission to the shareholders' meeting for approval, on a case by case basis;
3. To consider and nominate suitable candidates for the Chairman of the Executive Committee position, in case of a vacancy, and stipulate selection criteria for top executives;
4. To annually set an appropriate and relevant remuneration scale, both monetary and non-monetary, to attract and retain the Board members, Committee members and top executives;
5. To prepare remuneration principles and policies for the Board members and top executives and submit them to the Company's Board of Directors for approval and/or for further submission to the shareholders' meeting for approval, as the case may be;
6. To provide explanations and answers to questions relating to remuneration of the Board members and top executives which are raised in the shareholders' meeting.

#### 4. The Corporate Governance and Social & Environmental Responsibility Committee

As per the solution of the Meeting of the Board of Directors No.1/2011 on 12 January 2011, the following members of the Corporate Governance and Social & Environmental Responsibility Committee were appointed with the three year term of tenure to their office. As at January 9, 2013, the Corporate Governance and Social & Environmental Responsibility Committee consisted of 4 members as follows:

- |                   |              |   |
|-------------------|--------------|---|
| 1. Mr. Precha     | Sekhararidhi | Chairman of the Corporate Governance and Social & Environmental Responsibility Committee, Independent Director (Non-executive Director) |
| 2. Ms. Busaba     | Damapong     | Member (Chairman of the Executive Committee)  |
| 3. Ms. Phensom    | Damapong     | Member (Executive Director)   |
| 4. Mr. Nuttaphong | Kunakornwong | Member (Executive Director)   |

The Secretary of the Corporate Governance and Social & Environmental Responsibility Committee is Mr. Somboon Kuptimanus, the Senior Vice President - Legal Affairs, the Company Secretary, and the Head of Compliance.

#### Roles, Duties and Responsibilities of the Corporate Governance and Social & Environmental Responsibility Committee

1. Propose good practices and recommendations regarding corporate governance and social & environmental responsibility to the Company's Board of Directors. The practices should be appropriate and in line with the Company's business activities.
2. Encourage the Company's directors, executives, and staffs to always expand their knowledge on corporate governance and social & environmental responsibility for appropriate work application and uplift the standards of practice to those of international status and in accordance with recommendations from the relevant governing authority and agency.
3. Monitor the application by the management on good corporate governance and social & environmental responsibility in corporate development and in project development for the sustainable growth of the Company.
4. Regularly review good practices related to corporate governance and social & environmental responsibility so that the Company is able to develop its standard of governance to the international benchmark.
5. Assess the Company's performances on issues relating to good corporate governance.

#### 5. The Risk Management Committee

As at January 9, 2013, the Risk Management Committee consisted of 6 members as follows:

- |                           |                 |   |
|---------------------------|-----------------|---|
| 1. Flight Lieutenant Kree | Dejchai         | Chairman of the Risk Management Committee |
| 2. Mr. Attapol            | Sariddipuntawat | Member                                    |
| 3. Mr. Vitit              | Visalpattanasil | Member                                    |
| 4. Mr. Suriya             | Pleansi         | Member                                    |
| 5. Mr. Krung              | Luengmanotham   | Member                                    |
| 6. Ms. Pannee             | Tharaphat       | Member                                    |

The Secretary of the Risk Management Committee is Ms. Pannee Tharaphat, the Senior Vice President – Internal Audit.

Name	Number of Meeting / Number of Attendance	
	Risk Management Committee 2007-2012	Risk Management Committee 2012
1. Flight Lieutenant Kree Dejchai	24/25	4/5
2. Mr. Attapol Sariddipuntawat	24/26	5/5
3. Mr. Vitit Visalpattanasil	14/18	5/5
4. Mr. Suriya Pleansi	23/26	3/5
5. Mr. Krung Luengmanotham	13/13	5/5
6. Ms. Pannee Tharaphat	26/26	5/5

**The Risk Management Committee has authorities and responsibilities as follows:**

1. To set principles, policies and procedures of risk assessment and its management that shall affect the Company.
2. To assess, analyze and rank all risks and to set directions and strategies of risk management in order to be sure that all risks will be in acceptable level with proper cost.
3. To follow and evaluate the result of risk management and report to the Executive Committee and the Audit Committee.

## Management Team

As at January 9, 2013, the Company's first four top executives according to definitions set by the Securities and Exchange Commission comprises 6 people as follows:

1. Ms. Busaba Damapong Director/  
Chairman of the Executive Committee/  
Acting Chief Executive Officer
2. Mr. Nuttaphong Kunakornwong Director/ Member of the Executive Committee/  
Deputy Chief Executive Officer
3. Mr. Attapol Sariddipuntawat Chief Financial Officer
4. Flight Lieutenant Kree Dejchai Chief Operating Officer
5. Mr. Vitit Visalpattanasil Senior Vice President – Accounting
6. Ms. Pradthana Patsaman Senior Vice President – Finance

**The Management Team's scope of authorities and responsibilities:**

1. To operate corporate business efficiently and effectively in accordance with approved policies, directions, and strategies, as well as in compliance with prescribed core operative structure;
2. To prepare the business plan, corporate budget and administrative directives and submits them for the Executive Committee's approvals;
3. To manage corporate business honestly and cautiously as per plans and/or budgets approved by the Executive Committee for the company and shareholders' ultimate benefits;
4. To monitor corporate business in accordance with planned policies and approved budget;

5. To report operating performance and corporate outcomes to the Executive Committee at least once a month;
6. To operate any other actions assigned by the Executive Committee;
7. Supervises general corporate activities prescribed in the Company's rules and regulations.

### **Selection of Executive**

The Human Resources and Administration Department is responsible for seeking internal candidate(s) with qualifications appropriate, possessing knowledge, ability and experience from each particular line of activities to be appointed as executive of the company. If the Company cannot seek appropriate qualified candidate(s) from the internal staff(s), the Company will seek and recruit appropriate qualified candidate(s) with knowledge, proven capability, vision and positive attitude to the Company and then propose him/her to the Chief Officer of each particular line of activities or the Chairman of the Executive Committee for appointment.

### **Advisor**

As at 9 January 2013, the Company has one advisor namely Mr. Pornchai Sriprasert, who was the Chief Technical Officer of the Company and was retired from the Company when he was 60 years old in 2009. Nevertheless, the Company sees that his experience, knowledge and ability are useful and beneficial for business growth and expansion of the Company; therefore, the Company has appointed him to be an advisor since January 1, 2010 until present.

### **Role & Responsibility of an Advisor**

An advisor performs his duty in providing opinions to the Board of Directors and management, as well as attending meetings of the Board of Directors but is not considered as having any control or participation in the management of the company.

### **Controlling Persons**

As at March 12, 2013, there were three controlling persons with controlling interests in the Company in accordance with the definition set by the Securities and Exchange Commission which are:

- |                      |            |                                  |
|----------------------|------------|----------------------------------|
| 1. Ms. Paetongtarn   | Shinawatra | (192,181,708 shares or 29.13%)   |
| 2. Ms. Pintongta     | Shinawatra | (185,981,708 shares or 28.20% %) |
| 3. Khunying Potjaman | Damapong   | (18,506,254 shares or 2.81%)     |

### **The Board of Directors' and the Audit Committee's Performance Assessments**

In order to comply with the principles of good corporate governance, the Company launched a performance assessment for members of the Board. The assessment was prepared by using two approaches, firstly, a performance assessment of the entire Board, and secondly performance assessment of individual Director. The assessment of individual was divided into 2 parts, self-assessment, and cross self-assessment by other Directors. The assessment procedures and scales are presented as a percentage of the total scores for each category.

### The Assessment Procedures of Directors Individually and the Board Collectively

At the end of every year, the Company's Secretary will send three types of a performance assessment form to each director as follows:

1. Entire-board-assessment Form
2. Self-assessment Form
3. Cross Self-assessment by Other Directors Form

When each director completes his/her performance assessments he/she will send back the performance assessment forms to the Company's Secretary for collecting and analyzing the assessment data. The concluded results will be reported to the Board of Directors at its first meeting of each year by the Company's Secretary.

### The Assessment Scales of Directors Individually and the Board Collectively

Assessed Scores (%)	Scale
85 – 100	Very Good - Excellent
75 - 85	Good
65 - 75	Fairly Good
50 - 65	Fair
under 50	Require Improvement

1. Performance assessment for the entire Board comprises of 6 major categories, which are:

- Board's composition and qualification
- Board's role, authority and responsibility
- Board Meeting
- Director's performance
- Connection with Managerial person
- Director's Self Improvement and Management team's improvement

Average scores received for the Board for their 2012 performance was 98.11%, which is considered very good - excellent (in 2011, an average scores was 98.85% which is considered very good - excellent).

2. Performance assessment for individual Directors (self-assessment) comprises of 6 major aspects, which are:

- Accountability to their decisions and actions;
- Responsibility in performing their job with ability and efficiency;
- Accountable and equitable treatment of stakeholders;
- Transparency of actions and information disclosure;
- Visionary towards long-term creations of added corporate value;
- Business ethics and integrity

Average scores received for self-assessments of each individual member of the Board for their 2012 performance was 98.02%, which is considered very good -excellent (in 2011, an average scores was 98.55%, which is considered very good - excellent).



3. Performance evaluation for each individual Director (assessments shall be made by other Board members and each board member shall assess other directors' performance) comprises of 9 major aspects, which are:

- Profound knowledge of the Company's business;
- Providing opinions and recommendations which are beneficial to the Company and is not contradictory with principles of good corporate governance;
- Independent and perceptive suggestions;
- Providing information and facts which are useful for the Board's decision process;
- Responsible for stakeholder benefits by providing opinions or suggestions that lead to fair and equitable practices;
- Refrain from voting or meeting participation, if conflict of interest or self-interest in terms of stakeholder involvement is presented;
- Study provided details of meeting agenda prior to of relevant meetings;
- Regularly and promptly attending all required meetings. If absence of meeting attendance is unavoidable, duly make prior request of absence to the Chairman of the Board in advance of such meeting;
- Honour and respect the rights of other directors

Average scores received for assessments made by other Board members for performance of each individual member of the Board in 2012 was 98.96%, which is considered very good - excellent (in 2011, an average scores was 99.42%, which is considered very good - excellent).

The results of the Audit Committee's Performance Assessments have been available online in the Audit Committee section.

### Performance Appraisal for the Chairman of the Executive Committee

As far as the appraisal of the performance of the Chairman of the Executive Committee, the Company's highest level top executive, is concerned, the Company's Board of Directors resolved the appointment of a sub-committee to assess the performance of the Chairman of the Executive Committee. The members of this sub-committee consist of:

- (1) The Chairman of the Board of Directors (An Independent Director)
- (2) The Chairman of the Audit Committee (An Independent Director)
- (3) The Chairman of the Nominating and Remuneration Committee (An Independent Director)

This Committee is assigned with the duties to assess his/her performance and to submit the assessment result to the Nominating and Remuneration Committee for the consideration of appropriate monetary remuneration scheme; the outcome thereof shall then be proposed to the Board of Directors for their approval. The assessments take place twice a year; the first assessment is made upon a completion of the first half of the Company's operating year between January and June (ended at 30 June 2012), and the second assessment is made upon the completion of the second half of the Company's operating year between July and December (ended at 31 December 2012). Criteria for the assessment aspects are:

1. Business management as per corporate targets and business plan.
2. Marketing and client relation management
3. Financial management, investment performance and expenses control
4. Human resource development and creation of corporate culture toward sustainable growth
5. Good corporate governance
6. Corporate management and business operation as per policies prescribed by the shareholders and the Board of Directors

The assessment result for Ms. Busaba Damapong who holds the position of the Chairman of the Executive Committee was 97% or equivalent to level 4 in the CEO's Performance Assessment Rating Scale of the Stock Exchange of Thailand, which is within the "excellent" range.

### Performance Appraisal for Executives and Staff

The Company has two annual performance assessments for its executives and staff; the first assessment is made upon the completion of the first half of the Company's operating year between January and June (ended at 30 June 2012), and the second assessment is made upon a completion of the second half of the Company's operating year between July and December (ended at 31 December 2012). Criteria for the assessment aspects are:

- (1) Every January, the Board of Directors shall consider the corporate business plan and set the yearly achievement targets for business operations, while prescribing the targeted Key Performance Indicator (KPI) to use as the guideline for the yearend remuneration calculations for executives and staff.
- (2) At the end of the first half of the Company's operation year (i.e. January – June), the Company shall review and adjust its corporate business plan and make operational performance assessments. Each yearend, on 31 December, the direct supervisors in each business lines shall undertake an annual performance assessment of its executives and staff; the results of which shall be subsequently presented to the Nominating and Remuneration Committee, the Executive Committee, and the Board of Directors, respectively, for their consideration of appropriate monetary remuneration schemes in accordance with the achieved KPI of the executives and staff.
- (3) The direct supervisors in each business lines shall assess the management proficiency of their executives and staff for promotion and allocation purposes, and then propose the performance appraisal to the Chairman of the Executive Committee for consideration.

### Board of Directors' Meeting

The Company plans for a meeting agenda and dates ahead of the relevant 2013 Board of Directors meetings and Annual General Meeting of shareholders. Changes in the meeting schedule and addition of extraordinary meetings, if required, can be decided by the Board's resolution. For more information, interested person is encouraged to visit our website: [www.scasset.com](http://www.scasset.com), in corporate governance section.

The Board of Directors holds board meetings at least once every quarter. In 2012, the Board held 6 meetings, of which their agendas for approval and acknowledgement can be summarized as follows:

Number of Board of Directors' Meetings in 2012	Agenda for Acknowledgement	Agenda for Consideration	Agenda for Approval
No. 1	6	1	5
No. 2	6	1	12
No. 3	5	3	2
No. 4	5	1	4
No. 5	5	1	2
No. 6	11	2	2
Total	38	9	27

All agendas addressed in the Company's the Board of Directors Meeting are issues related to the Company's business operations. The notifications of meeting are issued and sent to the board members at least seven days prior to all the board meetings. The meeting notifications are attached with details of the meeting agenda and relevant annex and attachments thereof.

During each of the board meetings, the Company's Secretary shall take notes and prepare the Minutes of the Meeting. The minutes shall be submitted within fourteen days of the meeting date to each board member for their consideration. All directors can always request copies of any past minutes from the Company's Secretary for further review.

The Chairman of each meeting allocates adequate time for management to present documents and supplementary information for review and discussion of important issues. Each director is entitled to express independent opinions and to present any concerned agenda items.

It is responsibility of the Company secretary to determine the meeting date, prepare adequate supplementary documents and send notice of Board of Directors meeting to all directors at least 7 days prior to the date of meeting to ensure that all directors will have sufficient time to understand all matters unless there was an emergency or urgent matter. The Company Secretary shall also record all agendas of the meetings and carry out minutes of the meeting. The minute of Board of Directors Meeting which has been approved by the Board shall be kept by the Company secretary for reference in the future.

### Non-executive Directors' Meeting (Independent Directors)

To improve company management system and its operation, the company is supporting the meeting for and among non Executive Directors to consider and discuss the matters of management which come to their attention without an Executive director nor management team. These enhance benefits to the Company and all its stakeholders since opinions can be freely expressed and perspective thinking is encouraged. The Chairman of the Board of Directors as an independent director will call the meeting of non Executive Directors quarterly prior to Board of Directors Meeting.

As at January 9, 2013, there are 4 non-Executive Directors consisted of:

- |                |                    |  |
|----------------|--------------------|--|
| 1. Mr. Rath    | Kitivejsoth        | Chairman of the Non-executive Director   |
| 2. Mr. Kunodom | Tharmmaphornphilas | Non-executive Director (engineering background and having knowledge and experience relating to the Company's business) |
| 3. Mr. Prasert | Samanawong         | Non-executive Director   |
| 4. Mr. Precha  | Sekhararidhi       | Non-executive Director (engineering background and having knowledge and experience relating to the Company's business) |

The Secretary of the Non-executive Directors' Meeting is Mr. Prasert Samanawong.

Name	Number of Meeting / Number of Attendance	
	Non-executive Director 2009-2012	Non-executive Director 2011
1. Mr. Rath      Kitivejsoth	22/22	6/6
2. Mr. Kunodom   Tharmmaphornphilas	22/22	6/6
3. Mr. Prasert      Samanawong	22/22	6/6
4. Mr. Precha      Sekhararidhi	22/22	6/6

Remarks: - Mr. Nathpath Ouajai has been an authorised director of the company since March 4, 2011, so he cannot be considered as an independent director by virtue of his involvement in the management of work.

## Report of Acquisition or Disposition of Company's Security (SC)

The Board of Directors determined that, in compliance with the Security and Exchange Commission's regulations, all directors and the first four top executives of the Company have to report their acquisition and disposition of the Company's security (SC) including their spouse and immature children to every meeting of Board of Directors. The Company Secretary shall consequently keep such reports for references.

## Report of Acquisition or Disposition of Company's Security (SC) of Directors and First Four Top Executives in the Year 2012

Name	Position	2011	2012		
		Number of Shares on 31 December 2011	Acquired	Disposed	Number of Shares on 31 December 2012
1. Mr. Rath Kitivejoso	Chairman of the Board of Directors	-	-	-	-
2. Ms. Busaba Damapong	Chairman of the Executive Committee	31,800,000 <sup>(1)</sup>	-	-	31,800,002
3. Ms. Phensom Damapong	Executive Director	2 <sup>(2)</sup>	-	-	2
4. Mr. Nathpath Ouajai	Executive Director	-	-	-	-
5. Mr. Kunodom Tharmaphornphilas	Chairman of the Audit Committee	-	-	-	-
6. Mr. Prasert Samanawong	Director	-	-	-	-
7. Mr. Precha Sekhararidhi	Chairman of the Corporate Governance and Social & Environmental Responsibility Committee	6,000	-	-	6,000
8. Ms. Naengnoi Na Ranong	Chairman of the Nominating and Remuneration Committee	-	-	-	-
9. Mr. Nuttaphong Kunakornwong	Executive Director	-	-	-	185,981,708 <sup>(3)</sup>
10. Mr. Attapol Sariddipuntawat	Chief Financial Officer	659,800	350,200 <sup>(4)</sup>	-	1,010,000
11. Flight Lieutenant Kree Dejchai	Chief Operating Officer	233,400	116,800 <sup>(4)</sup>	233,400	116,800
12. Mr. Vitit Visalpattanasil	Senior Vice President – Accounting	380,000	-	-	380,000
13. Ms. Pradthana Patsaman	Senior Vice President – Finance	691,200	-	-	691,200

Remarks: The shareholdings of directors and first four executives stated above included shares held by their spouses and children who have not yet become of age.

(1) 31,800,000 shares belong to Ms. Busaba's husband (Mr. Bhanapot Damapong) and 2 shares belong to hers. All 31,800,002 shares have been held before Ms. Busaba was appointed as a company's director on the 13<sup>th</sup> of July, 2011.

(2) Number of shares held before 2010

(3) 185,981,708 shares belong to Ms. Pintongta Shinawatra who is Mr. Nuttaphong Kunakornwong's wife. The shares have been held before an election of Mr. Nuttaphong as a director of the Company.

(4) Exercise the option to purchase the Company's shares under the Employee Stock Ownership Plan (ESOP) offered to the Company's directors and staff

\* Mr. Nuttaphong Kunakornwong was elected by the meeting of the Board of Directors No. 2/2012 on the 28<sup>th</sup> of February, 2012 to serve as a director, Member of the Executive Committee, Authorised Director and Deputy Chief Executive Officer -- in replacement of Mr. Chanon Chotevijit, who resigned from his directorship -- effective as of 1 March, 2012 onwards. Additionally, Mr. Nuttaphong was appointed an additional position as a Member of the Corporate Governance and Social & Environmental Responsibility Committee by the meeting of the Board of Directors No. 6/2012 held on 13<sup>th</sup> of November, 2012. Because of a taking the Deputy Chief Executive Officer position by Mr. Nuttaphong, the Company's first 4 executives have been changed. Ms. Charanya Tangbunjurdsook, Ms. Pannee Tharaphat, Mr. Somboon Kuptimanus and Mr. Suriya Pleansri have been no longer defined as the Company's first 4 executives.

## Report on Interest of Directors, Executives, and Related Persons

The Board of Directors set guidelines for the company's directors, executives, and related persons to disclose information regarding their own interests and any interests of their related persons to the Company's Secretary. This information will enable the company to duly prepare its disclosure report on related parties' transactions, which could cause conflict of interest and even lead to improper transfers of benefits from the company or its subsidiaries. In a given circumstance, this information may also prevent such directors, executives, and related persons from participating in any decision-making process that might produce a potential conflict of interest. The Board of Directors require that the company's directors, executives, and related persons file a report with the company on the interest of directors, executives, and related persons, under the format originally set by the Thai Listed Companies Association which will later be adjusted to be applicable to the company's business activities, and to the requirements of relevant governing authorities.

In the event that there are any changes in the current information from those filed in the report on the interest of directors, executives, and related persons, the Board of Directors requires that the company's directors and executives resubmit their updated reports to the Company's Secretary within 3 business days from the date that such changes occur, and the Company's Secretary shall forward these updated reports to the Chairman of the Board of Directors and the Chairman of the Audit Committee for their information within 7 business days from the date that the company receives such report.

In 2012, the Company has submitted copies of the Report of Related Party Transactions to the Chairman of the Board of Directors for review for one time, namely

- On 2 March 2012, copies of the Report of Related Party Transactions were submitted to the Chairman of the Board and the Chairman of the Audit Committee reporting Mr. Nuttaphong Kunakornwong was appointed as a new director and a new authorised director of the Company. Therefore, the name and number of directors who are authorised to bind the Company are:

"Ms. Busaba Damapong, Ms. Phensom Damapong, Mr. Nuttaphong Kunakornwong, Mr. Nathpath Ouajai, any two of these four directors jointly sign with the Company's seal affixed."

## The number of the Board of Directors Meeting and Committees Meeting

The following table shows details of the Board's meetings since 2004 and the meetings of the four Sub-Committees; namely the Executive Committee, the Audit Committee, the Nominating and Remuneration Committee and the Corporate Governance and Social & Environmental Responsibility Committee in 2012.

Name	Number of Meeting / Number of Attendance					
	Board of Director 2004 - 2012	Board of Director 2012	Executive Committee 2012	Audit Committee 2012	Nominating and Remuneration Committee 2012	Corporate Governance and Social & Environmental Responsibility Committee 2012
1. Mr. Rath Kitivejosoth <sup>(1)</sup>	60/60	6/6				
2. Ms. Busaba Damapong <sup>(2)</sup>	8/8	6/6	15/15			2/2
3. Ms. Phensom Damapong	60/60	6/6	15/15			2/2
4. Mr. Nathpath Ouajai <sup>(3)</sup>	45/45	6/6	15/15			
5. Mr. Kunodom Tharmmaphornphilas <sup>(4)</sup>	45/45	6/6		8/8	2/2	
6. Mr. Prasert Samanawong <sup>(5)</sup>	39/39	6/6		8/8		
7. Mr. Precha Sekhararidhi <sup>(6)</sup>	37/37	6/6		8/8	2/2	2/2
8. Ms. Naengnoi Na Ranong <sup>(7)</sup>	32/33	6/6			2/2	
9. Mr. Nuttaphong Kunakornwong <sup>(8)</sup>	4/4	4/4	9/11			0/0

## Remark:

- (1) Mr. Rath Kitivejosoth was assigned to be the Chairman of the Board of Directors in lieu of Dr. Chaipayat Wibulswasdi since March 1, 2007.
- (2) Ms. Busaba Damapong was assigned to be the Director and the Chairman of the Executive Committee in lieu of Ms. Yingluck Shinawatra since July 13, 2011.
- (3) Mr. Nathpath Ouajai was assigned to be the Director in lieu of Ms. Pranee Vechapruangkitak since March 20, 2006
- (4) Mr. Kunodom Tharmmaphornphilas was assigned to be the Director in lieu of Mr. Sompong Nakornsri since March 20, 2006.
- (5) Mr. Prasert Samanawong was assigned to be the Director in lieu of Mr. Krit Umpote since January 31, 2007.
- (6) Mr. Precha Sekhararidhi was assigned to be the Director in lieu of Dr. Chaipayat Wibulswasdi since March 26, 2007.
- (7) Ms. Naengnoi Na Ranong was assigned to be the Director in lieu of Mr. Sahat Tantikun since November 7, 2007.
- (8) Mr. Nuttaphong Kunakornwong was elected by the meeting of the Board of Directors No. 2/2012 on 28 February 2012 as a new director of the Company in replacement of Mr. Chanon Chotevijit who resigned from his directorship.
- \* Ms. Naengnoi Na Ranong did not participate in the Company's Board of Directors' Meeting No. 8/2010 on the 12<sup>th</sup> of November, 2010, due to ill-health.
- \*\* Ms. Pintongta Shinawatra resigned from her director and member of the Executive Committee position on the 28th of February, 2012. During her directorship in the year 2012 between 1 January and 28 February 2012, she attended the meetings of each sub-committee to which she was appointed as follows (the number of times Ms. Pintongta attended the meetings of each sub-committee shown in the bracket):
- The Board of Directors (Attended 1 of 1 meeting)
  - The Executive Committee (Attended 4 of 4 meetings)

## CORPORATE GOVERNANCE

The Company's Board of Directors always encourages continued practice of good corporate governance, and views that good governance is an essential element for long-term business prosperity; such practice also ensures the Company's investors and the public of its corporate accountability and sufficient disclosure. It is the Company's policy to comply with the prescribed doctrines of best practice for public listed companies and assure that its investors and the public are always able to equitably, conveniently, and promptly assess the Company's operations. In the Company's Board Meeting No. 1/2011, held on 12 January 2011, the Board resolved the appointment of the Corporate Governance and Social & Environmental Responsibility Committee (Details of which appear in the "the Corporate Governance and Social & Environmental Responsibility Committee" Section of this annual report). The main focuses of this Committee's concerns are shareholders' rights, equitable treatment of shareholders, role of stakeholders, corporate social & environmental responsibilities, disclosure and Transparency, and responsibilities of the board. It aspires to comply with corporate governance policy. All of these are issues which are relevant for the Company's development towards its international standard achievements, and in compliance with regulations and practices of its governing authority.

Thanks to its continued practice of good corporate governance, in 2012, the Company received the following assessment and awards (Details of which appear in the "Company's Assessment and Awards" Section of this annual report):

1. Appraised as one of the best examples in the "excellent" status regarding the quality of its 2012 Annual General Meeting of the Shareholders, it was awarded with the prestigious Investors Choice Award for its persistent attention to all shareholders by the Thai Investors Association.
2. Assessed by the Thai Institute of Directors (IOD) for its 2012 corporate governance status.
3. Awarded the Top Corporate Governance Report Awards for 2012 for listed companies in the "SET Awards 2012".

The Company believes that a good management system, visionary and responsive directors and executives, well-functioned control mechanisms, suitable checks and balance measures, and corporate governance processes are important and essential components for sustainable business operations, which shall enable an organization to achieve its corporate mission, planned visions and eventual success goals. Such belief inspires effectiveness and efficiency in its operational conducts that highlight the following principles:

1. For good corporate governance practice, the Board of Directors placed emphasis on leadership, vision, board composition, appointment of directors, and board independence, which are implemented through appropriate prescription of qualifications, scope of work, authority, duties, and responsibilities of board members.
2. Equitable treatment of shareholders and stakeholders.
3. Full, adequate, credible, and prompt disclosure to all relevant parties.
4. Mitigation of potential risks, promotion of appropriate internal controls, internal audit and risk management systems.
5. Implementation of corporate philosophy and ethics which are prescribed for directors, management and staff of all levels to commonly abide and apply.

The Company has corporate governance guidelines, as prescribed by the Stock Exchange of Thailand, and posts these guidelines on the company website ([www.scasset.com](http://www.scasset.com)) for its shareholders, investors and all stakeholders to review and be aware of. Furthermore, as a part of its internal corporate management process, the Company also publishes its printed corporate governance guideline booklet and informs all its management and staff so that they understand and observe these guidelines. The Company also regularly disseminates corporate governance information and other announcements via email to its staff.

## Shareholders' Rights

It is the Company's policy to facilitate and encourage all its shareholders, including shareholders who are institutional investors to participate in its shareholders' meetings. The Compliance Office oversees the full compliance of the arrangement of shareholder's meetings in accordance with prescribed policy guidelines and legal requirements. The shareholder's meetings are scheduled on the dates, time and venues that are convenient to shareholders who intend to participate. The Company shall not arrange its shareholder's meetings on public holidays or bank holidays. The meeting time is from 8.30 a.m. to 4.00 p.m. and the meeting venues are in the Bangkok Metropolitan area, or in the district area in which the Company's Head Office is situated.

The Company shall send the meeting notifications, attaching sufficient information concerning the proposed meeting agenda to its shareholders, at least fourteen days in advance of any shareholder's meeting dates, for its shareholders to review and decide whether they are able to participate in such meetings. The attached information also includes objectives and reasons for having those agenda as well as opinions of members of the board and opinions of other relevant sub-committees. The information shall assist the shareholders in their perusal well in advance of any decision-making. The shareholders will likewise be informed about the number of votes duly and legally required to endorse each proposed agenda, as well as other conditions such as the number of vetoes justified to rule out or to accept the agenda. The Company also informs its shareholders in each copy of its shareholders meeting's notifications about their legal rights without any hidden agenda.

In addition to the shareholders' voting rights, they are also provided with other basic rights of common shareholders such as equality in entitlement to share of profit and dividends, equitable right to repurchase of shares, and right to consider directors' remuneration, both in terms of monetary and other non-monetary aspects such as meeting fees, bonus, pension, and other benefits. The Company is required to propose to the shareholders' meeting for approval of its directors' remuneration packages on an annual basis. The Company sets a clear policy and criteria for directors' remuneration consideration and its proposal process for shareholders' approval. This remuneration policy is also presented for shareholders' perusal, together with the remuneration amount. (Details of which appear in the "Directors' Remuneration" Section of this annual report)

The notifications of shareholders' meeting distributed to all shareholders clearly states the proposed meeting agenda for each relevant shareholder's meeting. During each shareholder's meeting the Company also avoids any insertion of any additional agenda in excess of those which have already been stated in the meeting notifications, as such insertions represent unfair treatment towards shareholders who are not participating in such shareholder's meetings. The Company also informs its shareholders in its notifications of shareholders meetings that subject to Section 105 Paragraph 2 of the Public Company Act B.E. 2535, shareholders with their combined shareholding position accounting for no less than one third of the total outstanding shares of the Company can jointly request a shareholders meeting to review any other proposed agenda in addition to those agenda items which have already been stated in the notifications of such shareholders' meeting.



In the notification of meeting for each shareholder's meeting the Company shall list the names of two of its Independent Directors so that shareholders, who are not able to attend any shareholders' meetings, can select whether to appoint any of these two directors as their authorized representative, or to appoint any person of their own choice as their authorized representative via relevant proxy, to vote on their behalf. Shareholders, who are not able to attend any shareholders' meetings, are allowed to vote in advance by stating their decisions in the signed proxy or by transferring their voting rights to their authorized representative. In addition, the Company also facilitates those shareholders who are not able to attend any shareholders' meetings by providing a live broadcast of the meetings via webcam which its shareholders and related parties can access at [www.scasset.com](http://www.scasset.com).

After the closings of each the shareholder's meetings, the Company shall disclose, at latest by 9.00 a.m. of the next working day, relevant resolutions for each agenda item and voting results on such resolutions via its news release to the Stock Exchange of Thailand and post such resolutions and voting results on the company website.

The Company encourages its shareholders to propose, during the proposal period of 1 December 2011-31 January 2012, any additional meeting agenda and to nominate names of qualified candidates for the Company's available director positions in advance of the Annual General Shareholders Meeting for 2012. For the election of the Company's board members, the Company provides equitable chances for its shareholders to cast votes on nominated candidates for each individual board member seat. This process allows its shareholders to exercise their rights to elect the candidates they truly desire. In addition, the Company also provides opportunities for shareholders to submit their questions regarding details of the meeting agenda prior to the meeting date, and to turn in any questions regarding material information and any other concerns they may have about the Company during the period 16 March-8 April 2012. No shareholders had proposed any additional meeting agenda, or nominated names of qualified candidates for the Company's available director positions, or submitted their questions regarding details of the meeting agenda prior to the meeting date.

The Company also provides, without cost, the duty stamp required for the voting right proxy for the authorized representative to its shareholders who participate in the shareholders' meetings at the meeting registration desk. These acts not only ease its shareholders from any unnecessary inconvenience but also reflects the Company's attempts to well facilitate its shareholders prior to and during the meeting process, allowing them to have sufficient time to study the Company's information in advance of the meeting dates. Fourteen days after the meeting date, the Company normally supplies its shareholders with the minutes of each shareholder's meeting and the video clip of such meeting on the Company's website (i.e. [www.scasset.com](http://www.scasset.com)) in order that its shareholders who do not participate in any of such shareholders' meetings and other interested investors can be fully informed about the meetings.

The information on method of voting, ballot casting and vote counting procedure that are provided prior to convening of the shareholders' meetings, as well as important questions and answers, opinions and suggestions raised and discussed during such meetings are also documented in the minutes of the meetings, aiming to equally inform other shareholders who are not able to participate in those meetings.

For each meeting agenda that requires shareholders' approval or resolution, the Company also arranges relevant vote cast to approve such agenda and clearly documents the vote casting details for each of those agenda items such as the number of affirming, opposing and abstaining votes in the minutes of meeting.

The Company uses a barcode technique in the meeting registration and vote counting. The process helps reduce the time spent during each step. The Company is able to provide its meeting participants with the score results immediately after each shareholder voting. Mr. Sumetee Intranu, an

independent legal advisor who has no personal interest in the Company and is not a related person to the Company, has been invited to monitor the vote counting process on behalf of the Company's shareholders. He maintains his independent role in the check-and balance, with no conflict of interest, and acts as the shareholders representative in reviewing the legality, transparency and accountability of the meetings as well as the voting and vote counting process, and assures that the meetings are processed in accordance with the requirements of the Company's Articles of Association.

During each shareholder's meeting, all shareholders are entitled to equitable treatment in obtaining information, expressing views, and asking questions on the proposed agenda. Shareholders are also informed, in advance, at the beginning of each meeting about their voting rights, voting process and vote counting procedures. Sufficient time is allotted by the Chairman of each meeting for decision making and questioning.

The Board of Directors shall call an annual general meeting of shareholders within four months of the last day of the fiscal year of the Company. In addition to regular meeting, an extraordinary meeting may be called if necessary.

The Secretary of the Board is assigned to determine the meeting date, prepare the meeting's agenda, provide adequate supplementary documents submitted to Thailand Securities Depository Company Limited, the company's registrar, for forwarding them together with the meeting notifications to all shareholders for consideration all data more than the period as prescribed by law prior to the meeting date. All shareholders' rights are also being taken care of more than prescribed by law such as updating important data via company Web Site, issue newsletter to shareholders and Company Visit for shareholders. Moreover, the shareholders may download the notifications for shareholder meeting including the supplementary documents both in Thai and English which are forwarded to shareholders at least thirty days prior to the Meeting date from Web Site:<[www.scasset.com](http://www.scasset.com)> which are the same that shareholders will receive in hard copy form the company. The notifications for shareholder meeting shall inform the shareholders the meeting regulation and proceedings including all necessary data of every agenda for pre-consider.

In the recent annual general shareholders' meeting for 2012, all board members, especially the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Selection and Remuneration Committee, the Chairman of the Corporate Governance and Social & Environmental Responsibility Committee, the Chairman of the Risk Management Committee, as well as the Company's top management from all business departments, and the Company's certified independent auditor and independent legal advisor jointly attended the meeting from the start. The Company's executives were introduced to the meeting to answer shareholders' questions. All of the Company's nine board members were present at the meeting. The Company provided names and titles of its directors who participated in the meeting in minutes of such shareholder's meeting in order that its shareholders can monitor the directors' participation in each of the shareholder's meeting.

During the meeting, the Company did not instantly distribute any additional important information, add any insertion of any additional agenda in excess of those which had already been informed, or alter any important information without prior notification to its shareholders. The Company did not limit any participation rights of the shareholders who arrived late. The Chairman of the meeting also allocated time and provided the opportunity for shareholders to conveniently exercise their rights and equality in expressing their opinions and questioning the board members on matters relating to the Company's operations in order to ensure accountability in governance.

With the intention to clarify the shareholders' rights for attending the shareholders' meeting and for receipt of the dividend payment, and to encourage the shareholders to effectively execute their shareholding rights, during the 2012 Annual General Shareholders' Meeting, held on 20 April 2012 the Company changed the closing of the Company's share registration book for attending the annual general shareholders' meeting and the closing of the Company's share registration book for receipt of dividend payment to be of different dates. The closing of the Company's share registrar book for attending the Annual General Shareholders' Meeting held on 15 March 2012 and the eligible shareholders' list prepared by the virtue of Section 225 of the Securities and Exchange Act B.E.2535 (Amended Version) for such purpose, was 16 March 2012, whereas the closing of the Company's share registration book for receipt of dividend payment on 2 May 2012, and the eligible shareholders' list prepared by the virtue of Section 225 of the Securities and Exchange Act B.E.2535 (Amended Version) for such purpose, was 3 May 2011, or no less than 5 days after the shareholders' resolution on dividend payments made during the Annual General Shareholders' Meeting. From now on, the Company will abide by this rule which is intended to maximize the effectiveness of shareholder's rights execution.

In 2012, the Board of Directors called one general shareholders' meeting on the 20th of April at the Shinawatra Tower 3, Vibhavadi Rangsit Road. The following table shows details of the accumulated records of the shareholders' meeting attendance by the Company's Board members since 2004 as follows:

Name	Number of Meeting / Number of Attendance	
	Shareholder Meeting 2004-2012	Shareholder Meeting 2012
1. Mr. Rath Kitivejosoth <sup>(1)</sup>	9/9	1/1
2. Ms. Busaba Damapong <sup>(2)</sup>	1/1	1/1
3. Ms. Phensom Damapong	9/9	1/1
4. Mr. Nathpath Ouajai <sup>(3)</sup>	7/7	1/1
5. Mr. Kunodom Tharmmaphornphilas <sup>(4)</sup>	7/7	1/1
6. Mr. Prasert Samanawong <sup>(5)</sup>	6/6	1/1
7. Mr. Precha Sekhararidhi <sup>(6)</sup>	6/6	1/1
8. Ms. Naengnoi Na Ranong <sup>(7)</sup>	5/5	1/1
9. Mr. Nuttaphong Kunakornwong <sup>(8)</sup>	1/1	1/1

**Remarks:** (1) Mr. Rath Kitivejosoth was assigned to be the Chairman of the Board of Directors in lieu of Dr. Chaibawat Wibulswasdi since March 1, 2007.

(2) Ms. Busaba Damapong was assigned to be the Director in lieu of Ms. Yingluck Shinawatra since July 13, 2011.

(3) Mr. Nathpath Ouajai was assigned to be the Director in lieu of Ms. Pranee Vechapuekitak since March 20, 2006.

(4) Mr. Kunodom Tharmmaphornphilas was assigned to be the Director in lieu of Mr. Sompong Nakornsri since March 20, 2006.

(5) Mr. Prasert Samanawong was assigned to be the Director in lieu of Mr. Krit Umpote since January 31, 2007.

(6) Mr. Precha Sekhararidhi was assigned to be the Director in lieu of Dr. Chaibawat Wibulswasdi since March 26, 2007.

(7) Ms. Naengnoi Na Ranong was assigned to be the Director in lieu of Mr. Sahat Tantikun since November 7, 2007.

(8) Mr. Nuttaphong Kunakornwong was assigned to be the Director in lieu of Mr. Chanon Chotevijit since March 1, 2012.

## Equitable Treatment of Shareholders

In order to protect the Company's minority shareholders' equitable rights to elect their choice of independent directors to monitor their interests, the Company encourages all shareholders, including the minority shareholders whose total shares only account for 0.007% (or 50,000 shares) of the Company's total outstanding shares, to exercise their rights to propose any additional meeting agenda in the shareholders' meetings and to nominate names of qualified candidates for the Company's available director positions in advance of the Annual General Shareholders Meeting for 2012 which was held between 1 December 2011 - 31 January 2012. However, no shareholders proposed any additional meeting agenda, nor nominated names of qualified candidates for the Company's available director positions prior to the meeting date.

For the 2012 Annual General Shareholder's Meeting, the Company distributed, together with the meeting notifications, a proxy Form B which allowed shareholders to direct their vote cast in each meeting agenda, for shareholders, who were not able to attend any shareholders' meetings. The shareholders, via such proxy, were able to appoint their authorized representative or name any one of the two selected Company's Independent Directors appointed particularly for this assignment to attend the shareholders' meeting on their behalf. The proxy included a required list of documents and credentials for this assignment, as well as precise details on steps taken to complete the assignment process. The assignment procedure was simple and was intended to facilitate shareholders to correctly prepare the assigned documents, and to avoid any potential problems for the proxy holders at or during their meeting attendance. The shareholders were also made aware of all relevant information more than 30 days in advance of the meeting date. In addition, the Company had also posted its meeting notifications and related attachments for this Annual General Shareholder's Meeting in both Thai and English on its website since 16 March 2012. The paper version of the same information was also forwarded by mail to both its Thai and foreign shareholders. During 16 March 2012 - 8 April 2012, the Company also provided opportunities for shareholders to submit their questions regarding any details of the meeting agenda, as well as any questions on material information regarding the Company. However, no shareholder submitted any of those questions to the Company during that period. During the meeting the Company exercised the voting rights of one vote per one share of common stock. Please note that at present the Company has only one class of shares, ordinary shares or common stock. The Company also arranged to have a live broadcast of such meeting on the Company's website (i.e. [www.scasset.com](http://www.scasset.com)) for its shareholders and other related parties.

### **To avoid occurrences of any conflict of interests, the Company prescribes as its policy to:**

- Prohibit the Company's major shareholders, directors, executives, and staff from taking advantage of their positions as the Company's major shareholders, directors, executives, and staff to obtain any monetary or non-monetary benefits, as well as other forms of benefits for themselves, or for their families, and for close associates. (Details of which appear in the "Conflict of Interests" Section of this annual report).

Discourage all its employees against making any related party transactions, except in such cases which can necessarily benefit the Company and only if they are duly allowed under the rules and regulations prescribed by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand; namely disclosure of information on name and relationship of related individuals, policies on pricing and valuation and the board opinions on transactions related to such policies. In addition, the Company also discourages interrelated transactions which could be deemed as actions of offering

financial assistance such as lending and providing credit guarantee to companies other than its own subsidiaries. In 2012, the Company neither performed any related party transaction nor acquired or sold its assets that are disallow/not in compliance with the rules and regulations prescribed by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand (Details of which appear in the “Procedures and Policies for Approval of Related Transactions” Section of this annual report).

- Prevents all its employees from undertaking any personal business that impacts corporate working-time and duties, and avoid any business transactions with the Company on a personal behalf, family behalf or transacting any business with the Company for any juristic entity which such employees having interest therein or conducting any business which competes with the Company’s activities.

The Company also requires its directors, executives, and employees to avoid or refrain from trading any of the Company’s securities during the one month period prior to the public announcement of its financial statements in order to bar any possible insider trading actions. The requirement is set in accordance with its prescribed good governance policy. In the event that there any occurrences of any incidents which could be regarded as a conflict of interest and related party transactions, the Company’s Board of Directors shall review each such incident with caution, and fully abide with the rules and regulations prescribed by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand. The pricing as well as the terms and conditions relating to any of the Company’s related party transactions shall be made on an arm’s length basis and details such as value, transaction party, reason and necessity of such transaction shall be disclosed in the Company’s annual report. The Internal Auditor Office and the Audit Committee are also assigned to oversee and manage any possible problems relating to any conflict of interests. The Company has established its policy guidelines on protective measures for the use of the Company’s internal information and to make certain that the measures are acknowledged and practiced. (Details of which appear in the “Rules for proper use of inside information” Section of this annual report).

## Role of Stakeholders

The Company has policy messages from the Chairman of the Board of Directors and business commitments from the Chairman of the Executive Committee that places emphasis on the importance of its role in the Corporate Social Responsibility (CSR), and the continuity of its policy doctrine that focuses on “Good Business Conducts, and Social & Environmental Awareness”. The Company placed its Sustainability Report on the Social and Environmental Activities as a part of this annual report (Details of which appear in the “Sustainability Report on the Social and Environmental Activities” Section of this annual report). It is also the Company’s strong belief that business should be conducted under good ethics and good governance. Good corporate governance should also be practiced with social & environmental awareness. All these factors are important elements for the continuity of added business value to the Company; in fact, these elements coexist and can become a powerful synergy that benefits business, society and environment. It can be initiated from a motive and conscience that is well developed within a business organization, and encouraged throughout the network of its business alliances. It is also a corporate policy to respect intellectual property and pattern rights, and not to participate in acts relating to the violation of human rights, to act against fraud and not to encourage payment of bribes for the Company’s business interests. The Company fully recognizes the rights of various groups of stakeholders, and properly prioritized their importance among all parties for both internal and external stakeholders, namely shareholders, employees, management, customers, trade partners, creditors, public, and society. The Company monitors the protection of all these stakeholders’ rights, as well as encourages their equitable treatment. Stakeholders can contact the Company’s Board of

Directors and directly make their suggestions or voice their concerns especially on issues which may cause damage to the Company to each of the board members via their address and emails (Details of which appear in the “Channels for Stakeholders to Contact, and Make Suggestions or Complaints to the Board of Directors” Section of this annual report), or contact the Investor Relations Department (Details of which appear in the “Disclosure & Transparency” Section of this annual report).

The Company also recognizes the support provided by various stakeholder groups in performing their roles and duties that help enrich the soundness and prosperity of the Company’s business. It also intends to offer fair compensation and equitable interests to all parties concerned. The disclosure of the Company’s roles in relation to its customers, staff, trade partners, shareholders, trade competitors, and society can be summarized as follows:

#### **Guidelines of Policy and Practice towards Shareholders:**

The Company intends to be a good representative of its shareholders in conducting its activities with honesty and good professional ethics. It manages its business with the ultimate objective of driving for a long-term sustainable growth in the Company’s value and complying with its promised corporate mission. It also aims to maximize shareholders’ economic satisfaction and to create a continued flow of good earnings to its shareholders, and respects its disclosure obligations in reporting accurate and transparent information to its shareholders whilst complying with following conduct:

1. Undertakes its duty with honesty and for the purpose of achieving maximized benefits to all shareholders, makes any decisions with integrity, prudence and fairness, as well as evenhandedly treating all shareholders the same; regardless of the fact that they are major or minor shareholders,
2. Oversees that the Company’s assets are in place, not misappropriated, or not improperly impaired in value.
3. Report the Company’s position to all shareholders; consistently, equitably, and completely as per factual conditions of the present and its outlook, both on the positive and negative points, and offer opportunities for its shareholders to add additional meeting agenda items, or nominate qualified candidates for any available director position, prior to the shareholders’ meeting date, while allowing its shareholders to submit their questions to the Company in advance of the shareholders’ meeting date via the Company’s website (Details of which appear in the “Shareholders’ Rights” Section of this annual report). The Company also regularly makes public release on its website encouraging its shareholders to visit its development projects.
4. Manages to excel in the Company’s operations and maintain its competitive edge to effectively and efficiently achieve its short and long term objectives.
5. Oversee that the Company’s executive directors and staff, or their families, or related persons, do not abuse the Company by exploiting any inside information for their own benefit, and/or acting in a manner that may lead to any possible conflicts of interests against the Company

#### **Guidelines of Policy and Practice towards Customers**

It is the Company’s policy to establish and publicly express a clearly defined and applicable policy on its equitable treatment and accountability towards customers, and particularly on its intention to attain customer satisfaction and trust, both of which are one of the most important success factors for its business. Therefore, the Company consistently searches for efficient and effective methods to satisfy its customer’s needs. In order to assure good long-term relationships with its customers, the Company set up the following business guide lines:



## 1. Products and services

- 1.1 Deliver quality products and services that are in line with or better than the customer's expectations, at a fair price. In this respect, the Company received various awards, namely:
  - The BCI Asia Top 10 Developer Awards 2012 from the BCI Asia Construction Information Co., Ltd. and the FuturArc Journal,
  - The outstanding real estate development honor for luxurious single home development - the award has been given to the Company for two successive years by the Agency for Real Estate Affairs (AREA). (Details of which appear in the "Assessment Scores and Rewards" Section of this annual report).
- 1.2 Supply its customers with adequate, accurate, and updated information to protect them from any possible misunderstandings on quality, quantity and conditions of such products and services without distortion of the relevant facts.
- 1.3 Contact customers in a courteous, proficient and trustworthy manner. Establish proper systems and processes to manage clients' complaints, quickly respond to clients' needs, and be committed towards clients' ultimate satisfaction.

## 2. Confidentiality of customer's information

Directors, management and staff of all levels will duly keep customer's information confidential and will not illicitly use such information for their benefit or for the benefit of any related parties. They will not disclose such information prior to the receipt of any proper approval from the customers or from the authorized personnel of the Company, except for information which is required for disclosure by law or under the relevant legal process.

## 3. After Sales Services

In an attempt to enhance sustainable growth of its business, the Company is committed to providing its customers with satisfaction and assurance. Its after-sales services and monitoring system that helps in creating a better customer relationship include actions such as:

- 3.1 Provide name lists and introduction of its service team to customers immediately after the transfer of the Company's property ownership to them.
- 3.2 Follow-up and regularly monitor customer's satisfaction. Assure safety and security of the dwellers in each of its developments by installing CCTV (closed-circuit television) video surveillance systems at the main entrance and exits. The actions has resulted in the continual close relationship between the Company, or the developer, and its customers who are its project dwellers even after the transfer of the responsibility of the Company as the developer of such development projects to relevant juristic persons which oversees the projects.
- 3.3 Review and properly correct problems and flaws during the warrantee period.
- 3.4 Monitor customer's satisfaction after any maintenances and repairs.
- 3.5 Organize joint social and environmental awareness activities to enhance closer relationships between the Company and its customers.
- 3.6 Provide contact channels for clients to make suggestions or report complaints on matters concerning the Company; either directly to its address or via it website address at [www.scasset.com](http://www.scasset.com), or to the Company's Independent Directors and the Chairman of the Executive Committee via their address and emails which are already posted in the Company's website.

The Company presently operates a customer relation management (CRM) system that helps provide needed information and solutions that best serve customers' needs. It regularly organizes free customer events and family gatherings that encourage building of a "quality" community. These events and gatherings include:

1. Various "SC Family" events for "SC development residents" such as
  - "Happy Mother's Day" with family style activity for mothers and their children that involve relaxation massages, vintage style nail painting, and archery lessons for children.
  - "2012 Children's Day" with funs & games.
  - "House Warming Day" with a Buddhist merit making ceremony, residents' activities and craft workshops.
  - "On Tour" program with sight seeing of the palace and listening to the sound of the waves at Hua Hin Beach, Prachuap Province
  - A "Movie Day" event for condominium residents in the Company's developments. The event also includes an informative program on 7 steps in the preparation process of transferring condominium ownership, as well as prize winning games.
  - "Bicycle Rally" event for homebuyers' families which includes rally games and D.I.Y workshops.
  - The "For Good to Great Living" event is organized to create closer and better relationships between the elected committee of the housing estate/condominium juristic body of the Company's development projects and the Company's management. The event also offers a forum for the exchange of opinions and a chance to participate in various entertaining activities.
  - "Happy Weekend" events to enhance closer relationships among family members of "SC development residents". The events included interesting programs such as a basic health check-up, a concert in the garden, craft workshops, and a maintenance check-up of the home electricity system and emergency lights.
  - "Home Health Check" program that included a maintenance assessment for home security systems, housing appliances such as air conditions, sanitary ware, and termite problems. The Company also invites development and a housing specialist to counsel and provide assistance to "SC development residents".
2. Activities for the Company's office building tenants such as "Fundamentals of Photographic Skills" training courses, fun and educational games and activities, waste sorting programs, and "Rak Loak, Ruam Jai Recycle" program which encourages the selling of recyclable items in the "exchange trash for cash" campaign.
3. Social charity organized in collaboration with the Company's employees and its office building tenants such as performing morning merit making and giving alms to monks in the morning on New Year's Day, Songkran Day, the annual "Religious Bathing" rites for the Buddha Image.

### **Guidelines of Policy and Practice towards Employees**

The Company regards its employee as the most valuable economic resource that greatly contributes to the Company's successful achievement. Therefore, it strongly promotes a good corporate culture and a supportive working environment. Team work, unity, and good working relationships are also encouraged. In 2012, the Company arranged various joint activities for its management and staff such as



performing morning merit making and giving alms to the monks in the morning on Songkran Day, performing the traditional Thai ceremony of pouring water on the hands of top executives and asking for their blessing. The Company treats its employees ethically and morally, and abides by its prescribed practice guidelines on workplace safety & hygiene procedures, staff remuneration, benefits, and provident fund. It also adheres to the following guidelines:

1. Treat employees with respect by being polite and respecting their individuality.
2. Offer staff remunerations which are higher than the legal requirement.
3. Provide equal opportunity and fair benefits to its staff in accordance with the company operating results; both on a short-term basis such as annual profitability, and on a long-term basis such as balanced scorecard performance measures. In addition to the basic monthly salary, staff are rewarded with an annual bonus paid in accordance with their work accomplishment and their achieved key performance indicators (KPI). At the beginning of each year, the Company and staff jointly set a relevant work accomplishment target, to indicate the expected key performance level to be used as the basis for calculation of staff annual bonus payments. The Company provides fringe benefits and organizes social activities for its staff such as an annual staff party for New Year with many lucky draw prizes. It also provides the employees and family with an assistance program that includes annual scholarships for employee's children and additional monetary assistance (in addition to the regular fringe benefits) to staff and their families (i.e. staff's parents, spouse and children) who suffered from the flooding.
4. Promotion, transfer, reward and punishment are made on fair justifications and based on employee's capability, knowledge and suitability under the provisions of the Company's established rules and regulations.
5. Listen to employee's proficient opinions and recommendations.
6. Establish a complaint process to assure fair treatment among staff and to protect them against any possible unfair treatment.
7. Form a committee to review any breach of good conduct or complaints, the process is established to assure fair treatment among all parties involved.
8. Emphasize employee's knowledge development and skill improvement, by consistently providing them with equal opportunities and continuity of internal and external knowledge development and training programs. The programs include staff proficiency training in fields such as work skills, technology, law, and staff fringe benefits. The Company also provides its employees with the chance to continue training, internally and externally, both domestically and overseas, to enhance their work proficiency and efficiency. The Company aims to encourage its staff to apply their acquired knowledge to their daily task or to improve their work performance, and intends to stimulate workplace collaboration and teamwork by organizing internal training and interoffice activities. In 2012 its staff had an average training hour of 19 hours per person.
9. Assure a work environment that supports the protection of life and property of the employees, and ensures the health and safety of the workplace, by clearly stating the importance of the employee's security and well-being in the employee's manual. The Company prescribes as its policy and implementation actions to take care of employee work conditions and security, as well as employee benefits and rewards; such as provident fund, medical benefits, dental care,

special living allowances for low income employees, an annual medical check-up, money wedding gift, monetary contributions for funerals, disaster relief money, life insurance, accident assurance etc. The Company also encourages its employees to continue making use of their entitled benefits to maintain a healthy and good quality style of living (Details of which appear in the “Guidelines of Policy and Practice towards Safety and Hygiene Policy” and “Guidelines of Policy and Practice towards Employee Remuneration and Benefits” Section of this annual report). Employees can access the relevant information via the Company’s intranet. The Company also paid attention to the mental wellness of its employees, particularly new recruits, by organizing the “Meet & Greet 2012” event for newly recruited employees to meet and get to know the management, creating better work relationships, building trust via openness, and encouraging closeness and cooperation between new employees who are from different working backgrounds. Additionally, the Company continues to support staff interests by forming various activity clubs for staff with appropriate common interests in sports and other hobbies such as a badminton club, a soccer club, sewing & handicraft club, a photographic club, and a yoga club. In 2012, in order to promote good ethics and morale for the staff, the Company also organized weekly sessions for meditation practice.

10. Lawfully abide to governing rules and regulations on employee.

Other than the earlier mentioned matters, the Company maintains its guidelines of policy and practices towards knowledge and competency enhancement of employees, by focusing on skills and thoughts for continual work improvement. It also supports creativity and innovative development.

In 2012, the Company applied a new competency framework to enhance staff’s knowledge, skill, and attributes in order to enable them to work effectively and drive the Company to achieve its planned targets of visions, missions and goals. Such framework includes:

(1) Components of Competency

- Knowledge
- Skills
- Attributes

(2) Competency Pattern

- **Core Competency:** can be defined as the core competencies for employees of all levels, regardless of their business functions and units, which they are required to have. They can also be referred to keys personal attributes of corporate members that include:

- (1) Sense of Ownership
- (2) Professionalism
- (3) Creativity
- (4) Teamwork
- (5) Customer Orientation

- **Leadership Competency:** can be defined as management skills that reflect leadership abilities in supervision and administration, which are the competencies that all executives are required to have and are prescribed in accordance with their corporate roles and responsibilities. They include:

- (1) Visionary & Strategic Thinking
- (2) Result Orientation
- (3) Problem-Solving and Decision-Making
- (4) People Management Skill

- **Functional Competency:** can be defined as competencies which include knowledge, skills, and personnel attributes that are necessary for each job function. The requirement scope is different depending on specific proficiency needed for each job function and work position such as engineers, sales managers, marketing managers, and accountants. The Company has always believed that employees are the most valuable resources of each corporate, and therefore it commits to consistently and systematically look after and develop its employees to enhance employee value and their self-motivation. The Company therefore prescribes the following human resource management policies:

### **Human Resource Management Policies**

- (1) Screening and selecting staff who are knowledgeable and skilled to work for the company
- (2) Supporting staff career advancement by clearly setting its employee development path and assuring that all levels of its employees are entitled to have systematic and continual career development path as planned so that they can efficiently perform their current work duties and be ready for the challenges of their future responsibilities and promotions.
- (3) Equitably managing its employees' wages, salaries and fringe benefits and offering comparable remunerations as other leading companies in the same business.
- (4) Applying a merit promotion system for salary increment and promotion, basing appraisal on an individual employee's knowledge, performance, and competency.
- (5) Employment consideration for any job vacancies shall begin with internal selection of existing staff that are knowledgeable, skilled, and basically qualified for the positions before recruiting any candidates from the outside.
- (6) Promoting teamwork spirit among employees and encouraging team collaboration in the office as if all employees are from the same family.
- (7) The Company deems that supervisors of all levels have their responsibilities to oversee their subordinates, motivate their team, and encourage knowledge and skill development of their staff so that they can work efficiently. Supervisors should also be role models for their people.

### **Safety and Hygiene Policy**

#### **Medical Care Benefits**

Employees are provided with a health insurance card from the health insurance company prescribed by the Company, and are entitled to the relevant benefit plan which covers medical and treatments costs in the participating hospitals under such plan for the amount not more than the prescribed limits, which vary according to work levels. Employees also receive dental care benefits in addition to their general health care package.

#### **Hygiene & Health Benefits**

In order to keep their employees healthy, the Company arranges an annual health check-up which is planned according to each employee's age bracket. It provides a nursing room at the workplace for office staff, whereas employees who work at development sites can request for basic medicines at the site office of such developments. The Company also provides a fitness room for its employee and building tenants.

In 2012 there were the following work-related injuries, leave entitlement and work-related illness:

- (1) Work-related injury: An employee had a work-related injury while he was travelling to work outside the office.
- (2) Leave Days (average number per employee/per day)
  - 2.1 Sick leave 226 persons; Number of leave days 829 days: Average day of sick leave per person 3.6.
  - 2.2 Leave of absence 230 persons; Number of leave days 631 days: Average day of leave of absence per person 2.7.
  - 2.3 Annual leave 325 persons; Number of leave days 1,991 days: Average day of annual leave per person 6.1.
- (3) Work-related illness: There was no employee who suffered from any work-related illness.

## Employee Remuneration and Benefits

### (1) Provident Funds

The funds are intended to create savings and security for employees and their families. Employees also receive tax credit, whereas the employee contribution amount is subject to their choice and their years of work. The rates of compulsory employee and employer contributions to the scheme are between 3% - 7%.

### (2) Loans

The Company coordinates with financial institutions and has agreements with some of them for employee loans under the following conditions:

- 2.1 These loans are available for full-time employees who have worked with the Company for no less than one year.
- 2.2 Borrowers must have a qualified income amount at the level as specified by the lending banks and the banks shall lend at the amount of no more than 80-90% the pledged collateral.
- 2.3 Repayments shall be made from the borrowers' payroll account, as per the lending bank's approval.
- 2.4 Loan amount shall be finalized by the lending bank, and subject to changes in accordance with the bank's lending rules.

(3) Social Security Fund; which is available in the event of illness and accident not related to work. The contributions to the fund are compulsory and made by employees, employer, and government.

(4) Visiting Gifts in the case of hospitalization or when an employee has delivered a child.

(5) Compensation Fund; which is available in the event of work-related accident and injury. Contribution to the fund by the employer is compulsory.

(6) Monetary Assistance; which is available for events such as marriage, disaster relief money, payment for funeral flowers and wreaths and sponsoring money for funeral ceremony. This monetary assistance is available for employees and their parents, spouses, and children etc.

**Guidelines of Policy and Practice towards Creditors:**

It is the Company's policy to recognize the importance of its creditors, and its obligated duties; whether to its financial institutions or trade partners. It always preserves its excellent credit worthiness by duly honoring prompt payment schedules to its lenders and trade creditors, and fully complying with all prescribed loan covenants. It also treats all creditors with equitability and fairness by observing the following practices:

1. Provide correct, relevant, and adequate information about the company to creditors for their accurate credit reviews.
2. Loan and credit proceeds from financial institutions or trade creditors are utilized in accordance with their prescribed lending purposes.
3. Promptly repay its debt obligations according to their prescribed repayment conditions.
4. Maintain the required debt to equity ratios as prescribed by institutional lenders.
5. In the event of any occurrences of any material adverse situations that might impair the Company's repayment capability, the Company shall promptly inform its lenders and shall jointly work out potential solutions with them to protect all parties against any possible damages.
6. Strictly comply with obligated conditions set by creditors and lenders.

**Guidelines of Policy and Practice towards Trade Partners:**

The Company set policies and practice guidelines for trade selection processes and commercial transactions that are based on fair and productive treatment towards all its trade parties, with emphasis on good conduct, rightfulness, legitimacy, and duly complying with governing trade conditions. Its policies and practices include:

1. Apply the same selection standards for all trade partners and contractors, while establishing a selection committee to administer the trade selection process to assure fair practices.
2. Offer the opportunity for new traders to work with the Company and develop their technical skills and new skills.
3. Provide correct and accurate information and reports
4. Refrain from demanding, taking or paying deceitful benefits to its trading counterparts.
5. Strictly comply with conditions prescribed in its agreements.
6. In the event that the Company cannot abide by any of its obliged conditions, it will promptly notify its customers about the situation and try to jointly search for remedies on the grounds of a good business relationship. In 2012, there were trade partners who faced circumstances which made them unable to carry on their business operations under the conditions as previously agreed with the Company. The Company assisted them by allowing certain renegotiation and offering its operational advice to its trade partners so that they were able to continue their business operations, and steadily continue their work with the Company.
7. Meet with trade partners who are the Company's contractors on a monthly basis to assure proper understanding of the work process to ensure benefits to all parties.
8. Clearly establish proper payment schedules for costs of goods and wages & service expenses, and promptly make payments in accordance with such prescribed schedules. The Company developed its supply chain system that allows its trade partners to quickly issue trade documents, settle the payments, and verify the accuracy and correctness of such transactions

via the system. This allows its trade partners to receive quick and correct payment amounts, which help improve their liquidity positions.

9. Oversee and assist trade partners in their working relationship with the Company and assure them of the Company's fair treatment.
10. Provide contact channels for trade partners to voice any potential unfair treatment that may arise during the working relationship with the company by reporting the incident to the Company's Internal Audit Department or directly submit the matter to the Company's Independent Directors or the Chairman of the Executive Committee.
11. Consistently organize annual social activities to promote a good working relationship with trade partners, and to jointly be involved in charity acts that benefit the society. (Details of which appear in the "Report on Social and Environmental Activities for Business Sustainability" Section of this annual report)

### **Guidelines of Policy and Practice towards Trade Competitors**

Fair trading practices are the Company's focal policy and an important code of conduct by which the company abides. The Company commits to promoting fair competition, transparency, non discrimination, and also to abide to legally prescribed trade agreements and conventions, principles of best practice, and internationally accepted trade rules and regulations. The Company practice guidelines are as follows:

1. Abide by generally accepted business framework.
2. Support and promote free and fair trade, refrain from any monopolistic attempts or from any restrictive efforts that might obligate its counterparts to solely trade with the Company.
3. Do not breach any confidentiality obligations or unlawfully and unethically obtain competitor's trade secrets.
4. Do not damage competitors' reputation by spreading harmful rumors.
5. Avoid entering into any trade agreement or action which may cause unethical competition, or trade monopoly.
6. Avoid competition by using unscrupulous methods such as spreading rumors, distorted information, or false information about competitors.

### **Fair Practices and Social Responsibility Policy**

By observing the doctrine of fairness in its business practices, and committing not to be lured by any illicit gains from wrongful business conducts, the Company creates business confidence and assures its stakeholders of its social consciousness. This best practice shall enhance its lasting business prosperity. It is the Company's philosophy to pursue a sustainable growth path, and therefore well-realizes that long run business survival requires quality products, professional integrity, public awareness and social contribution. The Company therefore adopts the following practice guidelines:

- (1) Avoid any actions which may result in any conflict of interest, or upon any occurrence of any conflict of interest shall apply the appropriate mediation process and fair dispute resolution, whereby proper disclosure shall consequently be made thereafter.
- (2) Promote competitiveness in free trade while avoiding any attempts at nepotism.
- (3) Do not support or encourage any misappropriation of intellectual property rights.
- (4) Set up management systems which assure protection against bribery and fraud, or instigate processes which can promptly detect any bribery and corrupt practices.

- (5) Inspire its staff to recognize the importance of avoiding acts of deception, intimidation, and all types of corruption.
- (6) Explore and comprehend governing laws and relevant regulations, prior to the undertaking of any business act or transaction, to avoid any possible business engagement that might impact on the existing community pattern or social way of life.
- (7) The Company consistently fosters moral and ethical behavior, social responsibility, and environmental awareness in all their staff in different positions. It also gives significant weight to trade counterparts who are fair-minded and have a good sense of social responsibility. (Details of which appear in the “Guidelines of Policy and Practice towards Staff Training on Environmental Issues” section of this annual report)
- (8) The Company places emphasis on compliance with government stipulated policies as well as actively participating in a social governance network. Its actions include complying with the new worker’s compensation scheme set by the government and offers no less than minimum wage to its workers, allowing the National Electronics and Computer Technology Center to install a closed-circuit television system (CCTV) in front of the Shinnawatra Building III to monitor traffic conditions on VibhavadiRangsit Road and Uttraphimuk Elevated Tollway.
- (9) In the event of any situations or news that is linked and related to the Company, it will promptly communicate to the public by disclosing facts and updating ongoing circumstances without any cover-up or distortion of truth, in order to make the public fully and quickly aware of the Company’s position.
- (10) The Company pledges and commits to creating residential products which support the environmentally friendly or “Green” concept, makes the best use of natural resources utilization, by selecting construction design, materials, and equipment which are of an energy saving nature for its development projects. It consistently supports various research works, developed both in-house and through cooperation with external efforts, to produce environmentally friendly or “Green” concept housings. Furthermore, its project designs are based on key elements of energy saving, global warming reduction, and waste treatment efficiency. In its development projects, water and waste treatment systems are installed in accordance with the required standard to treat waste water prior to its release into any public drainage system (Please refer to the details in the “Sustainability Report on the Social and Environmental Activities” section of this annual report).

### **Social and Community Development Policy**

The Company considers that a well-built community with ongoing development is an important foundation for a good and pleasant society. Therefore, it is the Company’s policy to support social activities and/or participate in community events which are supportive to community strength, and develop residential products that bring no potential adverse impacts to the surrounding community, while also avoiding being the cause of any source of possible pollution emission. It also actively engages in health and environmental improvement activities in the communities which surround its development sites and supports their social development to enforce the concept of amicable cohabitation and cooperation for mutual benefits among society members. The Company pursues the following practice guidelines:

- (1) Survey any communities close by and far from its development estates, to assess the possibility of any adverse impacts caused by the Company’s current and future operations, and apply such assessment to rectify/ improve its operations in order to protect the community and society against any direct or indirect damage and adverse conditions.



- (2) Support volunteer work that relates to the community and social development.
- (3) Help protect the community and social surroundings and make them cleaner and safer for peaceful cohabitation.
- (4) Support the basic infrastructure requirements of the surrounding community and society such as schools, health care centers, roads etc.
- (5) Support and participate in charity work such as organization of activities which promote righteous acts, and reduce unethical activities in order to maintain a virtuous lifestyle under the sufficiency economy doctrines.

The Company carried out many internal measures and procedures that indicate the assurance of its proper business conducts which are beneficial to both the economy and society. It also allowed company and site visits by the media & press, security analysts, domestic and foreign institutional investors, financial institutions, university faculties & students, etc. , as well as providing overview presentations on the real estate industry and orientations on the “Management Technology and Product Concept” for development projects of the Company and its subsidiaries. It also emphasized the importance of safeguarding of public interests and a better quality of life in the Thai society by participating in community development programs and charitable attempts in order to give something back to society (Please refer to the details in the “Sustainability Report on the Social and Environmental Activities” section of this annual report).

### **Business Operation under Environmental Standard Policy**

The Company realizes that the global population increase and economic growth has not only caused excessive consumption of natural resources, but has also increased water, air, waste, and toxic pollution. In addition, global warming also impacts human beings and the ecology system. Therefore, the Company believes that it is the joint duty of all parties as a part of required collective social efforts to support improvement in the quality of life and environmental management. The practice guidelines are:

- (1) Arrange to have an appropriate environmental management system while undertaking construction management for residential projects and regularly monitoring the outcome. Encourage additional studying and learning on environmental aspects such as the ecology system, global warming, pollution etc.
- (2) Apply technology and production processes which are qualified under the environmental standards and pay attention to the reduction and treatment of waste prior to its release back to nature.
- (3) Use natural resources efficiently while being aware of energy saving and recycling measures.
- (4) Develop products/services which carry no environmental impact and are safe to use.
- (5) Provide staff and the public with information on any environmental impact, safety, and health care issues.
- (6) Encourage customers to be aware of any environmental concerns on the utilization of the Company's products and services.
- (7) Provide knowledge and training for staff on environmental impact, safety, and health care.
- (8) Have an emergency plan that can respond to potential environmental problems, with prompt reporting procedures to concerned governing authorities in the event of such emergency.



- (9) Promote and encourage all stakeholders including customers, trade partners, employees, and communities which surround the Company's office premises and development sites to be concerned and aware of the importance of the environment and induce them to assist the Company in its environmental conservation efforts and to promote all aspects of sustainable development.

The Company upholds internal measures and practice methods which reflect its ideological emphasis on conducting business operations which take into account concerns for the environment, by actively promoting the importance of environmental conservation (Please refer to the details in the "Sustainability Report on the Social and Environmental Activities" section of this annual report).

### **Guidelines of Policy and Practice on No Violation of Intellectual Property Rights**

It is the Company's policy to support recommendations from the Corporate Governance and Social & Environmental Responsibility Committee, as well as suggestions from management and staff on practice guidelines on corporate social responsibility, by applying the concept of corporate social responsibility and adopting the ethical moral of equality in doing business. These conducts brings confidence to the Company's stakeholders and support its long-term business path. The Company shall not be tempted by benefits from engaging in any unethical activities. The first principle in its Code of Ethics underlines the respect for intellectual property rights which rule out its support for any violation of intellectual property rights of others, whether they are infringements of copyright, trademark, trade secrets, and other aspects of intellectual property entitlements. Regarding the compliance of its respect for intellectual property rights, the Company undertakes the following actions:

- (1) The Company always supports and promotes innovative creation of new products including architectural work, housing patterns, and condominium designs, with no violation of copyright rights of others.
- (2) The Company regularly reviews that information, data, press release, and printed materials utilized for its business purpose are not in violation of the copyright work of others. If so it will respectively comply with their terms and conditions of use.
- (3) The Company shall not wrongfully use information, data, press release, printed materials, and trade secrets, or make use of them without the proper lawful authorization of their owners.
- (4) If the Company utilizes information, data, press release, and printed material which belong to others, it will refer to their sources or make known of their owner's names, or provide the links to the original thereof.
- (5) The Company shall not disclose information of its trade partners, customers, and stakeholders, without being authorized by their respective owners, unless according to its due compliance with laws, rules, and regulations of the relevant authority, or directives of a government agency, or court orders.

Other than the stipulation of its ethical principles on the respect for intellectual property rights, the Company also prescribes the following guidelines of policy and practice towards the safeguarding of the Company's information and information system, aims for corporate benefit and protection, particular with regards to the use of various computer software applications in the workplace by Company staff.

- (1) The Company prohibits and does not support any illegal use of unlicensed computer software applications by executives and staff.

- (2) The computer software applications installed on all its staff workstations are duly licensed.
- (3) If there is any need to install any additional software applications on any staff workstation, a written request must be made by the staff that needs such an application to the Information Technology Department. The Department will examine the appropriateness and correctness of its application and license prior to the installation thereof.
- (4) The computer software stated in the above Clause (1) and (2) are legally purchased by and licensed to the Company. The Company's Information Technology Department is responsible for their proper installation and monitoring.
- (5) For any particular software applications especially requested by any department for the course of their work, a formal request for purchase approval of such software license must be made and upon approval, the Information Technology Department shall be informed in writing of its purchase and installation.
- (6) The Information Technology Department must be informed of any hard disk formatting request, and shall be the party in charge of such formatting. No staff is allowed to install new computer software, format hard disks, or upgrade any software application by themselves, as the action may incur software license problems and computer security threats.
- (7) It is prohibited to install any hacking & tracking tools or any decryption software. Proper monitoring of data protection system is encouraged.

### **Guidelines of Policy and Practice towards Staff Training on Environmental Issues**

The Company pays attention to the importance of environmental protection and regards this issue as a key element in its business conducts. It places emphasis on two focal aspects which are (1) being environmentally friendly and (2) workplace safety, these concepts are well-applied to cover its corporate, employees, customers and trade partners.

As for its employees, the Company highlights the value of an eco-friendly spirit. In order to achieve its expected pledge for environmental protection, the Company consistently arranges appropriate skill enhancement programs for its staff, in-house and externally, to develop their ecological knowledge and environmental awareness, as well as undertaking the following activities:

- (1) Provides relevant environmental training for staff such as energy saving technology, energy conservation, and "green" energy choices.
- (2) Promotes measures and activities which encourage its staff to use natural resources efficiently and reduce energy consumption through the 3Rs policy; reduce, re-use and recycle. These measures and activities include substituting the printed copies of staff salary payment slips with an electronic version, using energy saving light bulbs in the Company's office buildings, reusing paper by printing or writing on the reverse side of paper that has been used already, and applying the use of garbage separation rules.
- (3) Cooperates with the Shinawatra University in providing scholarships for innovative development of energy saving housing projects, which include site planning, housing design, material selection etc. The Company also sends their staff to closely work and share experiences with the university research team.
- (4) Organize "Birthday Activity" projects every two months for employees to join in the Company's "SC Loves to Share" projects and participate in "construction of check dams" program which is a program under the Royal Initiative of His Majesty the King.

- (5) Supplies customers and staff with academic knowledge on energy saving in its corporate publication on topics such as ways to save electricity, and how to extend the battery life of mobile phones, smart phones, and tablets.
- (6) Provides personnel who are specialists in environmental safety in the office to create a safer working environment.

### **Guidelines of Policy and Practice for Prevention of Corruption**

It is the Company's policy to prohibit its directors, executives and staff to exploit their positions for self or family benefits, or for benefits of others, whether such benefits are in monetary terms or in any other form. The guidelines are as follows:

- (1) Prohibits its directors, executives and staff of all levels to receive any monetary or personal rewards offered by the Company's customers, trade partners, or any other individuals for the work they perform on behalf of the Company.
- (2) Prohibits its directors, executives and staff of all levels to borrow or raise funds from the Company's customers and counterparties, except that when such borrowings represent loans from their banks or financial institutions of which they are customers.
- (3) Prohibits its directors, executives and staff of all levels to accept any presents with a value exceeding that of generally acceptable practices.
- (4) Directors, executives and staff of all levels have duties and responsibilities to safeguard and make best use of the Company's assets for its corporate benefits and shall not exploit the use of such assets for their own benefit, or for the benefit of others.
- (5) Prohibits its directors, executives and staff of all levels to participate in unfair treatment or to extend preferential treatment to the Company's trade partners.
- (6) In the event that any of the Company's transactions or business its directors, executives and staff have any personal interest or are personally involved in, their involvement must be reported to the Company and they must also withdraw themselves from such transactions or business.

In addition to the practice guidelines stipulated by the Company against internal fraud and bribery, it also prescribes the practice guidelines for its directors, executives and staff of all levels which prohibit them from participating in any act of corruption outside the organization. To adhere to its transparency, business integrity, and fair treatment, the Company will not participate in bribery or undertake in any illegal acts to achieve its business goals and

- (1) Prohibits its staff from using the Company's reputation, assets or work time to support any activities that generate personal benefits.
- (2) In seeking support from other organizations, particularly from any government agencies, the Company shall follow their normal applicable rules and procedures, and shall not be involved in or support any bribery.
- (3) In maintaining a relationship with outsiders via entertainment and reception, or offering of company's products, the actions shall be taken in a reasonable manner and in accordance with generally acceptable practices for such occasion and tradition, and the value thereof shall not be too lavish and can be accounted for.

## Policy against the Bribery of Government Officials

Corruption is a major problem which erodes economic and social stability. Therefore, combined efforts from all economic and social sectors are required for its reduction and elimination. In the course of the Company's business, it is normal to contact relevant government agencies which administer real estate development. In the process of obtaining various official construction approvals, the Company prescribed its policy against corruption by not supporting bribery to government officials and promoting ethical values and an anti-corruption spirit within its organization. It also encourages its executives and staff to respect fair trade, honesty, and integrity. The Company, in collaboration with other economic and social sectors, supports actions or activities against corruption aiming to get rid of corruptive endeavors through the following practices:

1. The Company shall not support any direct or indirect payment of bribery to government officials for obtaining its business targets.
2. In order to avoid the opportunity for any bribery request, the Company shall duly operate its business in compliance with rules and regulations of laws.
3. In the event of any business mistakes, the Company shall lawfully rectify its mistakes in accordance with rules and regulations of the law, and avoid bribing its way out.
4. The Company willingly complies with rules and conditions prescribed by government agencies aiming to fight against corruption and wrongful acts of government officials. For instance, in the event of it becoming a counterparty of any government agencies, it shall make proper disclosures to the Revenue Department of its payment accounts for the projects in which it participates as a counterparty in accordance with the prescribed conditions of the National Anti-Corruption Commission in order that its accountability and tax calculation and filing can be reviewed.
5. The Company has set its policy on entertainment and gift offering to government officials which prescribes that such entertainment and gifts shall not be too lavish, morally wrong, oppose traditional customs, and is appropriate with celebratory occasions (such as new year greetings) and within the framework of lawful practice.
6. The Company promotes ethical and professional values among executives and staff in its organization, and makes known that bribery is an abusive act of social exploitation that cannot be a cause of sustainable business achievement.

## Policy on Ethical Awareness of Executives and Staff against Corrupt Practices

The Company realizes that corruptive acts can harm the organization and society as a whole. Therefore, in order to induce ethical awareness against fraud while promoting operational efficiency, quality work, and integrity, the Company prescribes the following practice guidelines:

1. Disseminate knowledge about the harm of fraud and corruptive acts and their impact on themselves, family and society.
2. Organize activities that congratulate and praise executives and staff who are conduct themselves well, and are hardworking, and honest.
3. Arrange activities such as group meditation and religious teachings for executives and staff to participate and encourage them through these activities to pursue ethical conduct and avoid dishonest acts.

In 2012, the Internal Audit Office had assessed the risks from corruption and found no significant corruption risk to the Company's business and the Company also prescribed guidelines of practice for internal control systems in the information and technology system, as well as the work process that functioned as protective measures that oversee and control the occurrence of such risk. The Internal Audit Office also followed up on risks on previous corruption cases or made an analysis on a potential corruption risk. The assessment results assured that the Company had sufficient internal controls.

### **No Violation of Human Rights Policy**

The Company puts emphasis on human dignity and fundamental human rights. These beliefs are the Company's key pillars in its human resource development that results in equitable treatment of its employees and stakeholders. This fair treatment creates a better workplace environment, as well as enhances ethical spirit and cooperative efforts among individuals within and outside the organization, which in turn helps support staff creativity and a service minded attitude.

Human resource development adds value to business and is a crucial element of value creation and productive enhancement. The Company therefore consistently improves the workplace environment and provides better work conditions for their staff, provides them with opportunities to express their competency and prospects of quality life, and chances for skill training. The practice guidelines for human rights are as follows:

- (1) Support and respect human rights protection by regularly monitoring that the Company does not engage in business conducts which violate any human rights, such as the use of forced labor and any illegal foreign workforce, child labor, and sexual harassment etc.
- (2) Encourage its executives and staff of all levels to freely express their opinions and views to directors or top management.
- (3) Arrange workplace hygiene and occupational safety such as the implementation of pollution controls in the work process, promotion of health standards in the workplace, and the proper application of safety measures against accidents and diseases.
- (4) Promote skill and proficiency training to staff and offer them learning opportunity and appropriate career advancement.
- (5) Provide fair and appropriate employment conditions for staff and offer suitable remuneration that match their competency.
- (6) Provide access to appeal process against any unfair treatment. A disciplinary committee shall be formed to investigate any misconduct case, in accordance with the Company's prescribed process prior to any imposition of any disciplinary penalty.
- (7) Provide welfare benefits to the staff, of at least no less than the minimum legal requirement, such as annual leave, a suitable overtime schedule, and a relevant medical care scheme.
- (8) Encourage employees to maintain a good balance between their career and personal life, to be ethical, to follow the good philosophy of sufficiency economy, while motivating them to participate in social volunteer activities, and promote staff's religious practices, on an unbiased basis.
- (9) Provide whistleblower protection for staff who honestly report inappropriate actions in the workplace to the Company's management or relevant government agencies.
- (10) Provide the staff and the employee representatives with accurate operational results and business status of the Company.

- (11) Support a two-way dialog and cooperation between employer and employee, and the employee representatives in order to improve the quality of the workplace.
- (12) Treat staff personal information with discretion and confidentiality, and refrain from disclosing, disseminating, or using this information without their prior permission, except when such disclosure is made due to enforcement of laws, court orders, official directives, or when such disclosure is for the benefit of human resource management.
- (13) Offer fair opportunity to all staff; do not discriminate against race, religion, sex, skin color, nationality, disability in making employment decisions, or job evaluation.
- (14) Prescribe as a normal practice guideline that work instructions, administrative orders, and job interviews shall not be made by using improper words, or inappropriate gestures that pose a threat or incite others.
- (15) Encourage staff to respect another person's rights and when communicating with others do not speak, write, or make gestures by using aggressive, abusive, improper, threatening, accusing or negative words and expressions.

### **Guidelines of Practice on Corporate Communications**

The Company clearly prescribed its policy on dissemination of information by its executives and staff via media channels as follows:

1. The Chief Executive Officer and the Deputy Chief Executive Officer shall be the persons who make releases of information on policies, business overview, vision, management, branding and corporate public relations.
2. The Chief Operating Officer shall be the person who makes releases of information on assets for sales, new projects, development concepts for each proposed project, market movement, related industry, customer relationship management, and corporate social responsibility.
3. The Chief Financial Officer shall be the person who makes releases of information on assets for rent, financial aspects, investment, customer relationship management, and corporate social responsibility.

The Chief Executive Officer or its Chief Financial Officer of the Company reports its operational results to the public on a quarterly basis via press conference and press release. Provision of corporate information to the public is undertaken with due care particularly on information which can be misinterpreted or possibly induce material impact on its share prices.

The Company's shareholders and stakeholders can request needed information from the Investor Relations Unit, and from the Company's website. The information provided is accurate, comprehensive and transparent (Please refer to the details in the "Disclosure and Transparency" section of this annual report)

### **Disclosure and Transparency**

The Company pays attention to disclosure of information and transparency which can be observed from the disclosure of its corporate structure, major shareholders structure, and ratio of minority shareholders. (Details of which appear in the "Structure of the Company and its Subsidiaries" and "Structure of Shareholders" section of this annual report). It also prescribes good governance that established clear communication strategies in relation to all relevant parties, particularly to outsiders and

stakeholders. The Company's Corporate governance policy is approved by the Company's Board of Directors. The Company also sets a comprehensive guideline on roles, duties, and responsibilities of the subcommittees, which are the Executive Committee, the Audit Committee, the Nominating and Remuneration Committee, the Risk Management Committee and the Corporate Governance and Social & Environmental Responsibility Committee, which was established under the Company's board resolution made on 12 January 2011, as well as the profiles of the board and committee members/directors, executives, advisors, persons with controlling interest, Chief of Internal Audit, and the Company's Secretary. Their profile information and shareholding position are provided in this annual report (Details of which appear in the "Details of Directors, Management Team, Advisor and Controlling Persons and Head of Internal Audit, and Company Secretary and Head of Compliance" section of this annual report). It also disclosed the number of meeting attendance of each board member during the past year's board meetings and the number of meeting attendance of each subcommittee member during the past year's subcommittee meetings (Details of which appear in the "the number of the Board of Directors Meeting and Committees Meeting" section of this annual report).

The directors' past year performances were presented in each of the Reports of the Subcommittee. The Company fully complied with the required disclosures prescribed for a public listed company, and provided information such as disclosure of related transactions which also included lists of party names, relationship, transaction nature, terms, pricing policies, and transaction values. In each board meeting the Company requires all its board members and executives to provide an update at the meeting with their reports of the acquisitions and sales of the Company's shares, and to report the potential conflict of interests of directors, executives, and related persons (Details of which appear in the "Report of acquisition or disposition of Company's security (SC)" and "Report on Interest of Directors, Executives, and Related Persons" sections of this annual report).

The Company established a clear and transparent remuneration policy for its directors. It is in accordance with the industry norm for companies with similar status and at the amount high enough to adequately reward, motivate and retain its directors who possess relevant and required qualifications. Director remunerations are reviewed and proposed by the Nominating and Remuneration Committee for approval by shareholders' resolution. The management's remuneration is set in accordance with corporate performance and individual achievement (Details of which appear in the "Remuneration" section of this annual report).

Remunerations for the chairman of the Executive Committee/Managing Director are made on the basis of transparency under a fair and accountable consideration process. Remuneration decisions are based on individual performances as well as the overall performances of the Company. A performance appraisal process is undertaken by a sub-committee assigned to assess the performance of the Chairman of the Executive Committee, who is the Company's highest ranking management officer. The members of this sub-committee consist of:

- (1) The Chairman of the Board of Directors (An Independent Director)
- (2) The Chairman of the Audit Committee (An Independent Director)
- (3) The Chairman of the Nominating and Remuneration Committee

The assessment result is submitted to the Nominating and Remuneration Committee for their consideration of an appropriate monetary remuneration scheme; the outcome thereof shall then be proposed to the Board of Directors for their approval (Details of which appear in the "Performance Appraisal for the Chairman of the Executive Committee" Section of this annual report).



## 1. Monetary Remuneration

- 1.1 As at year end 2012, the members of the Board of Directors, totally received an annual directorship remuneration of Baht 6.97 million\* for their roles and duties as the Chairman, Board members and independent directors.

(Unit : Thousand Baht)

Name	Board of Director	Executive Committee	Audit Committee	Nominating and Remuneration Committee	Corporate Governance and Social & Environmental Responsibility Committee
1. Mr. Rath Kitivejosoth	2,300				
2. Mr. Kunodom Tharmmaphornphilas	570		200	40	
3. Ms. Naengnoi Na Ranong	570			50	
4. Mr. Precha Sekhararidhi	570		160	40	50
5. Ms. Phensom Damapong	570	280			40
6. Mr. Nathpath Ouajai	570	280			
7. Mr. Prasert Samanawong	520		160		
<b>Total</b>	<b>5,670</b>	<b>560</b>	<b>520</b>	<b>130</b>	<b>90</b>

- \* This remuneration composed of salaries, bonus and meeting allowances (but excluded remuneration paid to a director for his/her roles and duties as the Company's executives).

- 1.2 The six\* members of the management team received total management's remuneration (salaries, bonus, provident fund contribution, and other allowances) of Baht 62.12 million.

(Mr. Nattapong Kunakornwong is a new member of the Company's Board of Directors who was appointed as a director/ a Member of the Executive Committee/ an authorized director/ and a Deputy Chief Executive Officer of the Company, effective as at 1 March 2012. This resulted in the changes in 2012 of name list of the top 4 positions of the Company's executives and reduced the number of executives on such list from 10 persons in 2011 to 6 persons in 2012).



## 2. Other Remunerations

The Company planned to issue its stock options and offer them to its directors and staff under the employee stock option scheme with the purpose of motivating and compensating its directors and staff for their contributions, as well as encouraging them to maintain a long-term career with the Company in order to maximize the benefits to the company. The Company has offered these option schemes to its employee every year for the past five consecutive years, and has requested the approval from the Shareholder's Meetings every year for these option schemes. As at yearend 2012 there are three ongoing schemes, details of which are summarized as follows:

Details	Scheme 3	Scheme 4	Scheme 5
Quantity Offered (Unit)	2,700,000	2,700,000	2,700,000
Offering Price (Baht)	0 (Baht)		
Duration	Not exceeding 5 years from date of issue		
Exercise Ratio	1 : 2	1 : 2	1 : 2
Strike price (Bath per share)	5.00	7.545	5.00
Grant date	3 April 2008	3 July 2008	22 April 2009
Exercise Period	<p>The Company's Directors and staff can exercise their options to purchase the Company's common shares as per the following conditions:</p> <p><b>1<sup>st</sup> year :</b> The Company's Directors and staff can exercise their options to purchase the Company's common shares at the amount of no more than one third of the total amount allocated to each of them at the end of the 1 year period counting from the date of issue and this exercise right is valid until the expiration of the options.</p> <p>If the number of the common shares calculated from an exercise ratio of the granted options results in any odd lot amount in excess of the board lot of the underlying shares, such odd lot amount shall be carried forward to the next year.</p> <p><b>2<sup>nd</sup> year :</b> The Company's Directors and staff can exercise their options to purchase the Company's common shares at the amount of no more than one third of the total amount allocated to each of them at the end of the 2 year period counting from the date of issue and this exercise right is valid until the expiration of the options.</p> <p>If the number of the common shares calculated from an exercise ratio of the granted options results in any odd lot amount in excess of the board lot of the underlying shares, such odd lot amount shall be carried forward to the next year.</p> <p><b>3<sup>rd</sup> year :</b> The Company's Directors and staff can exercise their options to purchase the Company's common shares at the remaining amount allocated to each of them at the end of the 3 year period counting from the date of issue and this exercise right is valid until the expiration of the options.</p> <p>If the number of the common shares calculated from an exercise ratio of the granted options results in any odd lot amount in excess of the board lot of the underlying shares, such odd lot amount shall be carried forward to the next year.</p>		
Exercise Intention Notification Period	The exercise intention can be made during a period of the last five business days of each month, except for the case in which the exercise intention previously made in the last exercise intention notification prescribed that the present exercise intention notification period be within fifteen days prior to the exercise date .		
Exercise Date	9.00 a.m. to 4.00 p.m. of the last business days of each month until the expiration of the options.		

Directors and staff who were entitled to allocations over 5% of the total issuance units of the option program.

Name	Scheme 3		Scheme 4		Scheme 5	
	Unit	%	Unit	%	Unit	%
1. Ms. Yingluck Shinawatra*	1,000,000	37.03	1,000,000	37.03	900,000	33.33
2. Mr. Pornchai Sriprasert **	175,000	6.48	175,000	6.48	175,000	6.48
3. Mr. Attapol Sariddipuntawat	175,000	6.48	175,000	6.48	175,000	6.48
4. Flight Lieutenant Kree Dejchai	-	-	175,000	6.48	175,000	6.48

\* she was resigned from the Company since 30 June 2011.

\*\* He was retired from the Company when he was 60 years old in 2009.

The Board of Directors of SC Asset Corporation Public Company Limited is responsible for the financial statements and the consolidated financial statements of the Company and its subsidiaries including all other financial information that appears in its reports. The financial statements are prepared in accordance with generally accepted accounting principles, applying appropriate and consistent accounting policies with careful and accurate estimations. The Company has properly and transparently disclosed all important information in the notes to the financial statements for the benefit of shareholders and investors.

The Board of Directors has provided and maintained appropriate and efficient internal control systems to ensure that the accounting records are accurate, complete and protect its assets and adequate to prevent any fraud or materially irregular operation.

In this regard, the Board of Directors has appointed the Audit Committee to review the accounting policies and quality of the financial reports, internal controls and internal audit system. The Audit Committee's opinion appears in this annual report.

The Company's Auditor, namely SAM NAK-NGAN A.M.C. Co., Ltd. has audited the financial statements and the consolidated financial statements of the Company and its subsidiaries. The Board of Directors supplied all relevant information and documents to the Auditor to allow them to express an opinion in accordance with generally accepted accounting standards. The Auditor's opinion is presented in the auditor's report as part of the annual report. In 2012, the Company had no record of receiving any order from the Security and Exchange Commission and the Stock Exchange of Thailand to revise its financial statements.

## Review of Auditors' Fee

The Audit Committee shall review the appointment of the Company's auditor and determine the auditor's fee to be proposed to the Board of Directors for their approval prior to present it for further approval to the Meeting of the Shareholders.

In 2012 the auditor's fee comprises of:

### (1) Auditors' Fee

- The Company paid Baht 905,000 (Nine Hundred Five Thousand Baht Only) for the auditing of its 2012 financial statements, and the Company's subsidiaries paid Baht 480,000 (Four Hundred Eighty Thousand Baht Only) for the auditing of their 2012 financial statements.

## (2) Other Auditors' Remuneration

- None -

The Board of Directors views that the Company's overall internal control system of the Company is satisfactory and can reasonably ensure that the financial statements and the consolidated financial statements of SC Asset Corporation Public Company Limited and its subsidiaries for the year ending December 31, 2012 are reliable, and prepared in accordance with generally accepted accounting principles, and comply with all relevant and applicable rules and regulations.

The Company recognizes the importance of providing investors and concerned parties convenient, thorough, and equitable access to the Company's information. It also makes correct, complete, transparent, thorough, equitable, and timely disclosure of information which includes financial information, operational results, and any other information that investors and concerned parties can use in making their investment decisions. It disseminates the information through the Stock Exchange of Thailand various distribution channels and information services, press releases, analyst meetings, overseas road shows, annual report, as well as on the Company's web site in Thai and English versions. The information includes nature of business, financial statements, public relation news, shareholders' structure, organization structure, committee and subcommittee profiles, management profiles, investor relations information, annual report, and meeting notifications. The Investor Relation Unit is also set up to provide assistance and convenience to shareholders. The unit arranges investor relation plans in advance to make useful information, news, and public relation release available for investors, shareholders, analysts, and the general public. It also arranges quarterly presentations of corporate results and operational performance to analysts, institutional investors and financial institutions, media, and press conferences, as well as supplying relevant disclosure of information to the Stock Exchange of Thailand. All the actions are undertaken to assure that the company has fully complied with rules, regulations, and applicable laws.

## Investor Relations Unit

Interested parties can directly contact the Company's Investor Relations Unit for required information at SC Asset Corporation Public Company Limited 1010 Shinawatra Tower III, 20<sup>th</sup> Fl., Viphavadi Rangsit Rd., Chatuchak, Chatuchak, Bangkok 10900 telephone at Tel. 0-2949-2344 and 0-2949-2325 or by e-mail at address [ir@scasset.com](mailto:ir@scasset.com) or at the Company's website: [www.scasset.com](http://www.scasset.com) for further information search.

## Responsibilities of the Board

The Company emphasizes equitable, prompt, fair and transparent disclosure of sufficient information to shareholders, investors and related parties. It is the Company's policy to appoint an independent director to hold the position of the Chairman of the Board of Directors with qualifications as prescribed by the Stock Exchange of Thailand. This position cannot be held by the same person as the Chairman of the Executive Committee for the purpose of check and balance. The Chairman of the Board of Directors shall also have no relationship with the management. In order to assure efficiency, transparency, and lawfulness, as well as full compliance of the corporate activities and its good governance, all board members are encouraged to freely express their opinions regarding the Company's business operations. Additionally, there is a clear segregation of duties and responsibilities among the board members and the management team (Please see details in Management and Management Team topics). In the past year, the Company has lawfully conducted its business activities and did not perform any acts of seriously breaching any regulatory compliance.

The Board of Directors performs its annual self-assessment and jointly assesses the annual performance of the Company's top executives, whilst reviewing outcomes and problems for rectification and improvement. The information is also applied to determine relevant remuneration (Details of which appear in the "The Board of Directors' Performance Assessments" and "Performance Appraisal for the Chairman of the Executive Committee" sections of this annual report).

In addition, the Company sets successor plans for its top executives to be well prepared for in the event in which its current top executives could not perform their duties. (Details of which appear in the "Preparation of Successor Plan for Management and Top Executives" section of this annual report) The Company also appoints the Company's Secretary to provide advice on aspects such as legal, as well as rules and regulations of which the Board of Directors should be aware. The Company's Secretary also oversees the board's activities and coordinates to have the resolution be implemented. Roles and duties of the Company's Secretary are herein disclosed (Details of which appear in the "The Board of Directors' Performance Assessments" and "Head of Internal Audit, and Company Secretary and Head of Compliance" sections of this annual report).

The Board of Directors has a structure that complied with the Company's Regulation, Clause 18 which prescribed that the Company shall have no less than 5 (Five) members and no more than 15 (Fifteen) members in its Board of Directors., no less than half of the total board members shall have their residency in the Kingdom of Thailand, all of them must be individuals possessing qualifications as prescribed by the law, and the Chairman of the Board of Directors must be an independent and non-executive director because of the required duties and responsibility of the position. It is also the Company's policy that the board members shall comprise of individuals of diversified skills, proficiency, specialty, and genders. There are rules and procedures for appointment of new board members (Details of which appear in the "Selection of Directors" section of this annual report). The number of independent directors on the board shall be in accordance with the notification of the Capital Market Supervisory Board (CMSB) Ref.No.TorJor. 4/2552 on 25 February 2009 which prescribed that a public listed company shall have the number of its independent directors at no less than one third of the total board members, but shall in any case be no less than the total number of 3 independent directors on the board.

At present there are nine board members on the Board of Directors which include top executives who are not employees or partners of the Company's external auditors who served the Company for the past two years. In the current Board of directors, there are two non-executive directors who possess work experience that related to the Company's business activities (Details of which appear in the "Non Executive Directors' Meeting (Independent Directors)" section of this annual report). Four out of the nine board members on the Board of Directors are independent directors. This provides a check and balance and review mechanism for the Company's business management, as independent directors are deemed not to work on the basis of possessions, benefits or positions, not subject to influence of any individual or groups, and no situations which compel them not to express their free opinion. There is one director on the board, Ms. Naengnoi Na Ranong who used to be an authorized director with authorized signatory powers to act on the Company's behalf and is considered as having management participation in the Company. This director was released from her post as a director with authorized signatory on 28 February 2012, which is still less than two years and thus she is not considered as an independent director. The Company defies the definitions of "independent" for a director, roles and duties of independent directors, qualification of independent directors, all of which are defined by applying the minimum benchmark prescribed by the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand (Details of which appear in the "Independent Directors" section of this annual report). In addition, the Company also discloses the year of their assuming the directorship for all directors (Details of which appear in the "Details of Directors, Management Team, Advisor and Controlling Persons" section of this annual report).

The Company has five subcommittees to assist the board in governing its business namely the Executive Committee, the Audit Committee, the Nominating and Remuneration Committee, the Risk Management Committee, and the Corporate Governance and Social & Environmental Responsibility Committee. The Company clearly states responsibility, profile, qualification, and number of subcommittee members, as well as the number of the meeting attendances of relevant directors in each subcommittee (Details of which appear in the “Management” section of this annual report).

The Board of Directors arranges to have the Board of Directors’ Responsibility for Financial Reporting presented next to the Auditor’s Report in the Company’s financial statements and oversees to have the Company’s operations conducted in according to applicable laws, rules and regulations. It also set up a Compliance Unit. In the past year, the Company made no actions that were serious offenses, no violation record of breaching any laws, rules, and regulations of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand. It also prescribes policies for executives and staff for their participation in forming the Company’s visions and missions in order for them to have common goals that can be regularly reviewed. The Company reviews its missions or performance target every year to be in line with its business plan, and arranges to have its corporate governance policies that provide governance guidelines, roles and duties of the board members. The Board of Directors shall be the policy initiator who participates in the preparation and the authorization of corporate policies. The policies shall then be disseminated to all its executives and staff for acknowledgement and common understanding. The corporate governance policies also include its corporate philosophy, best practice, and business ethics, which are the basis of its day-to-day business practices and conducts. It also prescribes guideline conducts and best practices for which management and staff of the Company should attain, all of which appear in the Company’s code of business ethics booklet for the Company’s executives and staff and disclosed on the company website at : [www.scasset.com](http://www.scasset.com); in the “Corporate” Section. The code is prescribed as practice guidelines for the Company’s executives and staff to regularly follow and implement.

### **Guidelines to Encourage Directors, Executives and Staff to Abide by the Company’s Code of Business Ethics**

Apart from dissemination of information on code of business ethics to its directors, executives and staff to comply with, the Company also prescribes other guidelines to encourage them to abide by, via the creation of corporate culture under the concept of “Create the Best Care the Most” aiming to promote executives and staff characteristic in sharing a common corporate culture.

(1) “Create” means focus on continued creation of good products and services which include:

- Creative thinking: always open minded towards new information or technology.
- Commit to continually apply creativity to improve products and work process.
- Dare to make suggestions and recommendations or make improvement to create good client impression.
- Promote atmosphere of creativity and free opinions.

(2) “Active” means strive ahead with enthusiasm towards continual learning and improvement which include:

- Actively respond to client’s needs, ready and willingly helping clients to solve their problems.
- Work proactively with efficient follow-up, well-adapt to internal and external changes.
- Prioritize the importance and urgency of work to promptly achieve its time schedule.
- Seek and share new knowledge for self-improvement and adaptation or innovation.

(3) “Ability” means expertise, proficiency, and selection of best choice and quality for customers which include:

- Knowledge and skill development for work duty.
- Work capably, professionally, systematically, and efficiently.
- Capable of solving problems, defining protective measures, and providing advice and recommendation for effective work actions.
- Select best options, deliver good products to customers to ensure quality of the Company's products and services

(4) “Care” means take attentive care of customers and trust in teamwork spirit which include:

- Put best effort into work, take good care of customers, deliver quality products and services, attain higher-than-expected achievement results, think as the customer.
- Listen to customers' remarks, value them and make effective follow-up and investigations to assure customers' ultimate satisfaction.
- United efforts and team spirit
- Sharing information and opinions, respect views from different perspectives, respect each other and trust in teamwork.

The Company also prescribes risk management policies and guidelines which have been approved by the Company's Board of Directors and disseminate them for executives and staff to be aware of and use as guidelines for risk management in its business operations to maintain an acceptable level of its target corporate risk and help improve its efficiency and effectiveness.

### **Risk Management Policy**

- (1) It is the Company's policy to appropriately and efficiently manage its risk exposure to be within the acceptable tolerance level and therefore ensures that risk management is a crucial part of its annual business plan. This decision is set to provide risk management guidelines that well integrate the Company's targets of vision, mission, strategy, KPI's index parameters, objectives, action plans and corporate budget.
- (2) The risk management plan is a vital part of any project proposals that need to be jointly submitted.
- (3) All of the Company's executives and staff are risk owners, who have duties to regularly review relevant risks within their work units and job process, assess the efficiency of existing risk control measures, report any perceivable potential hazardous event to the management prior to its possible occurrence, and properly propose relevant mitigation methods and measures.
- (4) In the event that any risk assessment reveals the outcome of significant or high level risk, urgent action should be taken to establish relevant response measures or to alert top management to closely monitor the conditions. For any medium or low level risks, it is the duty of department managers to manage and monitor.
- (5) The Company formed the Risk Management Committee of which the committee's chairman is appointed by the Company's Chairman of the Executive Committee, and executives from various key functions of the Company are assigned to serve as the committee members. The committee meets to evaluate and review risk assessment results, as well as to examine and propose, at least once a year, relevant risk management policies.

## **Establishment of Internal Audit Unit**

The Company established its Internal Audit Unit as soon as it was first incorporated. At present Ms. Pannee Tharaphat, Senior Vice President – Internal Audit, is the Chief Internal Audit, reporting to the Audit Committee so that the committee can efficiently oversee the Company's operations. The Audit Committee shall report its actions and the outcome of its actions as well as opinions on other issues such as number of its meetings, assessment and review of the internal control system, related party transactions, and appointment proposal of the Company's auditor, as well as review of financial statements, compliance situation, and recommendations of the committee on various operational aspects (Details of which appear in the "The number of the Board of Directors Meeting and Committees Meeting" and "Report of the Audit Committee" sections of this annual report).

The Company arranges to have the assessments of its directors' performance both on the board level and for each individual board member with a prescribed process and criteria for performance assessment. In addition, there is also an annual assessment of the performance of the Chairman of the Executive Committee, who holds the highest executive position, for remuneration consideration (Details of which appear in the "The Board of Directors' Performance Assessments" and "Performance Appraisal for the Chairman of the Executive Committee" sections of this annual report). The Company makes performance assessments of its subcommittee such as the Audit Committee (Details of which appear in the "The Audit Committee" section of this annual report) and also has a successor plan for its executives and top executives for potential substitution in the event that any of its top executives are not able to carry out their functions for whatever reasons (Details of which appear in the "Preparation of Successor Plan for Management and Top Executives" section of this annual report). It also appoints the Company's Secretary to provide advice on legal aspects, and rules and regulations to the board. The Company's Secretary also coordinates with other business units to follow-up on the implementation of the board's resolutions (Details of which appear in the "Company Secretary" section of this annual report).

## **Orientation of New directors/ Director Training Program**

The Company always arranges an orientation for a new director that includes background preparation and presentation on the Company's business, operational plan, organization structure and management, duties and responsibility of the Board of Directors, corporate philosophy and business ethics, and compliance of good corporate governance. It also encourages all directors to attend training courses or participate in knowledge enhancement seminars that support their work duties such as training courses offered by the Thai Institute of Directors (IOD), as well as courses arranged by other agencies so that they can bring the obtained knowledge to apply for the sound progress of their organization (Details of which appear in the "Details of Directors, Management Team, Advisor and Controlling Persons" section of this annual report).

In 2012, the Company held six board meetings to prescribe suitable policies for the Company and monitor its operations. Members of the Board of Directors recognized the importance of such meetings and tried their best not to miss any, unless otherwise occupied with an unavoidable urgency. During the year, all board meetings were attended by all the members. The directors also received, as prescribed by law, relevant meeting materials at least seven days in advance of each meeting. (Details of which appear in the "Board of Directors' Meeting" section of this annual report) The directors also provided an advance meeting schedule one year in ahead that included the time schedule for the Annual General Meeting of the Shareholders (Details of which appear in the Company's website at [www.scasset.com](http://www.scasset.com); section "Corporate" on "The Board's meeting and AGM Schedule").



In order to improve management and operational processes, the Company also requires its non-executive directors to separately hold meetings amongst themselves whenever necessary to discuss matters of interest that relate to the Company's operations and administration, without the presence of the management team. The absence of the management in such meetings encourages independency and discretionary judgment among the non-executive directors, and hence provides benefits, as well as perspective and useful results to the Company and all stakeholders. The Chairman of the Board of Directors, who is also an independent director, regularly chairs the meetings of the nonexecutive directors (Details of which appear in the "Non Executive Directors' Meeting (Independent Directors)" section of this annual report).

Too many directorship positions held by a board member could impair his efficiency in well conducting his position as a good member of the Board of Directors. Therefore, the Company's Board of Directors in their meeting No. 1/2554 held on 12 January 2011 resolved to limit the number of directorship positions held by each of its board members in other companies and laid out the policy prescribing conditions governing directorship positions held by each of its board members in other corporations, as well as issued a policy on the directorship positions held by the Chairman of the Executive Committee / Chief Executive Officer in other companies to ensure the efficiency of the company's directors in performing their duties (Details of which appear in the "Policy on the Limitation on the Number of Directorship Positions and the Holding of Directorship Position of the Chairman of the Executive Committee and Chief Executive Officer" section of this annual report). The Company also set policies which govern conflicts of interests, risk controls, and risk management as follows:

### **Guidelines of Policy and Practice towards the Conflict of Interests**

The Company prohibits its directors, executives and staff to exploit their positions for self- benefits or family benefits, or for benefits of those close to them, whether such benefits are of monetary nature or of any other nature whatsoever, as forbidden by the rules and regulations of the Stock Exchange of Thailand. The Company prescribes the following practice guidelines for its directors, executives and staff to abide by:

(1) Receipt of money or rewards

Directors, executives and staff who may come into contact with any conceivable benefits or favors that may obstruct their independent judgment and action required in performing their duties, and hence may impact the interests of the Company and its customers shall comply with the following guidance :

- 1.1 Directors, executives and staff of all levels shall not receive any money or personal rewards offered by the Company's customers, trade partners, or any other individuals for the work they perform on behalf of the Company.
- 1.2 Directors, executives and staff of all levels shall not borrow or raise funds from the Company's customers and counterparties, except that such borrowings represent lending from their banks or financial institutions of which they are customers.
- 1.3 Directors, executives and staff of all levels shall not accept any presents with a value exceeding that of the generally acceptable practices.

(2) Conducting any other business activities outside the Company:

Personal business activities of directors, executives and staff shall not impact their commitments to the Company's duties and work schedule. They are also required to disclose, in the formula as prescribed by with the Company, their business participations, whether it be for their own behalf, on behalf of their family, and/or in the name of any juristic party in which they hold any interests.



Directors, executives and staff of all levels are forbidden from any participation in any commercial activities which are competitive to those of the Company's business, regardless of whether they direct or indirectly benefit from such participations.

The Company prohibits its directors, or the companies of which its directors are related to or hold shares in, to be the Company's counterpart in any trade, except for the transactions which are disclosed and fully comply with applicable laws and the prescribed regulations of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

- (3) Prohibition against trading of the Company's securities during the one month period prior to the public announcement of its financial statements.

The Company's directors, executives and staff are free to trade and invest in the Company's shares. However, to protect against any possible insider trading activities which could be of a disadvantage to other investors who invest in the Company, it is the company's policy to prohibit its directors, executives and staff from trading in the Company's securities for one month prior to the public announcement of its financial statements by the Stock Exchange of Thailand. The action aims to promote fair distribution of information.

- (4) Confidentiality and Data Safety

The Company has prescribed policies and directives on prohibition against the use of internal information by its directors, executives and staff for personal benefits or for outside distribution. It has also established a data protection system that classifies the access of corporate information, and assigns particular positions to be responsible for safeguarding corporate data.

## RISK MANAGEMENT AND CONTROLS

The Board prescribes measures which govern management activities. It also has responsibility of approving proposed operational plans, budgets and targets. The Board also emphasizes to the management the importance of efficient and appropriate internal control systems, the internal audit system, and risk management procedures, as well as the needs for the proper follow-up thereof.

### Internal Control

The Company pays attention to the importance of effective and functional internal controls for both managerial and the operational matters. In order to maximize the effective controls over utilization of corporate assets, the Company clearly set in writing the relevant scope of duties, responsibilities, and authorities of all executives and staff. In addition, their roles are also properly segregated.

The Company also applies the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) methods and standards for its internal controls which govern all aspects of corporate activities; namely financial, operations and administration. Executive and staff scopes of authority are clearly defined in writing and the following corporate objectives are established to ensure operational rationality and success:

1. Corporate plans, projects and targets need to be implemented as set.
2. Financial, managerial and operational information must be accurate.
3. Operations and staff duties need to be carried out in accordance with the Company's rules and regulations, and abide with all applicable laws.

4. Corporate assets and resources must receive effective and efficient administration. Safeguarding corporate assets and adequate safety protection are essential.
5. Quality of operational process and control mechanism, at all steps, need to be regularly monitored and continuously improved.

The Internal Audit Department is responsible for the reviews of accuracy, sufficiency and efficiency of the Company's internal control system and submits its findings to the Audit Committee for further consideration and compliance review. All these actions are intended for enhancement of integrated coverage of proper controls in the following aspects:

1. Management Control : The Internal Audit Department oversees that targeted corporate missions are achieved and business plans are prepared and carried out as per its prescribed objectives. It also monitors and assesses operational performance, and regularly reports the internal audit outcomes to the Audit Committee and the Board of Directors. The Executive Committee sets up the meeting on monthly basis.
2. Operational Control : Review operational controls of various work systems such as cost system, purchase system, and sales system etc. Controls are also exercised through SC System and SAP (Systems Applications and Products), Housing system, E-Expense system, CRM system, Call Center system, and inventory system. Most of these systems are internally developed programs applied for administrations and operations, aiming to enhance customer or user satisfaction.
3. Financial Control : The Company applies the SAP system and SC System for accounting, financial and budget controls, as well as for financial ratio analysis. The system also assists in providing early warning signs for accounting irregularities and adverse financial concerns.

The Company emphasizes having adequate, effective and efficient internal control systems which satisfy all of COSO's following five criteria:

#### 1. Control Environment

The Company encourages a good internal control environment by motivating executives and staff to conduct their duties on the basis of good business ethics, providing an organizational structure and work environment that enhance the effectiveness of the internal control mechanism as per the Company's targeted plan, clearly defining the scope of staff duties and reasonability, having apparent business objectives and measurable performance targets that are approved by the Board of Directors and offering reasonable remunerations based on internal and external factors. The existing organization structure enhances the management's ability to efficiently operate the Company's activities.

It is the Company's strategy to cautiously prescribe its policy and work procedures in writing, particularly for transactions related to financial operations, procurement, and general administration. It has internally developed a suitable control system to better monitor its operations in all business modules of the SC System which is a control process applicable for budget control, cost control, and expense payment etc. The SC system also performs data verification on a timely and systematic manner on the same data base system. The system emphasizes effective data storing for efficient operational and management controls. The Company also prescribes ethical codes and prohibitions as part of its corporate governance policy, and requires its directors, executives and other staff to comply with such conduct codes in order to avoid an occurrence of any conflicts of interest. Such ethical codes and prohibitions are disseminated via a printed handbook, the company's website, and internal e-mail regularly forwarded to its entire staff.

## 2. Risk Assessment

The Company formed a Risk Management Committee which regularly monitors and adjusts its risk management framework in accordance with the prescribed guidelines and policies. The framework, guidelines and policies the governing risk management process are disseminated to all level of staff and executives via the Company's intranet. The executives of the Company's core departments are responsible for the assessment of a potential risk exposure and to identify internal and external factors which may adversely impact the Company's operations, as well as their chance of occurrences and their severity in order for the Company to possibly set up adequate protection measures and relevant risk mitigation actions. Updated information on the Company's risk management assessment and its mitigation process are periodically reported to the Audit Committee and the Board of Directors for their acknowledgement. In 2011, the Risk Management Committee met four times particularly to review and revise relevant risk factors. It also requested the management of relevant business departments to participate in reviewing risk management measures, and monitor the application of such measures. It also followed up on the risk causes, prescribed a clear monitoring process for risk management, and regularly updated its risk mitigation plan. The Internal Audit Department is assigned to review the compliance and application of the risk management plan and process and report the outcome to the Risk Management committee.

## 3. Control Activities

The Company establishes relevant controls for all scope of work processes. Reporting of operational outcomes is regularly required in order to provide the management with relevant information required for decision-making and problem solving. Segregation of duties in each business unit is clearly set to provide check-and- balance features. Authority and authorization limits are prescribed in writing for all decision making levels. Safeguarding procedures for corporate assets are exercised to protect against possible damage and inappropriate use.

Any corporate transactions with major shareholders, directors and executives or related parties of major shareholders, directors and executives are required, without any exception, to be accordingly approved by all authorized levels. The Company assigns the Accounting Department and the Legal Department to be responsible for reviewing and proposing required transaction authorization of which the authorization procedure is in compliance with the rules and regulations of the Securities Exchange of Thailand. All relevant transaction authorizations are to be considered by the Audit Committee. Approvals are made on the ground of maximized corporate benefits. In addition, control measures are also set to prohibit related parties from taking advantage of any situations for personal interests. Oversight framework is established to monitor business operations of subsidiaries. Procedures are prescribed to assure that the Company always acts in compliance with applicable laws and regulations.

## 4. Information and Communication

The Company incessantly develops its information and technology system, most of which are internally developed to suit the internal data processing requirements of various work units. The company maintains a division which oversees data base management and controls. Data is properly sorted and processed for decision making of directors, executives, staff, shareholders and stakeholders with concerns over their accuracy, completeness, easy to access, understandable, and timeliness. Data are also classified and appropriately stored. The Company's directors receive, at least 7 days prior to each meeting, meeting notifications as well as relevant information and documents required for meeting attendance. Minutes of previous meetings and notes recording important questions or remarks, whether supportive or disagreeing, are also attached with the dispatched notifications.

Executives and staff of the Company at all levels are reminded to be cautious in using the Company's data base and IT system and to observe the rules and ethic codes prescribed by the Company. It is the Company's policy to maintain strict security measures on application of its information, data base and IT systems, which all staff are obliged to promptly comply with. The Information Technology Department is assigned to oversee system security and efficiency of the Company's computer and information systems, which are well monitored and continually updated by the Information Technology Department, in collaboration with the Internal Audit Office and other relevant departments. Contingent and back up plans are established for emergency purposes and against loss of data. The Company's accounting policy and records comply with the generally accepted accounting standards as well as appropriate practices of the industry.

## 5. Monitoring and Evaluation

In 2012, the Company held six board meetings, monthly meetings of the Executive Committee, and weekly meetings among executives to review and monitor management performance and operational results to assure whether the results were in line with the targeted plan; or whether there were any changes or adjustment in strategy; or whether there were any adaption of targeted goals to changing circumstances. The Internal Audit Unit also performed their duty in auditing and assessing the overall organizational controls and followed up on any improvement and rectification of previous mistakes and errors and reported the outcomes to the Audit Committee to assure that compliances were made in accordance with the control plans, and subsequently reported to the Board of Directors on a quarterly basis.

### Internal Audit

The Office of Internal Audit directly reports to the Audit Committee. The Office's scope of work, duties and authority are prescribed in its Internal Audit Charter which was approved by the Chairman of the Executive Committee and the Chairman of the Audit Committee on 15 March 2004. The internal audit duties include providing auditing and advisory services as well as monitoring, control and assessment of internal corporate systems with the goal of maintaining proper internal check-and-balance and ensure appropriate confidence in the achievement of the Company's operational objectives. Systematic assessment and development processes are implemented to assure that the existing risk management, control, and governance systems are effective and meet the Standard for the Professional Practice of Internal Auditing and fully satisfy relevant laws, rules and regulation of compliance audit.

### Risk Management

The Board of Directors realizes the importance of risk management. Risk management instruments and measures are implemented to mitigate incurred risks and to enhance continued growth in corporate value, which in turn will create long-term value added benefits to shareholders. The Risk Management Committee comprises of executives from various key functions of the Company. The Committee establishes risk management policy and relevant implementation scope for risk management. It also assesses risk exposure and assures that the exposure is adequately managed and controlled to be within the acceptable risk levels. It monitors and evaluates corporate risk management performance and encourages participations of various levels of the company's executives and personnel in the Company's risk management procedures. It also lays down applicable measures for corporate risk controls. As good risk management is a means to drive the Company to its achieved business targets. (Please see details in the Internal Control topic and in Responsibilities of the Board topic)

## BUSINESS ETHICS

The Company has clearly set its business philosophy and ethics in writing and applies them as its code of conduct for its directors, executives and staff to follow. Directors, executives and staff are encouraged to observe their duties with integrity, reliability and justice and applying these qualities in their actions and interactions with the Company and all stakeholder communities. The Company regularly communicates with its directors, executives and staff and oversees that these conduct guidelines are properly and effectively conformed to. Penalties are also prescribed for those who fail to abide with them.

Interested parties are encouraged to visit our website: [www.scasset.com](http://www.scasset.com) for more information. Executives have also been instructed to monitor proper staff conduct and ethics through encouragement, guidance and role model examples.

## ASSESSMENT SCORES AND REWARDS

As a consequence of the Company's recognition of the importance of good corporate governance and its continual attentive concerns towards society and the environment, that reflects its Board of Directors' responsibility, the efficiency, transparency, and accountability of its management system, and its equitable concerns of shareholder and stakeholder rights, all of which create consistent trust and confidence among shareholders, investors, stakeholders and related parties and have enabled the Company to receive the following outstanding status of assessment scores and rewards:

- (1) Results of the quality assessment for its Annual General Shareholder Meeting ("AGM Project")
  - In 2012, the Company was one among the 74 public listed companies out of 450 public listed companies under quality assessment for the arrangement of its 2012 Annual General Meeting of the Shareholders, that received the full assessment score of 100 for its "excellence" and "quality" status. The Company has enjoyed this "excellence" status for the past five years; from 2008 to 2012. As a result, it has been praised with distinction quality and been selected by the Thai Investors Association (an institution appointed by the Ministry of Finance, the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand and accredited to be a mechanism for protecting minority shareholders) to be awarded with the prestigious Investors' Choice Award for its persistent attention to all shareholders.
- (2) Results of the corporate governance assessment for Thai public listed companies
  - In 2012, the Company was one of 59 public listed companies out of 513 public listed companies under the corporate governance assessment that received the 95% for its "excellence" status. The Company has also enjoyed this "excellence" status for the past five years; from 2008 to 2012.

Year	Score (Rating)
2005	83% (Very Good)
2006	85% (Very Good)
2008	91% (Excellence)
2009	94% (Excellence)
2010	94% (Excellence)
2011	95% (Excellence)
2012	95% (Excellence)

(3) Top Corporate Governance Report Awards

- The Company was one of the 11 corporate who were awarded the Top Corporate Governance Report Award for 2012 in the “SET Awards 2012” event jointly-organized by the Stock Exchange of Thailand and the Money & Banking Magazine

(4) Top 10 Developers Awards 2012

- The Company was awarded the prestigious honor of the Top 10 Developer Awards 2012 in the “BCI Asia Top 10 Developer Awards 2012” event organized by the BCI Asia Construction Information Co., Ltd. and the FuturArc Journal. The honor is granted to architectural firms, development companies, and individuals in the design world whose design work and development projects are considered well acknowledged by consumers

(5) Outstanding Real Estate Development Award for 2012

- The Company was granted the outstanding real estate development award for 2012 for a luxurious single home development - the award was given for the Company’s Bangkok Boulevard Rama V Project by the Agency for Real Estate Affairs (AREA). The award winning criteria took into account suitable combinations such as quality, design, and pricing.

(6) Outstanding Safety Building Management Award

- The Company was honored with the Outstanding Building Safety Management Award for the office building category which possesses outstanding quality in safety management which should be recognized as a good model for the office building business by the Bangkok Metropolitan Administration.

## RULES FOR PROPER USE OF INSIDE INFORMATION

It is the Company’s policy to adhere to its professional ethics, and to have honest conduct in dealing with its customers, employees, trade counterparts, shareholders, investors, trade competitors, community, society, and environment. It also opposes corruption; particularly those linked to wrongful use of insider information, and prohibits its directors, executives and staff to make use of material information, which is classified as internal information that has not been officially released to the public, for their own benefit or for the benefit of others even if such use may not cause any disadvantages to the Company. The prohibitions include restriction on trading of the securities of the Company and its subsidiaries during the process of the release of its operational results and its dividend plan, discouraging or forbidding the trading of the Company’s securities during the period of one month prior to any public announcement of its material information, or the trading of land property close to the planned development sites of the Company which may be perceived as the exploitation of internal information for self-benefit or for the benefits of others. The Company also establishes safety protections for its computer and information systems and prescribes practice guidelines for its directors, executives and staff of all levels to comply with. This procedure is intended to protect any unapproved disclosure of important information and data or unauthorized access to the information source. Severe penalty is set for unauthorized disclosure of internal information and wrongful use of such information for personal benefits or for the benefits of others or actions which may be the cause of any conflicts of interest. All these actions are regarded as serious offenses and are subject to punishment. The relevant practice guidelines are prescribed in the Company’s Code of Ethics and its Corporate Governance Handbook which are also posted in its website.

As prescribed under Articles 258 of the Securities and Security Exchange Act B.E.1992 (Amended in 2008), security trading activities of the Company's directors, executives as well as their spouses, minors and their related persons, that involve the Company's shares must be reported both in terms of trading transactions and changes of ownership in the form duly prescribed and submit such report to the Office of the Securities and Exchange Committee within 3 days after the trading and transfer date thereof. The Company's directors and executives are duly aware of their reporting duties in such trading and transfer of the Company and its Group's securities as per the rules and regulations of both the Stock Exchange of Thailand and the Office of the Securities and Exchange Committee.

## INTERNAL CONTROL

The Company's internal auditor has a free and independent position in conducting its auditing task. Their audit results are reported directly to the Audit Committee and during the second meeting of the Board of Directors held in 2013 on 22 February 2013, the Audit Committee and the Board assessed the Company's internal control system based on the five basic criteria; environment for corporate control, risk management, control oversight framework, communication & information system and monitoring & evaluation. The Board is of the opinion that the company maintains adequate internal control systems.

Additionally, the Company's external auditor, SAM NAK-NGAN A.M.C. Co., Ltd. the independent auditor who audited the Company 2012 financial statements, evaluated the effectiveness of the Company's internal control, for aspects which are deemed essential, reported in its finding that there was no material deficiency in the system that would impact the financial statement reporting.

## DIVIDEND POLICY

The Company supports the policy which pays out no less than 40% of its net profit after taxes and legal reserves provision. The dividend payment may be subject to its performance, its business expansion plan, its liquidity and other justified conditions. The Board of Directors is authorized with decision authority on the dividend payout policy, which essentially requires an approval endorsement from the shareholders' meeting, except for the interim payment of dividends which the Board of Directors can approve as per the Company's Articles of Association, and once the interim dividend payment is made, the Company can later inform the Board of the matter during the next shareholders' meeting.

As for the 2012 dividend payment, the Company received the resolution of the shareholders' meeting dated 20 April 2012 to pay out dividends from its 2011 net profit at Baht 0.65 (Sixty five Satang) per share or 41.6% of net profit after deducted the corporate income tax.

The dividend payment policy of the Company's subsidiaries is similar to that of the Company.



## CORPORATE ACTIONS MADE IN COMPLIANCE WITH CORPORATE GOVERNANCE AND SOCIAL & ENVIRONMENTAL RESPONSIBILITY

The Corporate Governance and Social & Environmental Responsibility Committee was first appointed under the resolution of the Board of Directors on 12 January 2011. In 2012, during its board meeting No. 6/2555 held on 13 November 2012, the Company's Board of Directors resolved the additional appointment of Mr. Nuttaphong Kunakornwong, the Deputy Chief Executive Officer, as a new member of the Corporate Governance and Social & Environmental Responsibility Committee, effective from 13 November 2012 to 12 November 2015 (a three year term). Presently, the Corporate Governance and Social & Environmental Responsibility Committee consists of:

(1)	Mr. Precha	Sekhararidhi	Chairman of the Corporate Governance and Social & Environmental Responsibility Committee
(2)	Ms. Busaba	Damapong	Member
(3)	Ms. Phensom	Damapong	Member
(4)	Mr. Nuttaphong	Kunakornwong	Member

During the meeting No. 2/2555 held on 17 October 2012, the Corporate Governance and Social & Environmental Responsibility Committee approved the advancement of the Company's operational guidelines to be in accordance with the principles of good governance and social & environmental responsibility, while advancing its new standards of conduct by incorporating therein the international CSR best practices that contain operational activities on social and environmental responsibility and corporate ethical principles. All these actions enhance corresponding compliances with the Social Responsibility Standard - ISO 26000 and the recommended CSR Best Practices for listed companies in the real estate and construction industry as advocated by the Stock Exchange of Thailand (SET). The guideline conducts and standard best practices, approved by the Company's board during the board meeting No. 6/2555 held on 13 November 2012, can be summarized as follows:

### 1. CORPORATE GOVERNANCE

The Company has applied the governance guidelines recommended by the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET), which are prescribed in accordance with the principles of corporate governance set out by the Organization for Economic Co-operation and Development (OECD). The guidelines adopted are:

- (1) Rights of Shareholders
- (2) Equitable Treatment of Shareholders
- (3) Roles of Stakeholders
- (4) Disclosure and Transparency
- (5) Board Responsibility

### 2. SOCIAL & ENVIRONMENT RESPONSIBILITY

The Company has applied the Corporate Social Responsibility Guidelines prescribed by the SEC's Working Group on Corporate Social & Environmental Responsibility, as well as the Social



Responsibility Standard - ISO 26000 and the recommended CSR Best Practices as its guideline principles for the strategy plan towards its short and long term actions on the issues of good corporate governance and social & environmental responsibility, of which the principles adopted are:

- (1) **Corporate Ethical Principles:** which are observed as the code of good business practices that shall encourage a business environment of peacefulness, righteousness, and appeasement. The Company applies these principles as its key strategy and includes guideline practices towards its stakeholders, namely: shareholders, customers, employees, creditors, trade counterparts, business competitors, and society. The principles also include matters namely participation in community and social development, business operating practices under applicable environmental standards, non-violation of intellectual property rights, safeguard of information and data system, staff training on environmental issues, fighting against internal and external corruption or bribery, encouragement of management and staff morale against fraud and any involvement in human rights violation, as well as communication of the Company's information via various media channels. Please see more details in the Roles of Stakeholders chapter in the Corporate Governance section.
- (2) **Fair Business Practices:** The Company can assure its stakeholders and related parties of its long-term business prosperity, and create business confidence that the Company shall not be lured by any illicit gains from wrongful business conducts.

#### Practice Guidelines

1. Avoid any actions which may result in any conflict of interest, or upon any occurrence of any conflict of interest shall apply the appropriate mediation process and fair dispute resolution, whereby proper disclosure shall consequently be made thereafter.
  2. Promote competitiveness in free trade while avoiding any attempts at nepotism.
  3. Do not encourage any misappropriation of intellectual property and copy rights.
  4. Apply management conducts and systems which assure protection against bribery and fraud, or instigate processes which can promptly detect any occurrences of bribery and fraud.
  5. Inspire the Company's staff to recognize the importance of avoiding acts of deception, intimidation, and all types of corruption.
- (3) **Respect Human Rights and Fair Treatment towards Workers:** These beliefs are the Company's key pillars in its human resource development that enables it to achieve its value creation targets. Human resources are a key corporate element for value augmentation and increased productivity. Therefore improvement in the workplace environment and prescribed labor conditions will instigate a high working quality. The Company also offers career opportunities and proficiency enhancement schemes to its staff.

#### Practice Guidelines

1. Support and respect human rights protection by regularly monitoring that the Company does not engage in business conducts which violate any human rights, such as the utilization of forced labour and any illegal foreign workforce, while also opposing the use of child labour.

2. Promote workplace hygiene and occupational safety, such as the implementation of pollution controls in the work process, promotion of health standards in the workplace, and the proper application of safety measures against accidents and diseases.
  3. Promote skill and proficiency enhancement for staff by providing access to further education, and appropriate career promotions.
  4. Provide fair employment conditions and non-discriminatory staff remunerations that are suitable to their competency.
  5. Provide access to petition against improper and unfair treatment of the staff.
  6. Provide appropriate welfare benefits and preparation plan for life after retirement to the staff, such as annual leave, suitable overtime schedule, and a relevant medical care scheme including providing knowledge regarding health treatment and life after retirement.
  7. Encourage employees to maintain a good balance between their career and personal life, to be ethical, to follow the good philosophy of “sufficiency economy”, while motivate them to be a good citizen who participate in social work, and promote staff’s religious practices, on an unbiased basis.
  8. Provide whistleblower protection for staff who report inappropriate actions in the workplace.
  9. Provide the staff and the employee representatives with accurate operational results and business status of the Company.
  10. Support a two-way dialog and cooperation between employer and employee, or the employee representatives in order to improve the quality of the workplace.
- (4) **Responsibility to the Consumer:** The Company’s products and services shall not impose any risk or harm to the consumers. The Company shall improve the quality of its products and services to meet prescribed international standards, with common accessibility to all consumers, while improvements shall also provide public benefits and social solutions.

#### Practice Guidelines

1. Provide housing development and business services which are safe and reliable. Do not use materials which could be harmful to consumer’s health and arrange to have appropriate inspection processes to safeguard against unsafe materials.
2. Protect consumer data and do not release their information without prior permission.
3. Provide sufficient and correct information to consumers, and be aware of the consumer’s health and well being by not overstating advertisement information and always providing information which is accurate, complete, and easy to understand. Consumers should be provided with comprehensive application instructions and also the best method to dispose of the product.
4. Encourage consumers and producers to pay more attention to the important concerns of environmental and social aspects in utilizing products and services.
5. Develop products and business services that enhance both corporate and social benefits that attribute to the creation of a good consumer society that supports cultural inheritance and ethical principles, and emphasizes sustainable development.

6. Improve an efficiency of accessibility of necessity goods and services to consumers.
  7. Provide accessible channels for stakeholders to access to the Company's important information such as reports of product test results which are not trade secrets.
  8. Fair trade to customers, trade counterparts, business partners, vendors, and partners.
  9. Fight against corruption and ensure fairness in conducting business.
- (5) **Community and social contribution:** A well-built and sustainable community and society are an important supportive factor for good corporate operations. The Company shall organise social activities and/or community participations which are supportive to community strength, particularly for the community and the society which are impacted by its production and service process. It shall also act as a good corporate citizen and make all attempts to curve or stop any potential adverse impacts to such community and society that might have resulted from its operations.

#### Practice Guidelines

1. Survey any communities close by and distant to the development sites, to assess the possibility of any adverse impacts caused by the Company's current and future operations, and apply such assessment to rectify/ improve its operations in order to protect the community and society against any direct or indirect damages and adverse conditions.
  2. Support volunteer work that relates to community and social development.
  3. Help improve community and social surroundings.
  4. Support the basic infrastructure requirements of the surrounding community and society such as schools, health care centers, roads etc.
  5. Support and participate in charity work such as organization of activities which promote good standards, and reduce immoral activities in order to maintain a healthy lifestyle under the sufficiency economy standard.
- (6) **Environmental Protection:** Global population increase and economic growth not only cause excessive consumption of natural resources, but also increase water, air, waste, and toxic pollution. In addition, global warming also impacts human beings and the ecology system. Therefore, the Company has a duty to support improvement in the quality of life and environmental management, as a part of the required collective social efforts.

#### Practice Guidelines

1. Arrange to have an appropriate environmental management system while undertaking construction management for residential projects and regularly monitoring the outcome. Encourage additional studying and learning on environmental aspects such as ecology system, global warming, pollution etc.
2. Apply technology and production processes which are qualified under the environmental standard and pay attention at reduction and treatment of waste prior to its release back to nature.
3. Use natural resources efficiently while being aware of energy saving and recycling measures.
4. Develop products/services which carry no environmental impact and are safe to use.
5. Provide the staff and public with information on any environmental impact, safety, and health care.

6. Encourage customers to be aware of any environmental concerns on the utilization of the Company's products and services.
  7. Provide knowledge and training for staff on environmental impact, safety, and health care.
  8. Have an emergency plan that can respond to potential environmental problems, with prompt reporting procedure to concerned governing authority in case of such emergency.
  9. Study and implement to decrease an impact on a social geography environment.
  10. Encourage an environmental rehabilitation and conservation.
- (7) **Disseminate Innovations from Social Responsibility Activities:** Include CSR practices in the business operations and corporate business strategy which will create ultimate innovative benefits in both business and social aspects.

#### Practice Guidelines

1. Investigate current operational processes to explore whether they will create any risks or adverse impacts on society or the environment, then find measures which can mitigate such risks or impacts. In the process, even if innovative solutions do not come up, the Company should not give up its attempts to come up with appropriate mitigation solutions.
  2. Disclose any of Company's innovative outcome and solution which are of benefit to the public and environment in order to induce similar motivation from other business operators.
  3. Effectively communicate the Company's vision, value, mission, strategy, and social responsibility operation performance to all stakeholders.
  4. Create transparency in business operation by providing contact channels for stakeholders to access important information and express their opinions on the Company's social responsibility topics.
- (8) **Preparation of Social and Environmental Reports:** The Company must pay attention towards the disclosure of its CSR practices, which will be useful for all stakeholders, and will help in cross checking its compliance with the prior prescribed CSR guidelines.

#### Practice Guidelines

The Company will provide a report of CSR which may be contained in either the annual report or separately (CSR Report). The CSR report will be made in compliance with an acceptable worldwide standard form. Additionally, employees, trade counterparts, business partners, raw material vendors, and stakeholders will be provided opportunities to jointly draft the report. The report contains:

- **Business Operation** which states regarding the Company's vision and strategy on the social and environmental activities, corporate governance structure, and operation performance.
- **Environmental and Safety Activities** which states regarding the Company's environmental and safety management policy, environmental rehabilitation and conservation procedures, safety management procedures, disposal processes, useful characteristics of habitats which create value for consumers, society, and environment.
- **Social Activities** which states regarding the Company's labour management policy, and employees' welfare and training, including a development of communities' environment located both close by and distant to the development sites.

# SUSTAINABILITY REPORT ON THE SOCIAL AND ENVIRONMENTAL ACTIVITIES

## Business Operation

The SC Asset Corporation Public Company Limited, a fully integrated real estate company involved in property development & investment, for both sale and rent. The Company's activities also include full scale property management and consultancy services. It is the Company's policy to adhere to law abiding practice and apply good corporate governance principles such as rights of shareholders, equitable treatment of shareholders, stakeholders' rights, disclosure and transparency, board responsibility, and social and environmental awareness. The Company also pays great attention to its business and operational process. Such attention shall assure no occurrence of adversative impacts or environmental pollutions to residents who live around the vicinity of the Company's project sites. While pursuing its business growth objectives, the Company also makes continual efforts to enhance better practices of good governance, aiming to create valuable and beneficial business sustainability to its entity, and for its stakeholders, society, the environment and the nation.

## Business Vision

The Company commits to growing its business with a strong vision to attain sustainable market leadership in the real estate development, by focusing on "Delivery of Excellence" services achieved through the appropriate application of technological innovations. It emphasizes the capability to provide services that exceed customer expectations, as well as other ethical elements and social concerns such as honesty, transparency, accountability, and respect for human dignity, value of teamwork, social responsibility, environmental protection, and residential safety.

## Business Strategy

The Company has set its business strategy both in aspects such as leadership, strategic planning, customer focus, and human resources motivation aiming to guide its operations toward the same directional targets, and to enhance sustainable and consistent development in its work process in order to achieve its goals on property development and creative residential designs. It has invested in innovative research and new technical applications; aiming to differentiate its products from its market competitors, to ensure customer satisfaction, and to secure consumer confidence, all of which are vital factors for business growth. The good ideological combination of social sustainability concerns and community awareness makes the Company activities programs become a successful engine in supporting a better living standard for communities within its development projects, while promoting community consciousness on safety, security, and eco-friendly surrounding. The Company also highlights the importance of its human resources, and believes that its executives and staff are the vital force behind all its success and achievements. Thus, it is the Company's policy to place emphasis on the living conditions of its employees and to provide them with justified remuneration, proper medical care, adequate knowledge, training, and a future career path. At the same time the Company recognizes the importance of its trade counterparts and stakeholders, while pledging to assure them with equitable treatment and a fair share in its business benefits.

It is the Company's belief that it shall conduct its business with honesty, sincerity, openness, accountability, transparency, equitable practices to all parties, and social & environmental responsiveness.

In line with social & environmental responsiveness, the Company has embarked on the integration of protection, conservation, and innovative development in its systematic decision making processes; this exercise helps initiate internal practice guidelines that yield benefits to society at large. The guidelines include the fundamentals of law abiding practice, international acceptable best practice, social morality, awareness of stakeholder needs, creation of consumer confidence, and eventual sustainable growth.

## Business Ethics

Corresponding to the Company's business vision, it has prescribed its corporate ethical principles and operational guidelines that comply with the principles of good governance and has circulated these principles and guidelines amongst all its directors, management, and staff for their compliances. The compliances also include such requirements as practice guidelines towards shareholders, customers, employees, creditors, trade counterparts, business competitors, community, society, and environment. Additional professional requirements also comprise non-violation of intellectual property rights, safeguarding of information and data system, staff training on environmental issues, fighting against internal and external corruption or bribery, encouragement of management and staff morale against fraud and any involvement in human rights violation, as well as communication of the Company's information via various media channels. (Details of which appear in the "Stakeholders' Roles" and "Activities in Compliance with Corporate Governance and Social & Environmental Responsibility" Section of this annual report)

Furthermore, the Company also promotes a moral conscience of management and staff by encouraging them to participate in the following activity.

### - Chanting, Dhamma Talk and Guided Sitting Meditation Activity

The Company is aware and believes that its people are the most important to help the Company to achieve its sustainability goals effectively; therefore, it emphasizes on building and developing a morality of its directors, executives and staff primarily through adoption of the Buddhist way of life. The Company invites a crowd's teacher to teach Dhamma such as 38 Blessing of Life and guide meditation every Tuesday evening between 6.00 p.m. and 8.00 p.m. at Shinawatra Tower III. Moreover, the Company also provides merit-making and sitting meditation activities outside the office.

#### Received Benefits:

- (1) Encouraged directors, executives and staff to trust and adhere to the Buddhist Dhamma, abandon from demerit and dishonesty, be happy what they have, morally acquire property, tell the truth, not harm the others, not do fraud in order to reduce the risks of corruption and sexual abuse and exploitation as well as to promote and encourage all staff to disclose any wrongdoing that may adversely impact.
- (2) Encouraged directors, executives and staff to use their asset efficiently, to economize, to have a generous mind, and to properly invest which will bring about an efficient use of the Company's resources and an act of help and support to those who required among them.



## Social Activities

The Company continues its social charitable efforts, and carries on its business policy whilst also taking its corporate social responsibility seriously too. It also enhances its corporate image in accordance with its business motto of “Create Design, Inspired by Love”, creating social awareness via internal communications and external media channels under the corporate scheme “SC Loves to Share”. Activities include:

### 1) Social charity and social programs

- 1.1 Continued with the building of school libraries under its “Orange Color Library Project”; the second one being at the Baan Klong Farang School, Sai Noi District, Nonthaburi Province and the third one involved an expansion of library space at the La-iad Oup-patham School, Don Toom District, Nakhon Pathom Province. As the Company is a real estate development company, it intends to apply its knowledge towards improvement of social and educational conditions by constructing and upgrading school libraries under its “Orange Color Library Project” which symbolize the necessity of persistent learning and sustainable knowledge. This project is a result of the cooperation between the Company’s internal and external stakeholders which are the Company’s management, employees, customers (i.e. residents of the Company’s developments), and trade partners, who jointly donate materials such as books, furniture, sport equipment etc. There are 200 individuals participating in each of the two school library projects undertaken during the year. A total capital investment cost for both school library projects was Baht 1,500,000 (Baht one million five hundred thousand).

#### Received Benefits:

- (1) A joint effort in developing learning facilities to support youth learning and underprivileged schools located in the nearby communities of the Company’s development sites, aiming to encourage consistent learning and sustainable knowledge.
- (2) Promote and encourage good “reading habits” to enrich youth knowledge, so that a child can grow into a responsible adult and a good citizen for his country.
- (3) Motivate its employees to understand the benefits of reading and encourage them towards employee self-improvement and skills development.



- 1.2 Donated Baht 300,000 (Baht three hundred thousand) to the “Duangtawan Foundation for the purchase of medical equipment and medical research work at Bhumibol Adulyadej Hospital.



**Received Benefits:**

- (1) Provided modern medical equipment to a hospital that benefits the public in terms of better health care.
- (2) Created bonding between donors and encouraged a charitable spirit towards the public.
- (3) The hospital is a place where the company's employee can get medical treatment and health care.



- 1.3 Donated Baht 200,000 (Baht two hundred thousand) for the Universal Foundation for persons with Disabilities.

**Received Benefits:**

Improving living conditions for people with disabilities, provide rehabilitation support and potential work opportunities for them so they can take care of themselves and their families, and not become a burden to society.



- 1.4 Organized quarterly blood donation arrangements with the Thai Red Cross Society at Shinawatra Tower I & III.

**Received Benefits:**

- (1) Saved lives of patients whose lives relied on blood donations and encouraged a charitable spirit towards the public.
- (2) Provided a chance for its employee to do social volunteer work and promote employee's health-consciousness.





- 1.5 Organized a charity golf tournament to enhance good business relationships among the Company's management team, its trade counterparts and commercial alliances. Each year, the funds raised from this annual tournament is donated to a selected charitable organization, thus this action also provides the tournament participants with a chance to make a social contribution and provide charitable support to underprivileged individuals for the improvement of their living conditions. This year the tournament raised funds amounting to Baht 2,158,900 (Baht two million one hundred fifty eight thousand nine hundred) for the World Vision Foundation of Thailand to sponsor the Children's Breakfast Project, which assists 26 child development centers in Sirindhorn District, Ubon Ratchathani Province; Phu Sing District, Sisaket Province; and Pha Khao District, Loei Province.

**Received Benefits:**

Provided charity donations to underprivileged children, and created good relations between the Company and its trade counterparts and commercial alliances.

- 1.6 Offered 1,200 bottles of drinking water to the runners for the world heritage program, known as "Unique Running Sukhothai Half Marathon" at Sukhothai Historical Park.

**Received Benefits:**

- (1) The revenue proceeds were partly used to support the maintenance costs of the historical park, to support the continuity of a Thai historic and heritage site.
- (2) Promoted the importance of exercise and good health for the Company's management and staff.

## 2) Public Charity Activities

The Company carries on the public charity activities as follows:

- 2.1 Performing morning merit making and giving alms to 39 monks on Songkran Day and organizing the Buddhists' Songkran ceremony of sprinkling scented water on Buddha images. The ceremony was hosted at Shinawatra Tower III to promote continuity of a Thai ceremony and cultural heritage. There were 500 participants including the building tenants both Thai and foreigners, the nearby community, the Company's staff and management, and office staff in the surrounding area.

**Received Benefits:**

- (1) Encouraged staff to trust in Buddhist morals.
- (2) Created good relations among the building tenants, nearby community, the Company's staff and management, and office staff in the surrounding area.



- 2.2 Performed merit making and giving alms, together with the Shin Corporation Plc. Group (A building tenant) in the morning on the 5th of December and 12th August which are the birthdays of the King & the Queen respectively.

**Received Benefits:**

Encouraged staff to trust in Buddhist morals and to respect the Monarch.

- 2.3 Performed merit making for the Seven Days Buddha, gave alms to 108 monks on Songkran Day and organized the ceremony in which a Buddhist monk sprinkled holy water on participants who took part in the Songkran merit making day at Shinawatra Tower II. The event also raised Baht 35,000 (Baht thirty five thousand) donation for a Buddhist temple.

**Received Benefits:**

Encouraged staff to trust in Buddhist morals.

- 2.4 Supported activities of the Thaicom Foundation by allowing the foundation to use, without charge, its lobby space of Shinawatra Tower III to organize an exhibition of “Aan Sanook Suk Jai Dai Panya”, and set up a donation box for purchase of books for underprivileged students.

**Received Benefits:**

- (1) Help provide educational support to under-privileged students. These students will grow into adults and become good manpower for the business community and good citizens for their country.
  - (2) Motivate volunteer spirit among its employee to help underprivileged people and society.
- 2.5 Organizing biannual course; free of charge, on “Fundamentals of Photographic Skills” for the Company’s staff and tenants of Shinawatra Tower III who are interested. The Company arranges for photographic specialists to be the course facilitators for both on theoretical issues and relevant workshop.

**Received Benefits:**

- (1) Trains the participants so they may apply the acquired knowledge possibly for a future career after retirement.
- (2) Create good relations between the Company (i.e. the Landlord) and its building tenants.



- 2.6 Became a member of the “Office Units on Vibhavadi Club” and was also appointed as the workgroup leader responsible for wastewater and drainage problems, as well as environmental protection of the roadside area along Vibhavadi Rangsit Road from Ladprao Intersection to the Chatuchak District Office.

**Received Benefits:**

Reduce water contamination in drainage system and reduce water pollution.

- 2.7 Cooperate with the National Electronics and Computer Technology Center (NECTEC) in the installation of a traffic surveillance video management system, known as “Trafy”, on Shinawatra Tower III. The system supports traffic assessment, traffic reporting and traffic planning that helps public to plan their trips, avoid traffic jams, and reduce time and cost spent in traffic jams. The “Trafy” system can also be accessed via Web Browser and mobile phone and presently provides video images of traffic surveillance all over Bangkok.

**Received Benefits:**

Reduce fuel use, and hence decrease air pollution and save travel costs.

**3) Assistance to Staff**

- 3.1 Provide scholarship for employee’s children. The Company is concerned about the welfare of lower paid employees and assists them by providing Baht 5,000 (Baht five thousand) scholarships to their children. In 2012, the company gave out 12 annual scholarships totaling Baht 60,000 (Baht sixty thousand) together with the gifts of educational supplies, sports equipment and student uniforms to its employee’s children. The scheme intends to build up staff morale.

**Received Benefits:**

- (1) Provide educational support to children of lower paid employees and provide them with the opportunity for better education.
- (2) Provide incentives and moral support to employees and their children, which will in turn enable them to have better living quality that will positively impact their work efficiency.



- 3.2 Organized “SC Kids” program to visit the aquarium at Siam Ocean World, Siam Paragon shopping mall and allow the program participants who are children of the Company’s employees to experience an aquatic wonderland. The scheme intends to create good relationships between the Company, its employees and their children particularly during the school vacation. It also enhances out-of-classroom experiences and beneficial use of their free time. In 2012, the Company sponsored this event for the ninth time and 39 children, all of whom are children of the Company’s employees, participated in the program.

**Received Benefits:**

- (1) Create good relationship between the Company, its employees, and their families.
- (2) Provide children of the Company’s employees with new experiences and beneficial use of their free time.



- 3.3 Gave money to retiring employees and provided them with knowledge on health care and how to spend their life after retirement. When an employee reaches his/her retirement age of 60 the Company gives them money and a present as thanks for the attentive time he/she spent with the Company and also provides them with advice on how to live happily and how to take care of themselves after retirement.

**Received Benefits:**

- (1) Provide retired employees with capital to start their lives after retirement.
- (2) Provide incentive and moral support to employees and give them motivation to work diligently.
- (3) Employees are able to take care of themselves, their life, and their health after retirement.

- 3.4 Provided employees with an annual health checkup. The Company is concerned about the health conditions of its employees and expects its employees to be healthy and strong with a good quality of life. The Company arranged for its employees to have an annual health checkup that is appropriately prescribed according to their age bracket. There were 348 employees who participated in this annual health checkup program.

**Received Benefits:**

- (1) Provide employees a chance to be aware of their current health conditions and problems, and make it possible for them to get proper treatment.
- (2) Allow employee to efficiently work and produce quality.



## Environmental Activities

The Company realizes that its actions taken along the business pathways might have possibly caused adverse environmental effects (whether large or small), therefore, as a good corporate citizen who shares the same global ecological system, the Company is aware that sustainable business growth and long-lasting competitiveness require corporate commitments to protect the natural environment, surroundings, and biological diversifications, and views that business paths and continual environmental management are matters that are required to be developed alongside. The Company selects raw materials that provide minimized ecological impacts and handle the utilization of natural resources cautiously and economically, with aims to reduce pollution from its production process and to create new energy-efficient and cost-saving innovations. The process also involves:

### 1) Wastewater Quality Measurement

To keep away any pollution effects from residents of the Company's projects, their surroundings areas, and nearby communities, the Company carries on its usual wastewater quality measurements for all its projects to assure the compliance with the wastewater treated effluent discharge standards. The process includes:

1.1 Annual measurement of wastewater quality for both its high-rise and low-rise developments in 2012: The Company assigned T.S. Green Co. to undertake these annual measurements. The results confirmed the compliance with the wastewater treated effluent discharge standards required by the notification of the Ministry of Natural Resources and Environment on the requirements for wastewater treated effluent discharge standards for wastewater discharged from certain building types and sizes (Classified as Type A : Being residential condominium with total number of unit higher than 500 units; Type B : Being residential condominium with total number of unit between 100-500 units) and the notification of the Ministry of Natural Resources and Environment on the requirements for wastewater treated effluent discharge standards for the division of land plots for sales with plot number between 100-500 plots). The actions included following regular quality inspections:

- (1) Grand Bangkok Boulevard Sathorn- Ratchaphruek Single detached House Project (51 units)
- (2) Bangkok Boulevard Phetchakasem 81 Single detached House Project (92 units)
- (3) Vista 180 Ratchavibha Townhome Project (116 units)
- (4) Bangkok Boulevard Kaset-Navamin Single detached House Project (74 units)
- (5) Bangkok Boulevard Ratchada-Ramindra Single detached House Project (92 units)
- (6) Grand Bangkok Boulevard Vibhavadi Single detached House Project (41 units)
- (7) Life Bangkok Boulevard Ramindra 23 Single detached House Project (179 units)

**Received Benefits:**

- (1) Wastewater quality complies with the required wastewater treated effluent discharge standards
- (2) To protect and reduce risk of natural water from contamination

**2) Energy Saving and Environmentally Friendly Housing Designs**

In all of its development projects, the Company makes thorough planning for management and controls of its production process, aiming to fend off pollution effects that may impact the surrounding areas and their environments. The actions include land survey, proper space layout and land plot plan, home designs that blend in with nature, selection of energy, electricity and cost saving materials. In addition the Company also applied the following measures to lessen global warming.

**2.1 Soffit Vent Channels**

The soffit with vent systems increase fresh air circulation around the house and allow movement of wind that carries air both north and south. When the wind flows against the wall beneath the soffit, it will cause upper level high pressure air, whereas the air pressure on the opposite side will reduce, creating air ventilation that moves from one side to another. The air then flows freely from the soffit to the attic ventilation channels and helps reduce excessive attic heat.

**2.2 Heat Absorbing Glass**

The installation of 6 mm thick green tinted heat absorbing glass provides good absorption of heat rays and acts as a light reflection filter for unwanted light. The technique provides up to 35%-50% heat reduction inside the home, and also reduces air-conditioning use.





### 2.3 Pressurized Water Pump

The installation of a Hitachi automatic constant pressure water pump provides constant water pressure that is controlled by an inverter controller and an automatic switch, minimizing waterlogged problems when the water and the air in the reservoir tank mix. A constant pressure water pump can help reduce electricity costs by 40% compared to a normal water pump.

#### Received Benefits from 2.1-2.3:

- (1) Reduce electricity usage and provide cost saving.
- (2) Reduce air pollution resulting from reduced air-conditioning.
- (3) Introduce new innovations and create unique sales point.



### 3) Application of Technology for Reduction of Chemical Substance & Electricity Usage

#### 3.1 Change hand dryers from hot air system to cold air system

During the year in an attempt toward electricity conservation, the Company replaced 38 hot air hand dryers at its Head Office at Shinawatra Tower III with cold air hand dryers. This action helps reduce electricity usage and lower consumption of paper hand towels by at least 5,000 pieces per hand dryer per month. Without the blowers, approximately 5,000 pieces of paper hand towels are normally required per month in each restroom. The move provides better environmental results due to reducing trash amount, and produces a monthly saving of approximately Baht 34,200 (Baht thirty four thousand two hundred)

#### Received Benefits:

- (1) Reduce electricity usage and provide cost saving.
- (2) Reduce government spending on waste disposal costs, and furthermore, the reduction of paper usage, causes fewer trees to be cut down and hence reduces the consumption of natural resources.

#### 3.2 Installment of a synergy ozone generator

The synergy ozone generator helps eliminate the use of chemical substance in the cooling tower, normally required in the water treatment system. The replacement helps cut down the annual use of chemical substance by 1,000 Kg. and reduces the cost of electricity usage by Baht 50,000 (Baht fifty thousand) per year.

**Received Benefits:**

Reduction of chemical substance & electricity usage



### 3.3 Application of liquid effective microorganisms

Application of liquid effective microorganisms to replace the use of Effective Microorganisms Powder produces a saving of Baht 8,400 (Baht eight thousand four hundred) per year, making the treated wastewater discharged from Shinawatra Tower I in compliance with the wastewater treated effluent discharge standards and also reducing the odor expelled from waste water.

**Received Benefits:**

- (1) Assurance of the compliance with the wastewater treated effluent discharge standards, reduce water pollution, and reduce odor from wastewater that may disturb others.
- (2) Cost saving and producing no harmful effects to the employees' health.



### 3.4 Cleaning of wastewater sumps

Cleaning all wastewater treatment facilities at Shinawatra Tower II and disposal of sludge through a composting process by applying 150 liters of Effective Microorganisms, received from the Bangkok Metropolitan Administration, every six months.

**Received Benefits:**

Assure that the wastewater release meets the prescribed standard of effluent discharge and causes no pollution and odor problems.

### 3.5 Waste sorting

Organizing waste sorting programs to encourage environmental preservation among the Company's staff, tenants and general public by arranging an event named "Rak Loak, Ruam Jai Recycle" at Shinawatra Tower III. The event helped inform its participants about the benefits of waste segregation and garbage sorting via the following activities:



- 3.5.1 Providing garbage containers for recycling that are separated into four different elements namely; general trash, plastic & glass, paper, and cans. These containers are placed in the common areas in each of the building's floors.
- 3.5.2 Seeking members who are interested in a program for selling recyclable items in the "exchange trash for cash" program; the selling is organized every Wednesday. Participating members also receive a 20% top-up bonus from the Company.
- 3.5.3 Promoting the concept by organizing a related event every two months on the ground floor lobby of Shinawatra Tower III.

**Received Benefits:**

- (1) Reduce waste contamination and encourage recycling of waste and reuse of discarded materials.
- (2) Improve the environment and surroundings; reduce national spending on waste collection and disposal and efficient use of natural resources.
- (3) Saving time spent in the waste disposal process due to garbage separation at the source.



**3.6 Separation of light bulbs from general refuse**

Organizing a "light bulb sorting from general refuse" program at Shinawatra Tower II & III, aiming to reduce hazardous waste. The program achieves a sorting record of 6,000 light bulbs annually.

**Received Benefits:**

- (1) Reduce air pollution.
- (2) Improve the environment; reduce national spending on waste disposal.
- (3) Saving time spent in the waste disposal process due to garbage separation at the source.

**3.7 Installing an ozone generator**

Installing an ozone generator in the Auditorium of Shinawatra Tower III to sanitize, deodorize, and refresh the air. The ozone generator works simultaneously with the air conditioners and functions as an air cleaner to suppress fungal growth which occurs during the night time. The system helps reducing humidity and saves about 36,000 units/year of energy and reduces expenditure by approximately Baht 100,000 (Baht one hundred thousand) per year.



### 3.8 Installing a pull switch

Encourage tenants to install a pull switch at their staff's desks. The table lamp with an on-off pull switch at staff desks were installed on various building floors such as 30 lamps (160 light bulbs) on the 8th floor, 92 lamps (184 light bulbs) on the 20th floor, and 110 lamps (220 light bulbs) on the 22nd floor. The program is intended to encourage energy saving habits. Posters for energy saving campaigns were also posted at the building information board and in the elevators of Shinawatra Tower III. The attempt helped reduce electricity costs by Baht 41,800 (Baht forty one thousand eight hundred) per year.



### 3.9 Switching off lights when not in use

Switching off lights around Shinawatra Tower II for three hours continuously from 7 p.m. to 9 p.m., whenever they are not needed. This action helps energy saving, reduces the global warming effect, and Baht 3,000 (Baht three thousand) per year in electricity cost is saved.

### 3.10 Energy efficiency improvement

Installation of Variable Speed Drive (VSD), which is an adjustable-speed drive used in the electro-mechanical drive system to control alternating current motor speed and torque by varying motor input frequency and voltage, at Shinawatra Tower III. The action helps in saving electricity consumption by 40,000 units per year and saves electricity cost of Baht 120,000 (Baht one hundred twenty thousand) per year.

### 3.11 Installation of high efficiency air cleaner filters

Installation of new and high efficiency air cleaner filters in the air conditioner system at Shinawatra Tower III. The new air cleaner filters are three times more efficient than the previously used filters, and improve indoor air quality by removing particulate air

pollutant such as dust. The filters can capture 400 kgs of dust per year and save Baht 100,000 (Baht one hundred thousand) per year in operating expenses.



### 3.12 Energy management

Applying a computerized program, known as building automation system (BAS), for energy management at Shinawatra Tower III. The program is an advanced network of electronic devices designed to monitor and control mechanical and lighting systems in the building, targeting at providing centralized control system with efficient energy use, lower operating costs and ease operation. The action helps save electricity consumption by 147,800 units per year and saves Baht 500,000 (Baht five hundred thousand) per year in operating expenses.

#### **Received Benefits from 3.7-3.12:**

- (1) Reduce electricity usage and provide cost saving.
- (2) Reduce the effects of global warming.

## **4) Natural Resources Conservation Programs**

The Company realizes the importance of natural resources conservation and encourages its staff to participate in natural resource conservation programs. Employees are the Company's main internal stakeholders; therefore it organizes various events aiming to create good relations between the Company and its staff, and among staff in each of its business divisions.

### **4.1 Construction of check dams at the Kaeng Krachan National Park, Kaeng Krachan District, Phetchaburi Province**

The Company regularly invites its staff to volunteer and become involved in staff "Birthday Activity" projects, which enables them to be jointly involved in various social activities on their birth date month. These activities are carried on with the hope to apply environmental protection and conservation attempts in to practice. The projects involve monitoring, protecting, and reviving environment and natural resources, as well as encouraging staff volunteering spirit and raising environmental consciousness. The activities also promote awareness over flash floods, natural overflow of rivers, reforestation, and protection of ecological systems. In addition, the events also improve employer-employee relationship, and enhance closer coworker relationship among staff of different business units which create "unity" and "cooperation" in an organization. In 2012, the Company organized 6 "Birthday Activity" events in which 170 staff participated to build 12 check dams. Total involved costs are Baht 177,300 (Baht one hundred seventy seven thousand three hundred).

**Received Benefits:**

- (1) Conservation and preservation of natural resources.
- (2) Encouragement of environmental consciousness.
- (3) Creation of bonding relationship between employer and employee, and indirect enhancement of good corporate image.

**Security Measures**

The Company is always concerned about the safety of life, health and physical wellness of the employees, customers, building visitors, and general public and has therefore undertaken the following security measures:

- 1) For the Company's project sites that are still available for sale at the moment, the Company installed a CCTV (closed-circuit television) video surveillance system with mobile phone access. The CCTV images can be monitored at the Company's sales offices. This system has already been installed at its Granada Pinklao project, which is one of its single house development projects.

**Received Benefits:**

Assure the safety of life and personal belongings of the residents of the Company's projects.

- 2) 24 Hours Security Service

The Company provides 24 hours security guards at Shinawatra Tower III and they will tour the building hourly.

**Received Benefits:**

Monitor and secure employees, executives, tenants and visitors including their property from unwanted and unlawful elements.

- 3) All security guards and maids who provide services to the Company must have never been involved in drug use and trafficking. Their urinalysis will be done once or twice a month.

**Received Benefits:**

Secure life and property of employees, executives, tenants and visitors from drug addicts.

- 4) Organizing an annual course; free of charge, on "Fundamentals of Firefighting Skills" for the tenants of Shinawatra Tower I, II & III who are interested. The Company arranges to have

specialists who are officially licensed to be the course facilitators who train course participants about the different types of fires and the use of firefighting equipment.

**Received Benefits:**

Provide knowledge on fundamental safety measures to the Company's staff and building tenants and make them capable of using firefighting equipment to assure their own safety, as well as the safety of others.



- 5) Organizing an annual fire evacuation rehearsal for the Company's staff and building tenants of Shinawatra Tower I, II & III in order to educate them practices, means, and way to avoid smoke and quietly, rapidly and safely exit the building

**Received Benefits:**

Secure life and property of employees, executives and tenants. They also acquire fire evacuation knowledge.



## Other Actions

- 1) Arrange public relations via the "ST3...News" program that made dissemination and promotion of energy conservation via posters and monthly building activity reports.

**Received Benefits:**

Reduce electricity usage and provide cost saving.

- 2) Cooperate with "Vibhavadi Club" in designing landscape areas next to the building entrance and along the pedestrian walkway of Shinawatra Tower III, that included planting trees in a 70 meter long garden.

**Received Benefits:**

Increase the scenic beauty and facilitate pedestrian safety and convenience.

- 3) Supply drinking water that meets drinking water quality standards in the common areas of Shinawatra Tower III. The action helped save various costs relating to water purchase and delivery. Total cost saving per year amounts to Baht 1,500,000 (Baht one million five hundred thousand).

**Received Benefits:**

- (1) Facilitate convenience to the Company's staff, tenants and building visitors.
- (2) Reduce fuel consumption and provide cost saving.





## DETAILS OF DIRECTORS, MANAGEMENT TEAM, ADVISOR AND CONTROLLING PERSONS (DATE AS AT JANUARY 9, 2013)

### Mr. Rath Kitivejsoth

Age	:	61 years
Title	:	Chairman of the Board of Directors
Shareholding (%) *	:	-
Relationship among Administrators	:	None
Highest Education	:	Degree of National Defence College Bachelor Degree in Law, Chulalongkorn University
IOD Training	:	Director Accreditation Program (DAP) Class 30/2004, Director Certification Program (DCP) Class 53/2005, Audit Committee Program (ACP) Class 14/2006 and Improving the Quality of Financial Reporting Class 4/2006, Thai Institute of Directors
Work Experience	:	
March 1, 2007-present	Chairman of the Board of Directors	SC Asset Corporation Plc.
2003- February 28, 2007	Director/ Member of the Audit Committee/ Chairman of the Nominating and Remuneration Committee	SC Asset Corporation Plc.
2004-2005	Member of the Audit Committee	Thai Real Estate Credit Foncier Co., Ltd.
2005-2008	Executive Vice President	Small and Medium Enterprise Development Bank of Thailand
Position in other company	:	None
Illegal record in the last 10 years	:	None

### Ms. Busaba Damapong

Age	:	59 years
Title	:	Director/ Chairman of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee/ Acting Chief Executive Officer (Authorized Director)
Shareholding (%) *	:	31,800,002 Shares (4.828%)
Relationship among Administrators	:	Her husband is a relative with Ms. Phensom Damapong and Mr. Nuttaphong Kunakornwong.
Highest Education	:	Master Degree of Business Administration, Kasetsart University
IOD Training	:	Director Accreditation Program (DAP) Class 9/2004, Finance for Non-Finance Director (FND) Class 12/2004, Thai Institute of Directors

Work Experience	:	
July 13, 2011-present	Director/ Chairman of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee and Acting Chief Executive Officer	SC Asset Corporation Plc.
	Chairman of the Board of Directors	OAI Asset Co., Ltd.
	Chairman of the Board of Directors	Up Country Land Co., Ltd.
	Chairman of the Board of Directors	V.Land Property Co., Ltd.
2007-2011	Director	B.B.D. Property Co., Ltd.
2006-2011	Director	B.B.D. Development Co., Ltd.
2003-2006	Chairman of the Executive Committee	SC Asset Corporation Plc.
	Chairman of the Board of Directors	OAI Asset Co., Ltd.
	Chairman of the Board of Directors	Up Country Land Co., Ltd.
	Chairman of the Board of Directors	V.Land Property Co., Ltd.
Position in other company	:	
2011-present	Director/ Treasurer	Thaicom Foundation
Illegal record in the last 10 years	:	None

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### Ms. Phensom Damapong

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Age	:	62 years
Title	:	Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee (Authorized Director)
Shareholding (%) *	:	2 shares
Relationship among Administrators	:	Her husband is a relative with Ms. Busaba Damapong and Mr. Nuttaphong Kunakornwong.
Highest Education	:	Master Degree of Business Administration, the National Institute of Development Administration
IOD Training	:	Director Accreditation Program (DAP) Class 5/2003, Thai Institute of Directors
Work Experience	:	
August 29, 2003-present	Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee	SC Asset Corporation Plc.
	Director	OAI Asset Co., Ltd.
	Director	Up Country Land Co., Ltd.
	Director	V. Land Property Co., Ltd.
2002-2004	Director/ Member of the Executive Committee	ITV Plc.



Position in other company	:	
2012-present	Director	Thaicom Foundation
	Director	Shinawatra University
Illegal record in the last 10 years	:	None

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**Mr. Nathpath Ouajai**


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Age	:	55 years
Title	:	Director/ Member of the Executive Committee (Authorized Director)
Shareholding (%) *	:	-
Relationship among Administrators	:	None
Highest Education	:	Master Degree of Business Administration, Thai Chamber University Modern Marketing Management Class 19, Chulalongkorn University Mini MBA Class 21, Thammasat University Graduate Diploma Program in Property Valuation, Thammasat University Bachelor Degree of Engineering (in Civil Engineering), King Mongkuts University of Technology
IOD Training	:	Director Accreditation Program (DAP) Class 53/2006, Seminar for Good Corporate Governance of Thai Listed Companies under the report of Corporate Governance Report of Thai Listed Companies and Director Certification Program (DCP) Class 91/2007, Thai Institute of Directors
Work Experience	:	
March 20, 2006-present	Director and Member of the Executive Committee	SC Asset Corporation Plc.
2003-2005	Project Manager	Prothiphom Co., Ltd. Sinthoranee Property Co., Ltd. Property One Fund Thairung Union Car Public Co., Ltd.
Position in other company	:	
2005-present	Managing Director	Back All Billboard Co., Ltd.
Illegal record in the last 10 years	:	None

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**Mr. Kunodom Tharmmaphornphilas**


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Age	:	68 years
Title	:	Director/ Chairman of the Audit Committee/ Member of the Nominating and Remuneration Committee
Shareholding (%) *	:	-
Relationship among Administrators	:	None
Highest Education	:	Master Degree of Structural Engineering, Asian Institute of Technology (AIT)
IOD Training	:	Improving the Quality of Financial Reporting Class 4/2006, Audit Committee Program (ACP) Class 13/2006, Director Accreditation Program (DAP) Class 53/2006, Director Certification Program (DCP) Class 87/2007, Accounting Standard for Director and Seminar for Good Corporate Governance of Thai Listed Companies under the report of Corporate Governance Report of Thai Listed Companies, Thai Institute of Directors

Work Experience	:	
March 20, 2006-present	Director/ Chairman of the Audit Committee/ Member of the Nominating and Remuneration Committee	SC Asset Corporation Plc.
2001-2005	Deputy Director-General 9	Department of Public Works and Town & Country Planning
Position in other company	:	None
Illegal record in the last 10 years	:	None

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**Mr. Prasert Samanawong**


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Age	:	61 years
Title	:	Director/ Member of the Audit Committee
Shareholding (%) *	:	-
Relationship among Administrators	:	None
Highest Education	:	Master Degree in Commerce, Thammasat University
IOD Training	:	Audit Committee Program (ACP) Class 21/2008, Director Accreditation Program (DAP) Class 61/2007, Director Certification Program (DCP) Class 85/2007 and Accounting Standard for Director, Thai Institute of Directors
Work Experience	:	
January 31, 2007-present	Director/ Member of the Audit Committee	SC Asset Corporation Plc.
1991-2000	Executive Vice President	Premier Products Co., Ltd.
Position in other company	:	None
Illegal record in the last 10 years	:	None

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**Mr. Precha Sekhararidhi**


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Age	:	66 years
Title	:	Director/ Chairman of Corporate Governance and Social & Environmental Responsibility Committee/ Member of the Nominating and Remuneration Committee/ Member of the Audit Committee
Shareholding (%) *	:	6,000 shares (0.001%)
Relationship among Administrators	:	None
Highest Education	:	Master Degree of Engineering, Asian Institute of Technology (AIT) Master Degree of Business Administration, Chulalongkorn University
IOD Training	:	Director Accreditation Program (DAP) Class 13/2004 and Director Certification Program (DCP) Class 97/2007, Thai Institute of Directors

Work Experience	:	
March 26, 2007-present	Director/ Chairman of Corporate Governance and Social & Environmental Responsibility Committee/ Member of the Nominating and Remuneration Committee/ Member of the Audit Committee	SC Asset Corporation Plc.
Position in other company	:	
2007-present	Chairman of the Board of Directors	Creatis International Co., Ltd.
1995-present	Director	GMS Power Plc.
1989-present	Managing Director	MDX Plc.
1974-present	Chairman of the Board of Directors	Southeast Asia Technology Co., Ltd.
Illegal record in the last 10 years	:	None

### Ms. Naengnoi Na Ranong

Age	:	68 years
Title	:	Director/ Chairman of the Nominating and Remuneration Committee
Shareholding (%) *	:	-
Relationship among Administrators	:	None
Highest Education	:	Bachelor Degree of Economic, Chulalongkorn University Executive Officers Program No. 30, Office of the Civil Service Commission Advanced Certificates Course in Politics and Governance in Democratic Systems for Executives No. 9, King Prajadhipok's Institute Capital Market Academy Leadership Program Class 14, Capital Market Academy, The Stock Exchange of Thailand
IOD Training	:	Director Certification Program (DCP) Class 81/2006, Thai Institute of Directors
Work Experience	:	
November 14, 2011-present	Chairman of the Nominating and Remuneration Committee	SC Asset Corporation Plc.
November 7, 2007-present	Director	SC Asset Corporation Plc.
	Director	OAI Asset Co., Ltd.
	Director	Up Country Land Co., Ltd.
	Director	V. Land Property Co., Ltd.
2004-2005	Deputy Secretary - General to the Prime Minister (Executive 10)	The Secretariat of the Prime Minister
September 1, 2008-June 11, 2011	Associate Judge	Central Intellectual Property and International Trade Court
Position in other company	:	
2007-present	Director	Shenington Investments Pte. Ltd.
Illegal record in the last 10 years	:	None

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**Mr. Nuttaphong Kunakornwong**


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Age	: 33 years	
Title	: Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee/ Deputy Chief Executive Officer (Authorized Director)	
Shareholding (%) *	: 185,981,708 Shares (28.195%)*****	
Relationship among Administrators	: He is Ms. Pintongta Shinawatra (a capital shareholder of the company)'s husband and is a relative of Ms. Busaba and Ms. Phensom Damapong.	
Highest Education	: Master Degree of Business Administration, DePaul University, Chicago, Illinois, USA	
IOD Training	: Director Certification Program (DCP) Class 157/2012, Thai Institute of Directors	
Work Experience	:	
March 1, 2012-present	Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee Deputy Chief Executive Officer	SC Asset Corporation Plc.
	Director	OAI Asset Co., Ltd.
	Director	Up Country Land Co., Ltd.
	Director	V.Land Property Co., Ltd.
2010-2012	Managing Director	Koon Development Co., Ltd.
2010-2012	Managing Director	Pitchman Co., Ltd.
2008-2010	Executive Manager	Nexus Property Consultants Co., Ltd.
2007-2008	Marketing Executive & Coordinator	Areeya Property Plc.
2001-2003	Architect	Nipat Associates Co., Ltd.
Position in other company	: None	
Illegal record in the last 10 years	: None	

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**Flight Lieutenant Kree Dejchai**


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Age	: 50 years	
Title	: Chief Operating Officer	
Shareholding (%) *	: 116,800 shares (0.018%)	
Relationship among Administrators	: None	
Highest Education	: Master Degree of Business Administration, Kasetsart University	
Work Experience	:	
January 9, 2009-present	Chief Operating Officer	SC Asset Corporation Plc.
2007-2009	Executive Vice President – Property Development (Low Rise)	SC Asset Corporation Plc.
1995-2007	Senior Vice President	Quality House Plc.
Position in other company	: None	
Illegal record in the last 10 years	: None	

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**Mr. Attapol Sariddipuntawat**


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Age	:	48 years
Title	:	Chief Financial Officer
Shareholding (%) *	:	1,010,000 Shares (0.153%)
Relationship among Administrators	:	None
Highest Education	:	Degree of National Defence College class 24 Master Degree of Business Administration, Kasetsart University
Work Experience	:	
January 9, 2009-present	Chief Financial Officer	SC Asset Corporation Plc.
2003-2009	Executive Vice President - Corporate Support	SC Asset Corporation Plc.
2002-2003	Vice President - Corporate Support	SC Asset Co., Ltd.**
2000-2002	Assistant Managing Director of Corporate Support	N.C.C. Management and Development Co., Ltd.
Position in other company	:	
2012-present	Director	Praram 9 Hospital Co., Ltd.
Illegal record in the last 10 years	:	None

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**Mr. Vitit Visalpattanasil**


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Age	:	56 years
Title	:	Senior Vice President - Accounting
Shareholding (%) *	:	380,000 shares (0.058%)
Relationship among Administrators	:	None
Highest Education	:	Bachelor Degree in Business Administration (Accounting), Ramkhamhaeng University
Work Experience	:	
2003-present	Senior Vice President - Accounting	SC Asset Corporation Plc.
2002-2003	Director of Accounting	SC Asset Co., Ltd.**
1994-2002	Financial & Accounting Manager	SC Asset Co., Ltd.**
Position in other company	:	None
Illegal record in the last 10 years	:	None

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**Ms. Pradthana Patsaman**


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Age	:	51 years
Title	:	Senior Vice President - Finance
Shareholding (%) *	:	691,200 shares (0.105%)
Relationship among Administrators	:	None
Highest Education	:	Master Degree of Business Administration, The National Institute of Development Administration

Work Experience	:	
2003-Present	Senior Vice President - Finance	SC Asset Corporation Plc.
2002-2003	Director of Finance	SC Asset Co., Ltd.**
1997-2002	Director of Accounting & Finance	N.C.C. Management and Development Co., Ltd.
Position in other company	:	None
Illegal record in the last 10 years	:	None

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**Mr. Pornchai Sriprasertth**


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Age	:	64 years
Title	:	Advisor ***
Shareholding (%) *	:	65,000 shares (0.009%)
Relationship among Administrators	:	None
Highest Education	:	Bachelor Degree in Electronic Engineering, Mapua Institute of Technology
Work Experience	:	
January 2010-present	Advisor	SC Asset Corporation Plc.
January-December 2009	Chief Technical Officer	SC Asset Corporation Plc.
2003-2009	Executive Vice President – Property Development (High Rise)	SC Asset Corporation Plc.
Position in other company	:	None
Illegal record in the last 10 years	:	None

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**Khunying Potjaman Damapong**


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Age	:	57 years
Title	:	-
Shareholding (%) *	:	18,506,254 Shares (2.806%) *****
Highest Education	:	Associate of Arts Degree, Eastern Kentucky University
Work Experience	:	
1998-September 2003	Director	OAI Education Co., Ltd.
1997-March 2003	Director	V. Land Property Co., Ltd.
1995-March 2003	Director	SC Asset Corporation Co., Ltd.
1994-September 2003	Director	SC Office Plaza Co., Ltd.
1994-September 2003	Director	SCK Estate Co., Ltd.
1994-September 2003	Director	P.T. Corporation Co., Ltd.
1994-July 2003	Director	OAI Asset Co., Ltd.
1994-July 2003	Director	SC Office Park Co., Ltd.
1991-August 2003	Director	OAI Leasing Co., Ltd.
Position in other company	:	
2007-present	Vice Chairman	Thaicom Foundation
Illegal record in the last 10 years	:	None

### Ms. Pintongta Shinawatra

Age	: 31 years
Title	: -
Shareholding (%) *	: 185,981,708 Shares (28.195%)*****
Highest Education	: Master Degree of Science in Management (MSc), Cass Business School, City University, UK Master Degree of Art in Enterprise Management for the Creative Arts (MA), London College of Communication, University of Arts, London, UK
Work Experience	:
February 29, 2012–present	Director Rende Development Co., Ltd.
April 20, 2011–February 28, 2012	Director/ Member of the Executive Committee SC Asset Corporation Plc.
Position in other company	:
2008-present	Director The Sister nail Co., Ltd.
2006-present	Director/ Secretary Thaicom Foundation
2004-present	Director How Come Media Co., Ltd.
2004-present	Director Okanit Co., Ltd.
2003-present	Director Voice TV Co., Ltd.*****
Illegal record in the last 10 years	: None (Ms. Pintongta was accused by the Department of Revenue of failing to pay tax on profits made from purchasing shares from her father in 2007 properly, but this allegation was dismissed by the Central Tax Court on the 29 of December, 2010 and the case has been completely terminated.)

### Ms. Paetongtarn Shinawatra

Age	: 27 years
Title	: -
Shareholding (%) *	: 192,181,708 Shares (29.135%) *****
Highest Education	: Master Degree of MSc International Hotel Management, University of Surrey
Work Experience	:
February 29, 2012–present	Director Rende Development Co., Ltd.
Position in other company	:
2011-present	Director Ploenjit Arcade Co., Ltd.
2012-present	Executive Event Hall Director Voice TV Co., Ltd.
2012-present	Director The Sister nail Co., Ltd.****
2006-present	Director Thaicom Foundation
2004-present	Director Okanit Co., Ltd.
Illegal record in the last 10 years	: None

#### Note

- \* Including shareholding by spouse and minor children
- \*\* The name of “SC Asset Co., Ltd.” was changed to OAI Management Co., Ltd. in August 2003.
- \*\*\* An advisor performs his duty in providing opinions to the Board of Directors and management, as well as attending meetings of the Board of Directors but is not considered as having any control or participation in the management of the company.
- \*\*\*\* The name of “ManCity Marketing Co., Ltd” was changed to OAI Marketing Co., Ltd. in December 2009.
- \*\*\*\*\* The name of How Come Entertainment Co., Ltd. was changed to Voice Station Co., Ltd. in December 2008 and changed to Voice TV Co., Ltd. in June 2009.
- \*\*\*\*\* Date as at March 12, 2013

## Positioning Summary of Directors, Management Team, Advisor and Controlling Persons

Directors / Management Team / Adviser / Controlling Persons	SC	Subsidiary Company			Related Company
		OA	UL	VL	
Mr. Rath Kitivejsoth	A, B, J				
Ms. Busaba Damapong	B, C, D, E, N	A, B, C	A, B, C	A, B, C	BBD, OM, BBP, NEWOAK, VOICE (L)
Ms. Phensom Damapong	B, C, G, N	B, C	B, C	B, C	
Mr. Nathpath Ouajai	B, C, G				
Mr. Kunodom Tharmaphornphilas	B, H, I, J				
Mr. Prasert Samanawong	B, H, J				
Mr. Precha Sekhararidhi	B, H, I, J, N				
Ms. Naengnoi Na Ranong	B, I				
Mr. Nuttaphong Kunakornwong	B, C, F, G, N				PT, SOP, RENDE, SOPZ, SCK, OE (L)
Flight Lieutenant Kree Dejchai	K				
Mr. Attapol Sariddipuntawat	K				
Mr. Vitit Visalpattanasil	K				
Ms. Pradthana Patsaman	K				
Mr. Pornchai Sriprasert	M				
Khunying Potjaman Damapong	L				
Ms. Pintongta Shinawatra	L				PT, SOP, RENDE, SOPZ SCK, OE (L)
Ms. Paetongtarn Shinawatra	L				AGD, BTE (L)

### Note

A = Chairman of the Board of Directors  
 B = Director  
 C = Authorized Director  
 D = Chairman of the Executive Committee  
 E = Acting Chief Executive Officer  
 F = Deputy Chief Executive Officer  
 G = Member of the Executive Committee  
 H = Member of the Audit Committee  
 I = Member of the Nominating and Remuneration Committee  
 J = Independent Director  
 K = Management Team  
 L = Controlling Persons  
 M = Advisor  
 N = Member of Corporate Governance & Social and  
 Environmental Responsibility Committee/  
 Date as at January 9, 2013

### The Company's name

SC = SC Asset Corporation Plc.  
 OA = OAI Asset Co., Ltd.  
 UL = Up Country Land Co., Ltd.  
 VL = V. Land Property Co., Ltd.  
 BBD = B.B.D. Development Co., Ltd.  
 OM = OAI Management Co., Ltd.  
 BBP = B.B.D Property Co., Ltd.  
 NEWOAK = Newoak Co., Ltd.  
 VOICE = VOICE TV Co., Ltd.  
 PT = P.T. Corporation Co., Ltd.  
 SOP = SC Office Park Co., Ltd.  
 RENDE = Rende Development Co., Ltd.  
 SOPZ = SC Office Plaza Co., Ltd.  
 SCK = S C K Estate Co., Ltd.  
 OE = OAI Education Co., Ltd.  
 AGD = Alpine Garden Design Co., Ltd.  
 BTE = Bangkok Telecom Engineering Co., Ltd.



## Details of Head of Internal Audit, and Company Secretary and Head of Compliance (Date as at January 9, 2013)

### Ms. Pannee Tharaphat

Age	: 53 years
Title	: Senior Vice President – Internal Audit
Shareholding (%) *	: 120,000 shares (0.018%)
Relationship among Administrators	: None
Highest Education	: Master Degree of Business Administration, Kasetsart University
Work Experience	:
2008-Present	Senior Vice President – Internal Audit SC Asset Corporation Plc.
2006-2008	Vice President – Internal Audit SC Asset Corporation Plc.
February 1, 2006-September 30, 2006	General Audit Manager SC Asset Corporation Plc.
2005-2006	Comptroller Shinawatra University
2004-2005	General Audit Manager SC Asset Corporation Plc.
Position in other company	: None
Illegal record in the last 10 years	: None

### Mr. Somboon Kuptimanus

Age	: 53 years
Title	: Senior Vice President – Legal / Company Secretary / Head of Compliance
Shareholding (%) *	: 66,802 shares (0.010%)
Relationship among Administrators	: None
Highest Education	: Degree of National Defence College Class 24 MINI MBA, Chulalongkorn University Thai Barrister, Member of the Thai Bar Association Bachelor Degree in Law, Ramkhamhaeng University
IOD Training	: Company Secretary Program (CSP), 2006
Work Experience	:
2003-Present	Senior Vice President - Legal SC Asset Corporation Plc.
2002-2003	Director of Legal SC Asset Co., Ltd.**
1999-2002	Legal Manager SC Asset Co., Ltd.**
Position in other company	:
2006-present	Director B.B.D. Property Co., Ltd.
2003-present	Director Praram 9 Hospital Co., Ltd.
1998-present	Director Bangkok Telecom Engineering Co., Ltd.
Illegal record in the last 10 years	: None

Remark \* Including shareholding by spouse and minor children

\*\* The name of "SC Asset Co., Ltd." was changed to OAI Management Co., Ltd. in August 2003.

### Information of the Directors of Subsidiary Companies

Directors	OAI Asset Co., Ltd.	Up Country Land Co., Ltd.	V. Land Property Co., Ltd.
Ms. Busaba Damapong	A , C	A , C	A , C
Ms. Phensom Damapong	B , C	B , C	B , C
Mr. Nuttaphong Kunakornwong	B , C	B , C	B , C

**Note** A = Chairman of the Board of Directors  
 B = Director  
 C = Authorised Director  
 Date as at January 9, 2013

### Details of Shareholding of Ordinary Shares and Debentures of the Company's Directors for the year 2012 (Date as at January 9, 2013)

Name	Position	SC Asset Corporation Plc.		OAI Asset Co., Ltd.		Up Country Land Co., Ltd.		V. Land Property Co., Ltd.	
		Ordinary Shares	Debentures	Ordinary Shares	Debentures	Ordinary Shares	Debentures	Ordinary Shares	Debentures
1. Mr. Rath Kitivejsoth	Chairman of the Board of Directors (Independent Director)	-	-	-	-	-	-	-	-
2. Ms. Busaba Damapong	Director/ Chairman of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee/ Acting Chief Executive Officer (Authorized Director)	31,800,002	-	-	-	-	-	-	-
3. Ms. Phensom Damapong	Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee (Authorized Director)	2	-	1	-	1	-	1	-
4. Mr. Nathpath Ouajai	Director/ Member of the Executive Committee (Authorized Director)	-	-	-	-	-	-	-	-
5. Mr. Kunodom Thammaphornphilas	Director/ Chairman of the Audit Committee/ Member of the Nominating and Remuneration Committee (Independent Director)	-	-	-	-	-	-	-	-
6. Mr. Prasert Samanawong	Director/ Member of the Audit Committee (Independent Director)	-	-	-	-	-	-	-	-
7. Mr. Precha Sekhararidhi	Director/ Chairman of Corporate Governance and Social & Environmental Responsibility Committee/ Member of the Nominating and Remuneration Committee/ Member of the Audit Committee (Independent Director)	6,000	-	-	-	-	-	-	-

Name	Position	SC Asset Corporation Plc.		OAI Asset Co., Ltd.		Up Country Land Co., Ltd.		V. Land Property Co., Ltd.	
		Ordinary Shares	Debentures	Ordinary Shares	Debentures	Ordinary Shares	Debentures	Ordinary Shares	Debentures
8. Ms. Naengnoi Na Ranong	Director/Chairman of the Nominating and Remuneration Committee (Authorized Director)	-	-	-	-	-	-	-	-
9. Mr. Nuttaphong Kunakornwong*	Director/ Member of the Executive Committee/ Member of Corporate Governance and Social & Environmental Responsibility Committee/ Deputy Chief Executive officer (Authorized Director)	185,981,708	-	-	-	-	-	-	-

- Note**
- 1) Including shareholding by spouse and minor children
  - 2) \*Date as at March 12, 2013

## RELATED TRANSACTIONS

Any Company arrangements by the Company and/or subsidiaries in transactions with related companies and/or persons have been for regular business operations, and necessary to acquire the strongest support for the operations of the group of companies. They have all been to the benefit of the Company. Such related transactions are necessary and justified. The Company's returns gained from these related transactions are subject to the toughest criteria regarding consideration of market prices or cost plus. In the case of cost plus price was determined by estimated cost calculated from the Company's budget plus a reasonable determined profit rate. The Company, through the Audit Committee and with the approval of the Board of Directors, annually takes into account the cost and profit rates that it sees as reasonable and proper prices.

### Details of Related Transactions with Related Companies and/or Persons

For the year ended December 31, 2012, the Company and subsidiaries have engaged in transactions with related companies and/or persons as listed below

#### 1. Revenues from Sales – The Company sold residential product to related persons.

(Unit : Million Baht)

Related Persons	Related Transactions for the year ended December 31, 2012
Khunying Potjaman Damapong <sup>1</sup>	25.28
Ms. Pintongta Shinawatra <sup>2</sup>	24.91
Ms. Paetongtarn Shinawatra <sup>3</sup>	9.38
Ms. Charanya Tangbunjurdsook <sup>8</sup>	8.31
Flight Lieutenant Kree Dejchai <sup>6</sup>	5.35
<b>Total</b>	<b>73.23</b>

#### 2. Revenues from Rental and Rendering of Services – The Company provided rental space and services to related companies.

(Unit : Million Baht)

Related Companies	Related Transactions for the year ended December 31, 2012
B.B.D. Development Company Limited <sup>13</sup>	2.30
Thai-Com Foundation <sup>12</sup>	1.89
Rende Development Company Limited <sup>26</sup>	0.70
Voice TV Company Limited <sup>17</sup>	0.05
P.T. Corporation Company Limited <sup>22</sup>	0.01
<b>Total</b>	<b>4.95</b>

#### 3. Other Income – The Company sold assets to related persons.

(Unit : Million Baht)

Related Persons	Related Transactions for the year ended December 31, 2012
Flight Lieutenant Kree Dejchai <sup>6</sup>	0.63
Mr. Attapol Sariddipuntawat <sup>5</sup>	0.45
Ms. Charanya Tangbunjurdsook <sup>8</sup>	0.29
<b>Total</b>	<b>1.37</b>

**4. Cost of Rental and Rendering of Services** – These transactions involved the payment made by the Company and subsidiaries to related companies and/or person.

(Unit : Million Baht)

Related Companies and/or Persons	Related Transactions for the year ended December 31, 2012
SC Office Park Company Limited <sup>20</sup>	22.68
P.T. Corporation Company Limited <sup>22</sup>	6.20
SC Office Plaza Company Limited <sup>21</sup>	4.20
Alpine Garden Design Company Limited <sup>23</sup>	0.30
Khunying Potjaman Damapong <sup>1</sup>	0.07
Alpine Golf & Sports Club Company Limited <sup>15</sup>	0.03
How Come Studio Company Limited <sup>18</sup>	0.01
<b>Total</b>	<b>33.49</b>

**5. Selling and Administrative Expenses** - These transactions involved the payment made by the Company and subsidiaries to related companies.

(Unit : Million Baht)

Related Companies	Related Transactions for the year ended December 31, 2012
Alpine Garden Design Company Limited <sup>23</sup>	6.58
P.T. Corporation Company Limited <sup>22</sup>	2.34
Alpine Golf & Sports Club Company Limited <sup>15</sup>	1.82
OAI Consultant & Management Company Limited <sup>14</sup>	1.74
How Come Studio Company Limited <sup>18</sup>	1.48
OAI Leasing Company Limited <sup>16</sup>	1.33
SC Office Plaza Company Limited <sup>21</sup>	1.13
Chiangmai Golf & Country Club Company Limited <sup>24</sup>	0.65
Voice TV Company Limited <sup>17</sup>	0.16
Fortay (Thailand) Company Limited <sup>19</sup>	0.14
SC Office Park Company Limited <sup>20</sup>	0.10
Healthlink Company Limited <sup>25</sup>	0.06
<b>Total</b>	<b>17.53</b>

**6. Trade Receivables** – These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Persons	Related Transactions as at December 31, 2012
Flight Lieutenant Kree Dejchai <sup>6</sup>	15.04
Mr. Somboon Kuptimanus <sup>7</sup>	8.54
Ms. Charanya Tangbunjurdsook <sup>8</sup>	7.95
Ms. Pannee Tharaphat <sup>9</sup>	7.92
<b>Total</b>	<b>39.45</b>

**7. Accrued Income** - These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
B.B.D. Development Company Limited <sup>13</sup>	0.03
Thai-Com Foundation <sup>12</sup>	0.02
Rende Development Company Limited <sup>26</sup>	0.02
Voice TV Company Limited <sup>17</sup>	0.01
<b>Total</b>	<b>0.08</b>

**8. Real Estate Development Cost** - These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
Rende Development Company Limited <sup>26</sup>	244.18
Alpine Garden Design Company Limited <sup>23</sup>	6.25
Alpine Golf & Sports Club Company Limited <sup>15</sup>	5.76
SC Office Plaza Company Limited <sup>21</sup>	1.66
P.T. Corporation Company Limited <sup>22</sup>	1.66
How Come Studio Company Limited <sup>18</sup>	0.04
<b>Total</b>	<b>259.55</b>

**9. Other Current Assets** – These outstanding balances at the end of the year made by the Company and subsidiaries.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
OAI Leasing Company Limited <sup>16</sup>	0.08
Chiangmai Golf & Country Club Company Limited <sup>24</sup>	0.03
Alpine Garden Design Company Limited <sup>23</sup>	0.01
<b>Total</b>	<b>0.12</b>

**10. Property, Plant and Equipment** – The Company purchase asset from related company.

(Unit : Million Baht)

Related Company	Related Transactions as at December 31, 2012
How Come Studio Company Limited <sup>18</sup>	0.03
<b>Total</b>	<b>0.03</b>

**11. Other Non-Current Assets** – This outstanding balance at the end of the year made by the Company.

(Unit : Million Baht)

Related Company	Related Transactions as at December 31, 2012
SC Office Park Company Limited <sup>20</sup>	0.02
<b>Total</b>	<b>0.02</b>

**12. Trade and Other Payables** - These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
Alpine Garden Design Company Limited <sup>23</sup>	1.86
Alpine Golf & Sports Club Company Limited <sup>15</sup>	1.13
Chiangmai Golf & Country Club Company Limited <sup>24</sup>	0.50
How Come Studio Company Limited <sup>18</sup>	0.25
OAI Consultant & Management Company Limited <sup>14</sup>	0.11
OAI Leasing Company Limited <sup>16</sup>	0.08
Healthlink Company Limited <sup>25</sup>	0.05
Fortay (Thailand) Company Limited <sup>19</sup>	0.04
P.T. Corporation Company Limited <sup>22</sup>	0.01
<b>Total</b>	<b>4.03</b>

**13. Accrued Expenses** – This outstanding balance at the end of the year made by the Company.

(Unit : Million Baht)

Related Company	Related Transactions as at December 31, 2012
SC Office Park Company Limited <sup>20</sup>	0.01
<b>Total</b>	<b>0.01</b>

**14. Advances Received from Customers** – These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Persons	Related Transactions as at December 31, 2012
Khunying Potjaman Damapong <sup>1</sup>	1.10
Ms. Pradthana Patsaman <sup>10</sup>	0.98
Flight Lieutenant Kree Dejchai <sup>6</sup>	0.45
Ms. Paetongtarn Shinawatra <sup>3</sup>	0.30
Ms. Naengnoy na Ranong <sup>4</sup>	0.24
Ms. Charanya Tangbunjurdsook <sup>8</sup>	0.23
Ms. Nantar Dejchai <sup>11</sup>	0.08
<b>Total</b>	<b>3.38</b>

**15. Short-Term Loans from Related Entities** – These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
P.T. Corporation Company Limited <sup>22</sup>	148.39
SC Office Plaza Company Limited <sup>21</sup>	98.96
<b>Total</b>	<b>247.35</b>

**16. Rental and Rendering of Service Deposits** – These outstanding balances at the end of the year made by the Company.

(Unit : Million Baht)

Related Companies	Related Transactions as at December 31, 2012
B.B.D. Development Company Limited <sup>13</sup>	0.52
Thai-Com Foundation <sup>12</sup>	0.48
Rende Development Company Limited <sup>26</sup>	0.48
P.T. Corporation Company Limited <sup>22</sup>	0.01
<b>Total</b>	<b>1.49</b>

**17. Construction Retention** – This outstanding balance at the end of the year made by the Company.

(Unit : Million Baht)

Related Company	Related Transactions as at December 31, 2012
Alpine Garden Design Company Limited <sup>23</sup>	0.20
<b>Total</b>	<b>0.20</b>

**The Relationship of Related Companies and/or Persons are as follows :**

Related Companies and/or Persons	Relationship	Type of Business
1. Khuning Potjaman Damapong	Shareholder of the Company	-
2. Ms. Pintongta Shinawatra	Shareholder of the Company	-
3. Ms. Paetongtarn Shinawatra	Shareholder of the Company	-
4. Ms. Naengnoy na Ranong	Director	-
5. Mr. Attapol Sariddipuntawat	Management of the Company	-
6. Flight Lieutenant Kree Dejchai	Management of the Company	-



Related Companies and/or Persons	Relationship	Type of Business
7. Mr. Somboon Kuptimanus	Management of the Company	-
8. Ms. Charanya Tangbunjurdsook	Management of the Company	-
9. Ms. Pannee Tharaphat	Management of the Company	-
10. Ms. Pradthana Patsaman	Management of the Company	-
11. Ms. Nantar Dejchai	Management of the Company's spouse	-
12. Thai-Com Foundation	The Shinawatra Family is a founder	-
13. B.B.D. Development Company Limited	Mr. Bhanapot Damapong is a major shareholder.	Real Estate Business
14. OAI Consultant & Management Company Limited	Khunying Potjaman Damapong is a major shareholder.	Hotel Business
15. Alpine Golf & Sports Club Company Limited	The Shinawatra Family is a major shareholder.	Golf Business
16. OAI Leasing Company Limited	The Shinawatra Family and The Damapong Family are the major shareholders.	Car Rental Business
17. Voice TV Company Limited	The Shinawatra Family and P.T. Corporation Company Limited are major shareholders.	Import and distribution of all types of communications equipment and providing entertainment services.
18. How Come Studio Company Limited	A Subsidiary of Voice TV Company Limited.	Production, production services and other entertainment services.
19. Fortay (Thailand) Company Limited	A Subsidiary of OAI Consultant & Management Company Limited.	Coffee Business
20. SC Office Park Company Limited	The Shinawatra Family is a major shareholder.	Land Rental , property management business.
21. SC Office Plaza Company Limited	The Shinawatra Family is a major shareholder	Land Rental
22. P.T. Corporation Company Limited*	The Shinawatra Family is a major shareholder.	Real estate business
23. Alpine Garden Design Company Limited	The Shinawatra Family is a major shareholder.	Garden Design Business
24. Chiangmai Golf & Country Club Company Limited	A Subsidiary of B.B.D. Development Company Limited.	Golf Business
25. Healthlink Company Limited	A Subsidiary of B.B.D. Development Company Limited.	Hotel Business
26. Rende Development Company Limited**	The Shinawatra Family is a major shareholder.	Real estate business

Remark :

\* This company is in the business of rental of small office space, and began its operation before the listing of the Company in the Stock Exchange of Thailand. The company has no other competing business with the Company and only owns the office buildings for the rental business that was earlier listed in this report. In addition, the company's customer base is different from that of the Company. Its office buildings are not in the same location as the Company's. The highest rental rate commanded by the company is Baht 318 per sq. meter, whereas the Company's office rental rates are in the range of Baht 350-600 per sq. meter.

\*\* This company is in the business of rental of small office space, and began its operation before the listing of the Company in the Stock Exchange of Thailand. The company has no other competing business with the Company and only owns the office buildings for the rental business that was earlier listed in this report. In addition, the company's customer base is different from that of the Company. Its office buildings are not in the same location as the Company's or its office locations are in provincial areas.

## Procedures and Policies for Approval of Related Transactions

Approval procedures for related party transactions, which are transacted to support the Company's normal course of business operations, such as space rent, shall be governed by the conditions prescribed by the Company to suite the general nature of such trading activities. For other related party transactions, the Company shall prescribe measures and procedures which are in line with their underlying trade characteristic and nature, and use prevailing market prices for their pricing, similar to the transactions normally made to any other non-related customers. In the case that there are no applicable market prices for comparison, the Company will contract at least three independent specialists, approved by the Securities and Exchange Commission of Thailand, to appraise the transaction and define proper market price and suitable conditions. Then, it shall benchmark the appropriate price at the amount not higher than the average mean of all those independent assessments. Such implementation intends to assure the maximization of the Company and its shareholders' benefits. The Company shall also propose the outcomes and the matter to its Audit committee for reviewing and consider the rationality of such related party transactions and appropriateness of its pricing, prior to the further submission to the Board of directors, or in some cases to the shareholders, for the approval.

In accordance with the practice of disclosure of related transactions, the acquisition or sales of significant assets owned by the Company and subsidiaries conform to all the laws on securities and exchange, including regulations, notifications, orders of the Stock Exchange of Thailand and Thai Accounting Standards issued by the Federation of Accounting Professions.

## Trend of Future Related Transactions

In the future related transactions will still be a regular part of business operations transactions such as the space rental etc. There may have transactions for the sale and purchase of land with related persons but they will be mostly extraordinary transactions. Any such transactions to be engaged in the future shall conform to the measures and procedures of approval as outlined.

# FINANCIAL STATUS AND RESULTS OF OPERATIONS

## MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

### 1. Performance Overview

In 2012, the Company had a better operating result than its prior expected target, with the launching of 14 new residential projects for a total project value of Baht 17,532 million; comprising 11 low-rise projects, and 3 high-rise projects. In addition there were 16 projects which had been launched in the earlier years and still had their sales ongoing with the remaining sales value of Baht 11,500 million. All of these enabled the Company to report total annual presales of Baht 12,250 million; from which Baht 5,896 million came from low-rise projects, and Baht 6,354 million came from high-rise projects. The total annual presales for 2012 were 51% higher than the prior year and much stronger than its anticipated target of Baht 10,000 million for the year. Such impressive expansion resulted largely in its ability to well-respond to consumer needs. The condominium projects launched in Sukhumvit and Sathorn areas commanded exceptional market response. Revenue for the year was targeted at Baht 8,000 million. The Company also managed a better-than-targeted achievement, with an operating income of Baht 8,358 million, or an increase of 14% from the prior year. Net profit for the year was Baht 1,108 million, a net profit margin of 13.15%. The earnings per Share for the year were Baht 1.68.

According to its corporate vision, the Company places emphasis on a good operating performance, with continual and stable growth, and focuses on residential development as its main business driver. In its project development plan for 2013-2015, the Company continues to concentrate more on low-rise projects with the ratio of low-rise to high-rise projects plan of approximately 70:30. In order to better manage its relevant risks in the aspects of incomes, investments, and project management, the Company shall apply more use of precast concrete building systems in its construction. The system shall save in on-site construction time, enabling the Company to reduce the delivery time of a completed house to a homebuyer by two to three months, and resolve labor shortage problems.

2013 is the year that the Company reaches its 10 year anniversary of its registration as a public listed company in the Stock Exchange of Thailand. It plans to launch 13 new projects with a total value of Baht 20,000 million; comprising 9 low-rise projects, and 4 high-rise projects – two of which will be projects in the renowned resort towns of Cha-Am and Pattaya. In 2013, the Company targets for a total annual presales and total revenues of Baht 15,000 million, and Baht 10,000 million with a land purchase budget of Baht 4,000 million.

### Note

In 2011, the Company changed its accounting policy for revenue recognition of condominium sales from the percentage of completion method. According to the Thai Interpretation for Financial Reporting Standard (TFRIC) No.15: Agreements for the Construction of Real Estate, agreements for the sale of unit in the condominium project are regarded as being agreements for the sale of goods, rather than construction contracts, and thereby fall under TAS No.18. Accordingly, from January 1, 2011, the Company has changed its accounting policy for recognising revenue from the sale of unit in the condominium project from the percentage of completion method to the transfer of ownership method. The effects of this change are recognised retrospectively in the consolidated and the separate financial statements. In addition, the Company commenced to adopt TAS No.19 on Employee Benefits for the first time. The Company selected to recognize the provision in long-term employee benefit obligations by written down Baht 43.12 million, from the retained earnings as at January 1, 2011 in accordance with the transitional provisions practice.

## 2. Analysis of the Company's Consolidated Operational Results between 2011 and 2012

### 2.1 Revenues

The Company's total consolidated revenues in 2012 was Baht 8,358 million as compared to Baht 7,354 million in 2011, showing an increase of Baht 1,004 million or 13.65%. The increase was mainly attributed to the following developments:

(Unit: Baht Million)

	2012	2011	Increase (Decrease)	
			Amount	%
<b>Revenues from Sales</b>	7,555	6,526	1,029	16
High – rise development projects	1,490	675	815	121
Low – rise development projects	6,065	5,851	214	4

- Revenues from sales increased by Baht 1,029 million or 16%, which mainly resulted from high-rise development projects. The sales revenues in high-rise projects rocketed by 121% from The Centric Ratchada-Suttisan, The Crest Sukhumvit 49, and The Crest Phahonyothin 11. These 3 projects have been recognized since 2012 and expected to complete within 2013.

The proportion of recognized sales revenues from low-rise development projects in 2012 was 80% of total sales revenues, which dropped from 90% of total sales revenues in 2011. The drop was mainly caused by the major flooding incident in the Central region of Thailand and the Bangkok Metropolitan region during the end of 2011. However, it resulted in the increase in demand of condominiums. The company's development projects in terms of product style, location and after sales services have been able to meet customers' needs and satisfaction.

The company's backlog in 2012 was Baht 7,687 million, which was composed of Baht 149 million in low-rise development projects and Baht 7,538 million in high-rise development projects. The backlog will be recognized during the period of 2013–2015.

### 2.2 Operating Cost

The Company's operating cost was Baht 5,338 million and Baht 4,553 million in 2012 and 2011 respectively. It increased by Baht 785 million or 17.24%. The increase was mainly caused by the following developments:

- Cost of sales increased by Baht 767 million following the increase in sales and construction costs.
- Cost of rental and rendering of services increased by Baht 18 million. The majority of increase came from electricity charges and the minimum daily wage to Baht 300.

### 2.3 Profit from fair value adjustment in investment properties

Profit from fair value adjustment in investment properties in 2012 and 2011 were Baht 52 million and Baht 3 million, respectively. It rose by Baht 49 million, which was mainly caused by the fair value adjustment of Shinawatra Tower I, II and III.

## 2.4 Other Income

Other income was Baht 17 million and Baht 18 million in 2012 and 2011, respectively. It dropped Baht 1 million or 5.56%.

## 2.5 Selling Expenses

The Company's selling expenses were Baht 535 million and Baht 389 million in 2012 and 2011 respectively. Selling expenses in 2012 increased by Baht 146 million, or 37.53% from the previous year. The increase was mainly caused by marketing spending which went up in proportion to sales expansion.

## 2.6 Specific Business Tax and Property Transfer Fee

Special business tax and property transfer fee for 2012 and 2011 were Baht 288 million and Baht 245 million, respectively. The tax amounts increased 17.55%, or Baht 43 million, due mainly from a direct result of the year sales expansion prior mentioned.

## 2.7 Administrative Expenses

Administrative expenses were Baht 813 million and Baht 653 million in 2012 and 2011, respectively. The expenses increased by Baht 160 million or 24.50% due mainly to the increase in employee expenses resulting from workforce expansion, together with the increase in project management costs resulting from growth in new development projects.

## 2.8 Financial Cost

Financial cost was Baht 56 million and Baht 38 million in 2012 and 2011, respectively. The increase in cost of Baht 18 million, or 47.37%, which was due to the loan growth for supporting expansion of development projects.

## 2.9 Corporate Income Tax

Corporate income tax was Baht 290 million and Baht 417 million in 2012 and 2011, respectively. It decreased by Baht 127 million or 30.46% as a result of the decrease in the corporate income tax rate from 30% in 2011 to 23% in 2012.

## 2.10 Employee benefit obligation actuarial losses

There were employee benefit obligation actuarial losses in 2012 about Baht 6 million because of changes in the principal actuarial assumptions.

## 2.11 Total Comprehensive Income for the Years

In 2012 and 2011, the Company's total comprehensive income for the years were Baht 1,102 million and Baht 1,079 million, respectively. It increased Baht 23 million, or 2.13% as previous explanations.

# 3. Analysis of 2011 and 2012 Financial Positions

## 3.1 Assets

As at year ended 2012, the Company had total consolidated assets of Baht 22,751 million, an increase of Baht 4,330 million or 23.51% from the previous year. The increase can be mainly attributed to the following developments:

- Cash and cash equivalents decreased by Baht 422 million, caused by a Baht 2,802 million net cash flow from operating activities which offset the use of cash from investing activities and financing activities which were Baht 259 million and Baht 2,639 million, respectively.
- Short - term investments increased by Baht 210 million, resulting from investments in debt mutual funds.
- Real estate development cost increased by Baht 4,074 million, which was mainly caused by the purchases of land for future development projects.

- Deposits for land increased by Baht 163 million, resulting from the land deposit costs for properties in the Rachadapisek and Soi Rachakru areas.
- Advance for construction work and materials increased by Baht 179 million, which caused by advanced payments for steel and construction work.
- Land awaiting development increased by Baht 39 million, resulting from transfer of land ownership for development in the Jaeng Wattana area.
- Investment properties declined by Baht 707 million, resulting from an accounting adjustment in the investment properties item related to Shinawatra Tower III which represented the office space used by the Company and is accounted as "Property, Plant, and Equipment" in the Company's book.
- Property, plant, and equipment increased by Baht 787 million, which was resulted from purchasing equipments and the accounting adjustment as the previous explanations.

#### Asset Utilization

- Normally, the Company's days receivable is around 15 days. The Company's management has confidence in collecting all its overdue receivables. Receivables that are due in more than one year represent the sales of residential property to the Company's top executives of which such sales transactions duly comply with the terms and conditions resolved by the Board of Directors.
- Items accounted in the inventory are the real estate development costs as of yearend 2012. Inventory turnover was 5.49 times. The costs related to houses in low-rise development projects that were available for sales. Their total value was Baht 1,208.70 million. There is no impairment of assets on these items.

### 3.2 Liabilities

As at year ended 2012, total consolidated liabilities was Baht 12,681 million in comparison to Baht 9,033 million in 2011, or an increase of Baht 3,648 million, or 40.39%. The increase was mainly caused by the following developments:

- Short-term loans increased by Baht 1,408 million, reflecting the increase in the loans from financial institutions for land purchase.
- Trade and other payables increased by Baht 80 million, caused by the increase in payables for real estate constructions.
- Accrued expenses increased by Baht 145 million, resulting from the increase in accruals relating to marketing expenses, construction expenses, and bonus.
- Advances received from customers increased by Baht 314 million, which was related to the increase in deposit and down payments as the sales growth of high-rise development projects.
- All short-term loans from related entities represented the borrowing on the 6 month bills of exchange.
- Long-term loans from financial institutions increased by Baht 1,410 million, including Baht 1,776 million in additional borrowings and Baht 151 million in loans repayment, whereas Baht 215 million in the long term loan from financial institutions became the current portion that become due within one year.
- Deferred leasehold revenue reduced by Baht 18 million, resulting from the recognition of such amount as revenue during the year.
- Construction retention increased by Baht 37 million, resulting from the increase in the retention amount that grew in proportion to the increase in the Company's development work.
- Employee benefit obligation increased by Baht 13 million; the increase attributed from changes in major actuarial assumptions used to calculate the estimated actuarial liability.

### 3.3 Shareholders' Equity

As at year ended 2012 and 2011, Shareholders' equity of the company was Baht 10,071 million and Baht 9,387 million, respectively. The Baht 684 million increase in shareholder's equity in 2012 resulted from the increase in the total comprehensive income for the year of Baht 1,102 million, the advance received for ordinary share subscription of Baht 10 million, and the decline in dividends paid of Baht 428 million.

### 3.4 Liquidity

As at 31 December 2012 the company had total consolidated current assets of Baht 16,197 million, total consolidated current liabilities of Baht 8,358 million, and a current ratio of 1.94. Cash and cash equivalents as at 31 December 2012 was Baht 750 million, or an decreased of Baht 422 million due to the use of cash for various activities namely :

- Net cash used in operating activities was Baht 2,802 million, caused mainly by the purchases of land for future development projects.
- Net cash flows from investing activities represented the use of Baht 259 million, caused mainly from short-term investments.
- Net cash received from financing activities was Baht 2,639 Million. The main inflows were the proceeds from short-term loans, long-term loans.

### 3.5 Capital Structure

Debt to equity ratio was 1.26 and 0.96 in 2012 and 2011 respectively.

The Company's capital structure as at 31 December 2012 comprised of borrowings from short-term promissory notes, bills of exchange, loans from financial institution and debentures. The Company invested the proceeds thereof in its land bank and in the construction of its development projects that will support its business growth path. In any event, the Company shall maintain its commitment in financial ratios and other conditions as prescribed by the requirement of its lending financial institutions such as leverage ratio and fire insurance on properties and buildings with benefit partly assigned to the Company's lenders as collateral for the loans.

## AUDITORS' FEE

Auditors' Fee

- The Company paid Baht 905,000 for the auditing of its 2012 financial statements.
- The Company's subsidiaries paid Baht 480,000 for the auditing of their 2012 financial statements.

Other Auditors' Remuneration

- None –

## CORPORATE GOALS

The Company intends to be a leading corporation with engage in fully integrated property development activities. The Company emphasizes a perfect mix of the office rental business, which is a main long-term earnings source, and the residential property development business, which is a growth engine for our revenues. These actions are aimed to create well- balanced sources of income.

The Company operates its real estate business with the intention of providing our customer with perfection and promptness by placing emphasis on 5 important criteria which are:

- Practical Design
- Accessible Location
- Lively Neighborhood
- Security Care
- Intelligent Home

The Company will focus its new investments on the development of both high and low rise residential projects to be the Company's major source of growing revenues and still continue its expansion in office rental activities in order to maintain a well-balance earning structure of short-term housing sales and long-term rental incomes. This strategy will hedge the Company against any potential risk caused by future economic setback. Revitalization of abandoned projects currently classified as non-performing assets, which include undeveloped land and unfinished buildings in promising location for future sales or lease, will also be the Company's current and continued business objectives.

## FUTURE PLAN

In 2013, the Company plans to launch 13 new projects with total estimated project value of Baht 20,110 million, details of which are as follows: (This information can be modified subject to changes in market circumstances).

Owner & Operator	Project Nature	Location	Launching Schedule	Project Value (Million Baht)	Progress
SC	Condominium	Ratchada-Ramintra Rd.	Quarter 1	460	Under Construction
SC	Housing Project	Rangsit-Nakhon Nayok Rd.	Quarter 1	1,600	Under Construction
SC	Condominium	Chon Buri Province	Quarter 2	2,500	In the designing stage
SC	Condominium	Phahonyothin Rd.	Quarter 2	2,400	In the designing stage
SC	Condominium	Ratchadaphisek Rd.	Quarter 2	2,600	In the designing stage
SC	Housing Project	Ratchaphruek Rd.	Quarter 3	850	Under Construction
SC	Housing Project	Ramintra Rd.	Quarter 3	1,900	Under Construction
SC	Housing Project	Wongwaen-Onnuch Rd.	Quarter 3	1,200	Under Construction
SC	Housing Project	Nakron In Rd.	Quarter 3	600	Under Construction
SC	Housing Project	Ramintra Rd.	Quarter 3	1,200	Under Construction
SC	Housing Project	Phetchaburi Province	Quarter 4	1,800	Under Construction
SC	Housing Project	Kallaprapruk Rd.	Quarter 4	2,000	Under Construction
SC	Housing Project	Ratchaphruek Rd.	Quarter 4	1,000	Under Construction



## BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

**Dear Shareholders,**

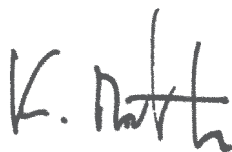
The Board of Directors of SC Asset Corporation Public Company Limited is responsible for the financial statements and the consolidated financial statements of the Company and its subsidiaries including all other financial information that appears in its reports. The financial statements are prepared in accordance with generally accepted accounting principles, applying appropriate and consistent accounting policies with careful and accurate estimations. The Company has properly and transparently disclosed all important information in the notes to the financial statements for the benefit of shareholders and investors.

The Board of Directors has provided and maintained appropriate and efficient internal control systems to ensure that the accounting records are accurate, complete and protect its assets and adequate to prevent any fraud or materially irregular operation.

In this regard, the Board of Directors has appointed the Audit Committee to review the accounting policies and quality of the financial reports, internal controls and internal audit system. The Audit Committee's opinion appears in this annual report.

The Company's Auditor, namely SAM NAK-NGAN A.M.C. Co., Ltd. has audited the financial statements and the consolidated financial statements of the Company and its subsidiaries. The Board of Directors supplied all relevant information and documents to the Auditor to allow them to express an opinion in accordance with generally accepted accounting standards. The Auditor's opinion is presented in the auditor's report as part of the annual report.

The Board of Directors believes that the overall internal control system of the Company is satisfactory and ensures that the financial statements and the consolidated financial statements of SC Asset Corporation Public Company Limited and its subsidiaries for the year ending December 31, 2012 are prepared in accordance with generally accepted accounting principles and comply with all relevant and applicable rules and regulations.



Mr. Rath Kitivejosoth  
Chairman of the Board of Directors



Ms. Busaba Damapong  
Chairman of the Executive Committee

# FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

## AUDITOR'S REPORT

### To the Shareholders of SC ASSET CORPORATION PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate financial statements of SC Asset Corporation Public Company Limited and its subsidiary companies and also of SC Asset Corporation Public Company Limited only, respectively, which comprise the consolidated and the separate statements of financial positions as at 31 December 2012, and the related consolidated and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated and Separate Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial position of SC Asset Corporation Public Company Limited and its subsidiary companies and also of SC Asset Corporation Public Company Limited only, respectively, as at 31 December 2012, and of their consolidated and the separate financial performance and cash flows for the years then ended in accordance with Thai Financial Reporting Standards.

SAM NAK-NGAN A.M.C. Co., Ltd.



(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand)

Registration No. 4664

## STATEMENTS OF FINANCIAL POSITION

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at December 31, 2012 and 2011

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents items	6	750,359,335	1,172,697,371	674,662,675	1,080,463,686
Short-term investments	7	210,118,318	-	210,118,318	-
Trade and other receivables	5.1 and 8	63,965,037	63,646,519	64,293,211	64,165,701
Short-term loan to related entities	5.1	-	-	30,000,000	70,000,000
Real estate development cost	9	14,640,855,698	10,567,473,390	14,640,855,698	10,567,473,390
Deposits for land		244,129,500	81,054,473	244,129,500	81,054,473
Advance for construction work and materials		275,966,123	96,847,935	275,966,123	96,847,935
Other current assets		11,861,933	9,554,460	11,852,739	9,539,890
Total current assets		16,197,255,944	11,991,274,148	16,151,878,264	11,969,545,075
NON-CURRENT ASSETS					
Trade receivable due more than one year	5.1 and 10	37,348,350	31,495,750	37,348,350	31,495,750
Land awaiting development		488,011,253	448,730,859	409,036,753	369,783,859
Investments in subsidiary companies	11	-	-	409,999,880	409,999,880
Investment properties	12	5,073,614,014	5,781,377,580	3,993,799,610	4,687,505,827
Property, plant and equipment	13	873,828,443	86,844,982	873,731,101	86,821,993
Leasehold rights	14	63,839,787	67,185,305	-	-
Other non-current assets		17,398,586	13,685,464	16,323,925	12,580,870
Total non-current assets		6,554,040,433	6,429,319,940	5,740,239,619	5,598,188,179
Total assets		22,751,296,377	18,420,594,088	21,892,117,883	17,567,733,254

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at December 31, 2012 and 2011

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	15	5,284,539,695	2,995,230,120	5,284,539,695	2,995,230,120
Trade and other payables	16	355,647,851	276,377,438	354,497,687	274,970,030
Accrued expenses		587,040,884	442,195,306	583,424,280	442,129,305
Advances received from customers		445,765,673	132,457,960	445,545,673	132,457,960
Current portion of long-term liabilities					
Long-term loans from financial Institutions	17	1,183,072,794	2,064,579,910	1,183,072,794	2,064,579,910
Liabilities under long-term lease contracts	19	1,245,568	1,467,415	1,245,568	1,467,415
Current portion of deferred leasehold revenue	20	18,472,639	38,899,590	7,517,364	7,517,364
Short-term loans from related entities	6.1	247,350,895	-	247,350,895	-
Accrued income tax		140,757,389	134,046,914	129,591,943	116,043,393
Other current liabilities		93,914,656	73,806,962	93,307,815	73,123,070
Total current liabilities		8,357,808,044	6,159,061,615	8,330,093,714	6,107,518,567
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions	17	1,920,447,000	510,000,000	1,920,447,000	510,000,000
Debentures	18	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Liabilities under long-term lease contracts	19	2,166,002	3,843,079	2,166,002	3,843,079
Deferred leasehold revenue	20	57,698,007	76,170,646	19,400,661	26,918,025
Rental and rendering of service deposits		156,356,306	148,688,378	151,521,204	143,787,924
Construction retention		116,291,624	79,424,057	116,291,624	79,424,057
Employee benefit obligations	21	63,248,181	49,682,819	63,248,181	49,682,819
Other non-current liabilities		6,548,248	6,548,248	6,548,248	6,548,248
Total non-current liabilities		4,322,755,368	2,874,357,227	4,279,622,920	2,820,204,152
Total liabilities		12,680,563,412	9,033,418,842	12,609,716,634	8,927,722,719

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at December 31, 2012 and 2011

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2012	2011	2012	2011
SHAREHOLDERS' EQUITY					
Share capital	22				
Authorized share capital					
700,000,000 ordinary shares @ par value of Baht 5.00 each		3,500,000,000	3,500,000,000	3,500,000,000	3,500,000,000
Issued and paid-up share capital					
658,336,600 ordinary shares @ par value of Baht 5.00 each		3,291,683,000	-	3,291,683,000	-
657,018,200 ordinary shares @ par value of Baht 5.00 each		-	3,285,091,000	-	3,285,091,000
Premiums on ordinary share	24	316,887,386	315,612,850	316,887,386	315,612,850
Advance received for ordinary share subscription		1,619,800	-	1,619,800	-
Retained earnings					
Appropriated					
Legal reserve	25	341,500,000	288,100,000	341,500,000	288,100,000
Unappropriated		6,119,042,779	5,498,371,396	5,330,711,063	4,751,206,685
Total shareholders' equity		10,070,732,965	9,387,175,246	9,282,401,249	8,640,010,535
Total liabilities and shareholders' equity		22,751,296,377	18,420,594,088	21,892,117,883	17,567,733,254

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years ended December 31, 2012 and 2011

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2012	2011	2012	2011
OPERATING REVENUES					
Revenues from sales		7,554,971,995	6,526,101,328	7,554,971,995	6,526,101,328
Revenues from rental and rendering of services		802,916,163	827,672,558	601,145,172	615,615,268
Revenues from consulting and management services		546,000	-	40,050,000	39,600,000
Total operating revenues		8,358,434,158	7,353,773,886	8,196,167,167	7,181,316,596
OPERATING COST					
Cost of sales		(5,052,925,799)	(4,286,241,801)	(5,052,925,799)	(4,286,241,801)
Cost of rental and rendering of services		(284,645,240)	(266,685,187)	(257,251,254)	(242,828,052)
Cost of consulting and management services		(450,000)	-	(13,518,913)	(11,877,577)
Total operating cost		(5,338,021,039)	(4,552,926,988)	(5,323,695,966)	(4,540,947,430)
Gross profit		3,020,413,119	2,800,846,898	2,872,471,201	2,640,369,166
Dividend received from subsidiary company		-	-	52,499,993	52,499,993
Profit from fair value adjustment in investment properties	12	51,858,176	3,256,741	65,915,525	26,977,429
Other income		16,642,159	17,716,577	16,181,042	16,801,554
Selling expenses		(534,826,459)	(388,996,892)	(534,408,242)	(388,955,281)
Specific business tax and transfer fee		(287,628,902)	(245,074,690)	(287,628,902)	(245,074,690)
Administrative expenses	27	(812,557,131)	(653,357,494)	(797,300,675)	(638,910,500)
Financial cost		(55,851,400)	(38,310,199)	(55,851,400)	(38,301,236)
Profit before income tax		1,398,049,562	1,496,080,941	1,331,878,542	1,425,406,435
Income tax	29	(290,029,672)	(416,770,777)	(265,025,657)	(381,221,857)
Profit for the years		1,108,019,890	1,079,310,164	1,066,852,885	1,044,184,578
OTHER COMPREHENSIVE INCOME					
Employee benefit obligation actuarial losses		(6,436,747)	-	(6,436,747)	-
Other comprehensive income for the years		(6,436,747)	-	(6,436,747)	-
Total comprehensive income for the years		1,101,583,143	1,079,310,164	1,060,416,138	1,044,184,578
EARNINGS PER SHARE					
Basic earnings per share	30	1.68	1.66	1.62	1.60
Diluted earnings per share		1.68	1.65	1.62	1.60

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the Years ended December 31, 2012 and 2011

### Consolidated Financial Statements

(Unit : Baht)

Notes	Issued and Paid-up Share Capital	Premiums on Share Capital	Advance Received for Ordinary Share Subscription	Retained Earnings		Total
				Appropriated Legal Reserve	Unappropriated	
Balance as at January 1, 2011	3,219,325,000	293,312,185	1,019,000	235,100,000	4,926,340,512	8,675,096,697
Advance received for ordinary share subscription	-	-	(1,019,000)	-	-	(1,019,000)
Share capital increase 23	65,766,000	22,300,665	-	-	-	88,066,665
Dividend paid 25	-	-	-	-	(454,279,280)	(454,279,280)
Appropriated legal reserve	-	-	-	53,000,000	(53,000,000)	-
Total comprehensive income for the year 2011	-	-	-	-	1,079,310,164	1,079,310,164
Balance as at December 31, 2011	3,285,091,000	315,612,850	-	288,100,000	5,498,371,396	9,387,175,246
Advance received for ordinary share subscription	-	-	1,619,800	-	-	1,619,800
Share capital increase 23	6,592,000	1,274,536	-	-	-	7,866,536
Dividend paid 25	-	-	-	-	(427,511,760)	(427,511,760)
Appropriated legal reserve	-	-	-	53,400,000	(53,400,000)	-
Total comprehensive income for the year 2012	-	-	-	-	1,101,583,143	1,101,583,143
Balance as at December 31, 2012	3,291,683,000	316,887,386	1,619,800	341,500,000	6,119,042,779	10,070,732,965

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years ended December 31, 2012 and 2011

### Separate Financial Statements

(Unit : Baht)

Notes	Issued and Paid-up Share Capital	Premiums on Share Capital	Advance Received for Ordinary Share Subscription	Retained Earnings		Total
				Appropriated Legal Reserve	Unappropriated	
Balance as at January 1, 2011	3,219,325,000	293,312,185	1,019,000	235,100,000	4,214,301,387	7,963,057,572
Advance received for ordinary share subscription	-	-	(1,019,000)	-	-	(1,019,000)
Share capital increase 23	65,766,000	22,300,665	-	-	-	88,066,665
Dividend paid 25	-	-	-	-	(454,279,280)	(454,279,280)
Appropriated legal reserve	-	-	-	53,000,000	(53,000,000)	-
Total comprehensive income for the year 2011	-	-	-	-	1,044,184,578	1,044,184,578
Balance as at December 31, 2011	3,285,091,000	315,612,850	-	288,100,000	4,751,206,685	8,640,010,535
Advance received for ordinary share subscription	-	-	1,619,800	-	-	1,619,800
Share capital increase 23	6,592,000	1,274,536	-	-	-	7,866,536
Dividend paid 25	-	-	-	-	(427,511,760)	(427,511,760)
Appropriated legal reserve	-	-	-	53,400,000	(53,400,000)	-
Total comprehensive income for the year 2012	-	-	-	-	1,060,416,138	1,060,416,138
Balance as at December 31, 2012	3,291,683,000	316,887,386	1,619,800	341,500,000	5,330,711,063	9,282,401,249

Notes to financial statements are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the Years ended December 31, 2012 and 2011

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before Income tax	1,398,049,562	1,496,080,941	1,331,878,542	1,425,406,435
Adjustments to reconcile profit before income tax to net cash received (paid) operating activities :				
Dividend Received from Subsidiary Companies	-	-	(52,499,993)	(52,499,993)
Depreciation	28,793,091	25,351,543	28,766,446	25,342,914
Gain from fair value adjustment in trust units	(118,318)	-	(118,318)	-
Gain from fair value adjustment in investment properties	(51,858,176)	(3,256,741)	(65,915,525)	(26,977,429)
Loss from written off of investment properties	20,000	75,000	20,000	75,000
(Gain)loss from disposal of property, plant and equipment	(127,999)	(316,976)	143,027	(316,976)
Amortized leasehold rights	3,345,518	3,345,518	-	-
Income from amortized leasehold right	(38,899,590)	(47,445,365)	(7,517,364)	(7,517,364)
Employee benefit obligations	7,128,615	6,564,389	7,128,615	6,564,389
Financial cost	55,851,400	38,310,199	55,851,400	38,301,236
Profit from operations before changes in operating assets and liabilities	1,402,184,103	1,518,708,508	1,297,736,830	1,408,378,212
Operating assets (increase) decrease				
Trade and other receivables	(13,200,104)	(30,719,903)	(13,009,096)	(35,677,269)
Real estate development cost	(3,672,832,585)	(3,210,155,578)	(3,672,832,585)	(3,210,155,578)
Deposits for land	(163,075,027)	(81,054,473)	(163,075,027)	(81,054,473)
Advance for construction work and materials	(179,118,188)	(87,159,962)	(179,118,188)	(87,159,962)
Other current assets	(2,307,473)	2,190,802	(2,312,849)	2,203,179
Land awaiting development	(27,500)	(78,947,000)	-	-
Other non-current assets	(3,713,122)	(2,230,028)	(3,743,055)	(2,259,717)
Operating liabilities increase (decrease)				
Trade and other payables	79,270,413	(256,432,187)	79,527,657	(256,677,421)
Accrued expenses	147,476,146	18,253,874	143,925,543	18,253,872
Advances received from customers	313,307,713	33,531,628	313,087,713	33,531,628
Other current liabilities	20,107,694	25,755,711	20,184,745	25,881,388
Rental and rendering of service deposits	7,667,928	(37,100,988)	7,733,280	(37,166,339)
Construction retention	36,867,567	(5,016,598)	36,867,567	(5,016,598)
Cash received (paid) from operating activities	(2,027,392,435)	(2,190,376,194)	(2,135,027,465)	(2,226,919,078)
Interest paid	(491,776,571)	(274,104,658)	(491,776,571)	(274,095,695)
Income tax paid	(283,319,197)	(490,813,940)	(251,477,107)	(455,193,875)
Net cash used in operating activities	(2,802,488,203)	(2,955,294,792)	(2,878,281,143)	(2,956,208,648)

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the Years ended December 31, 2012 and 2011

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additionally invest in short-term investments	(210,000,000)	-	(210,000,000)	-
Increase (decrease) in short-term loan to related entity	-	-	40,000,000	(70,000,000)
Dividend received from subsidiary company	-	-	52,499,993	52,499,993
Additionally invest in subsidiary companies	-	-	-	(60)
Additional acquisition of investment properties	(13,431,692)	(14,785,928)	(13,431,692)	(14,785,928)
Purchases of property, plant and equipment	(37,265,714)	(38,796,408)	(37,164,714)	(38,766,408)
Cash proceeds from sales of investment properties	15,000	-	15,000	-
Cash proceeds from sales of property, plant and equipment	1,664,581	981,853	1,393,553	981,853
<b>Net cash used in investing activities</b>	<b>(259,017,825)</b>	<b>(52,600,483)</b>	<b>(166,687,860)</b>	<b>(70,070,550)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in short-term loans from financial institutions	2,289,309,575	1,145,156,430	2,289,309,575	1,145,156,430
Increase in short-term loans from related entity	247,350,895	-	247,350,895	-
Proceeds from long-term loans from financial institutions	3,287,150,000	2,863,448,000	3,287,150,000	2,863,448,000
Repayment of long-term loans from financial institutions	(2,758,210,116)	(2,153,882,090)	(2,758,210,116)	(2,153,882,090)
Cash received from issuance of debentures	-	2,000,000,000	-	2,000,000,000
Cash paid for liabilities under long-term lease contracts	(1,898,924)	(1,159,035)	(1,898,924)	(1,159,035)
Dividend paid	(434,019,774)	(454,279,280)	(434,019,774)	(454,279,280)
Cash received from share capital increase	9,486,336	87,047,665	9,486,336	87,047,665
<b>Net cash received from financing activities</b>	<b>2,639,167,992</b>	<b>3,486,331,690</b>	<b>2,639,167,992</b>	<b>3,486,331,690</b>
Cash and cash equivalents items increase(decrease)-net	(422,338,036)	478,436,415	(405,801,011)	460,052,492
Cash and cash equivalents items at the beginning of the year	1,172,697,371	694,260,956	1,080,463,686	620,411,194
Cash and cash equivalents items at the end of the year (Note 6)	750,359,335	1,172,697,371	674,662,675	1,080,463,686

Notes to financial statements are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the Years ended December 31, 2012 and 2011

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Additional Disclosure:				
1. The Company and its subsidiaries have material non-monetary items in the consolidated and the separate financial statements as follows:-				
- Transferred advance for assets to investment properties and property, plant and equipment	7,028,986	-	7,028,986	-
- Transferred real estate development cost to Land awaiting development	39,252,894	-	39,252,894	-
- Purchased assets by committing to long-term lease contracts	-	2,168,500	-	2,168,500
- Transferred investment properties to property, plant and equipment	775,200,000	27,474,424	775,200,000	27,474,424
- Adjusted the beginning balance of retained earnings with employee benefit obligations	-	43,118,430	-	43,118,430
- Transferred employee benefit obligation actuarial losses to other comprehensive income	6,436,747	-	6,436,747	-
- Appropriated legal reserve	53,400,000	53,000,000	53,400,000	53,000,000

Notes to financial statements are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

SC ASSET CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
December 31, 2012 and 2011

### 1. General information

SC ASSET CORPORATION PUBLIC COMPANY LIMITED (“the Company”) was registered on August 8, 1989 as a juristic entity under Civil and Commercial Code with a company registration number 7283/2532 and on August 29, 2003 as a public limited company with a registration number 0107546000253. The registered office is situated at 1010 Viphavadeerangsit Road, Chatuchak Subdistrict, Chatuchak District, Bangkok.

The Company was registered with the Stock Exchange of Thailand on November 13, 2003.

The principal businesses of the Company are real estate development for sale and rental, including services management. Detail of subsidiaries as at December 31, 2012 and 2011 are as follow:-

Company	Type of business	Incorporated in	Percentage of shareholding	
			2012	2011
OAI ASSET COMPANY LIMITED	Real estate service, rental and development	Thailand	99.99	99.99
UP COUNTRY LAND COMPANY LIMITED	Real estate service, rental and development	Thailand	99.99	99.99
V.LAND PROPERTY COMPANY LIMITED	Rendering of service related to real estate business	Thailand	99.99	99.99

As at December 31, 2012 and 2011, V.LAND PROPERTY CO., LTD. has no land allotment and development project.

### 2. Basis of financial statements preparation

- 2.1 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.
- 2.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation in the financial statements are presented in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.3 Federation of Accounting Professions has issued and revised Thai financial reports standards (TFRS), that have not been adopted in the preparation of these financial statements as listed below.

2.3.1 Which are expected to be effective for financial statements beginning on or after January 1, 2013 onwards.

Reference standard No.	Name
TAS No. 12	Income Taxes
TAS No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS. 8	Operating Segments
TSIC No.10	Government Assistance - No Specific Relation to Operating Activities
TSIC No. 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC No. 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
Accounting Treatment Guidance for Transfers to and Transfers from of Financial Assets	

2.3.2 Which are expected to be effective for financial statements beginning on or after January 1, 2014 onwards.

Reference standard No.	Name
TSIC No. 29	Service Concession Arrangements: Disclosures
TFRIC No. 4	Determining whether an Arrangement contains a Lease
TFRIC No. 12	Service Concession Arrangements
TFRIC No. 13	Customer Loyalty Programmes

The Company's management will adopt the above TAS, TFRS, TSIC and TFRIC relevant to the Company in the preparation of the financial statements of the Company when they become effective. In addition, the Company's management has assessed the effects and believed the use of these standards will not have any significant impact on the financial statements of the Company in the period that has commenced to apply, except for TAS 12 "Income Taxes".

#### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. The effect of the adoption to the accounting standard in year 2013 will decrease the profit for

the year 2012 according to the consolidated and separated financial statements by Baht 33.61 million and Baht 30.28 million respectively and the brought-forward retained earnings of the year 2012 according to the consolidated and separated financial statements decreased by Baht 425.78 million and Baht 356.09 million respectively. These effects have been calculated by tax rate specified in the royal decree announcing the reduction of income tax rate dated December 21, 2011.

- 2.4 In preparation of financial statements in conformity with generally accepted accounting principles the Company's management has to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions so used in preparation of the financial statements are reviewed on regular basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. The areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Group Companies' financial statements include:-

#### **Measurement for the value of the investment properties**

Fair value of investment properties, which has been assessed by an independent appraiser, is calculated using the estimate discount cash flow of the rental fee under the present lease agreements, including future rental fee under the current market condition and net from any expense cash flow anticipated to incur from real estate. The discount rate applied is reflect the assessment of the current market condition under the appropriate financial value and risk factors. The discount rate is 10% per annum.

#### **Depreciation of property, plant and equipment**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Group Companies' plant and equipment and to review estimate useful lives and residual values when there are any changes from the estimates made during the prior periods, derecognition of the dilapidated asset or cease of usage from disposal or disused.

#### **Estimate on employee benefit obligations**

The present value of the estimate on employee retirement benefit is calculated using various assumptions, including discount rate, which is used to determine the expenses related to the employee retirement benefits. Any change in these assumptions would affect the estimate of employee retirement benefits. The Group Companies determine the appropriate discount rate annually and applied to measure the present value of estimated future cash flows for the settlement of the employee benefit obligations, using the said determined appropriate discount rate. The discount rate is the yield of government bonds that have maturity date approximating the terms of the Group Companies' obligations.

Other estimates are disclosed under related caption in these notes to financial statements.

### 3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements consist of the financial statements of the Company and subsidiaries (together called “Group Companies”).
- 3.2 A subsidiary companies are enterprise under the control of the Group Companies. This control occurs when the Group Companies have a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from that subsidiary companies. Also the financial statements of the subsidiary companies will be combined into the consolidated financial statements of the Group Companies commencing from the date of control until the cessation date of such control.
- 3.3 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.
- 3.4 The accounting period of the subsidiary companies ends on the same date as that of SC ASSET CORPORATION PUBLIC COMPANY LIMITED.
- 3.5 The consolidated financial statements confines the accounts of the Company and its subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

### 4. Summary of significant accounting policies

The significant accounting policies of the Group Companies can be summarized as follows:

- 4.1 Cash and cash equivalents include cash, bank deposits in the forms of savings and current accounts, and short-term investments with term not exceeding three months and not subject to withdrawal restrictions.
- 4.2 Short-term investments in trust units which are recorded as securities for trading are those held for an unspecified period which might be sold in need of liquidity and shown in total under of non-current assets except the management has intention to hold them less than 12 months from the date of the statement of financial position or the management want to sell them to increase the working capital. In the latter case, they will be classified as current asset. Normally, the management will fix the appropriate classification at the time of investing and will review the classification regularly. These investments are valued at fair values which are calculated from the latest quote of purchase price as of the accounting year end date and recognised the change in value when these investments are sold or impaired in value, the recognition will be made through the statements of comprehensive income.
- 4.3 Trade and other receivables are shown at net realizable value. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments from the uncollectability of each account receivable. Bad debts are written off when incurred.
- 4.4 Real estate development costs including properties during development are those properties which are held with the intention of development and sale in the ordinary course of business. They are shown at the lower of cost or net realizable value, cost being consisted of land cost, expenses directly related to the project (design expense, public utilities expense, construction cost) and borrowing cost payable on loans funding a development property are capitalized, on a

specific identification basis, as part of the cost of the development property until the completion of development while net realizable value being the estimated sale value in the course of normal business less by necessary expenses for such sale.

- 4.5 In the separate financial statements, the investments in subsidiary companies are recorded by the cost method less accumulated allowance for impairment (if any) and recorded the recognition of the change of the investments value in the statement of comprehensive income when the investments has been disposed or impaired.
- 4.6 Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value, with any change recognized in the statement of comprehensive income. Investment properties-under-construction measured at cost method less allowance for impairment (if any).

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

- 4.7 Land is stated at cost; plant and equipment are stated at cost less by accumulated depreciation and loss of value impairment (if any), and depreciation charge is made on a straight-line method over the following estimated useful lives :
- Land Improvements 5 years
  - Buildings and Construction 20-50 years
  - Furniture and Fixtures 5-10 years
  - Office Equipment 5-10 years
  - Other Fixed Assets 3-5 years

The Group Companies have not depreciated on land and assets under construction.

Property, plant and equipment shall be derecognized from the accounts on disposal or no future economic benefits are expected from its usage or disposal. Any gain or loss arising on disposal is recognised including profit or loss when the said asset is derecognized from the accounts.

- 4.8 Borrowing costs for use in construction of the projects are capitalized as part of the cost of those projects and capitalization will ceased when the projects are ready for its intend use or ready for sale when the construction is completed or when the construction is suspended, until active development resumes. For the loan borrowed with the specific purpose to be used in project development, the borrowing costs consisted of the actual interest expense paid less the revenue earned from investing the said loan in short-term investment. For the loan borrowed for the general purpose, the borrowing cost is calculated by multiply the expense of the said project with the capitalization rate. The capitalization rates are calculated based on the weighted average of the borrowing cost during the year excluding the borrowing cost of the loan borrowed with the specific purpose.
- 4.9 Impairment of assets, the Group Companies assesses at each statement of financial position date whether there is an indication that an asset may be impaired. If any such indication exists, the Group Companies make an estimate of the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in statements of comprehensive income.



The recoverable amount of assets is the greater of fair value less costs to sell the asset and value in use.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.10 Land Awaiting Development are consisted of cost of land and expenses directly related shown at cost net from allowance for impairment (if any).

4.11 Leasehold right is consisted of the contractual right to obtain the leasehold right and the construction cost of the building on the said lease land which was operating lease bearing the condition to transfer the ownership of the said building to the landlord when the construction is completed and held as prepaid lease payments of the compensation from the beneficial usage of the said land and building. It would be gradually amortized as cost of rental on the straight-line method under the beneficial live of the said right over the lease term.

4.12 Deferred leasehold revenue which is advance received of lease income under operating lease is gradually recognized as revenue using the straight-line method under the appropriation of the time period specified in the agreement.

4.13 The recording of long-term lease contracts as both an asset and a liability is made in the statement of financial position at the same amount equivalent to fair value of leased asset as at the commencing date of the agreement or the present value of the minimum amount payable under the agreement whichever is the lower. The discount rate to be used in calculating such present value is the interest rate specified in the lease agreement. The directly related initial cost is included in the cost of the asset and the paid lease fee will be appropriated partly as financial expense and other to reduce the principle. The said financial expense will be apportioned to various periods throughout the term of agreement so that the interest rate compared to the remaining amount of debt at each period is constant. Depreciation policy for lease assets conforms to depreciable assets owned by the Group Companies.

4.14 Trade and other payables are stated at cost.

4.15 Employee benefits

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

The Group Companies recognise salaries, wages, bonuses and contributions to Social Security Fund as expense when incurred.

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

#### **Defined contribution plans**

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

### Defined benefit plans-post employment

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

The obligation under the defined benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of defined benefit obligations are recognised when the curtailment or settlement occurs.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.

- 4.16 Estimation of liabilities : The Group Companies will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group Companies will recorded the recovered payment as asset separately but the amount so recorded must be more than the amount of related liability estimate and the related expense with the liability estimate will be shown in the statement of comprehensive income in the net amount after recovered expense already recognized
- 4.17 Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts with the details are as follows:-
  - 4.17.1 Revenues from sales of houses together with land and revenues from sales of condominium units are recognized as income when the significant risks and rewards of ownership have been transferred to the buyer that Group Companies retains neither continuing managerial involvement nor effective control over the houses together with land and the condominium sold, directly and indirectly. The recognised amount revenue incurred in respect of the transaction can be measured reliably.
  - 4.17.2 Rental income from investment property is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.
  - 4.17.3 Revenues from other rental and rendering of services, consulting and management services are recognized by accrual basis at the rate specified in the agreement.
  - 4.17.4 Interest income and other revenues are recognized by accrual basis. Dividend income is recognised on the date that has right to receive payments is established.
- 4.18 Cost of sales and other expenses recognition
  - 4.18.1 In calculating cost of sales for houses together with land and condominium units, the Group Companies appropriates all estimated development costs (based on actual costs) to houses together with land and condominium units sold according to saleable areas and then recognizing it as cost of sales in the statement of comprehensive income according to the revenues from sales already recognised.

The Group Companies recognised the loss from the decrease of the real estate project's value (if applicable) under the statement of comprehensive income.

- 4.18.2 Operating lease contract in hiring assets which the risk and ownership of the hired assets remain with the lessor classified as operating lease. The lease payments under the operating lease is recorded as expense throughout the term of the contract.
- 4.18.3 Costs of rental and rendering of services, consulting and management services and other expenses are recognized by accrual basis.
- 4.19 Financial cost consists of interest expense or other expenses in similar nature charged to the statement of comprehensive income in the year such expenses are incurred except in case that they are partly recorded as cost of assets due to the effect of long period of time used to acquire construction or produce such assets prior to direct utilization or for sale. Interest which is part of installment amount under finance lease contract is charged to the statement of comprehensive income by effective rate method.
- 4.20 The related parties and related companies with the Company and its subsidiaries meant individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the same control with the Company and its subsidiaries. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or the employees of the Company and its subsidiaries who have the power to plan and control the operations of the Company and its subsidiaries including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 4.21 Income tax will be recognized as expense item whenever the Group Companies are liable to pay tax and calculate the tax from the net taxable profit for the year under the Revenue Code.
- 4.22 Basic earnings per share is calculated by dividing profit for the year by the weighted averaged number of already issued and fully paid shares during the accounting year, and diluted earnings per share is calculated by dividing annual profit for the year after adjustment with the effect of item related to diluted ordinary shares by the weighted average number of already issued and fully paid shares during the year plus number of ordinary shares which may be issued in order to convert all diluted ordinary shares to ordinary shares.
- 4.23 The sectoral business operation is disclosed under the separate business sectors of the Group Companies. The business segment is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.
- 4.24 Financial instruments : Financial assets and liabilities carried on the statement of financial position include cash equivalents, short-term investment trade receivable and payable, other receivable and payable, loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

## 5. Business transactions with related parties and person

The Company and its subsidiaries incurred business transactions with related entities which have the same group of shareholders. The significant remaining balances and inter-company transactions between the Company and its subsidiaries with related entities and persons are as follows:-

## 5.1 Inter-assets and liabilities are as follows :-

(Unit : Million Baht)

Type of Items	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
Trade receivable				
Subsidiary company	-	-	0.17	0.12
Current portion of related persons	2.10	1.68	2.10	1.68
Due more than 1 year of related persons	37.35	31.50	37.35	31.50
Total	39.45	33.18	39.62	33.30
Accrued income				
Subsidiary company	-	-	2.56	1.88
Related entities	0.08	0.04	0.08	0.04
Real estate development cost as of financial cost and other				
Related entities	15.37	-	15.37	-
Other current assets				
Related entities	0.12	0.15	0.12	0.14
Property, plant and equipment				
Related entities	0.03	-	0.03	-
Other non-current assets				
Related entities	0.02	0.03	0.02	0.02
Trade and other payable				
Related entities	4.03	2.15	4.03	2.15
Accrued expenses				
Related entities	0.01	0.01	0.01	0.01
Advances received from customers				
Related persons	3.38	0.42	3.38	0.42
Rental and rendering of service deposits				
Related entities	1.49	0.48	1.49	0.48

(Unit : Million Baht)

Type of Items	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
Construction retention				
Related entities	0.20	-	0.20	-
Purchase of land				
Related entities	244.18	128.59	244.18	128.59
Loan to a subsidiary company				
Beginning balance	-	-	70.00	-
Increase during the period	-	-	-	70.00
Received during the period	-	-	(40.00)	-
Ending balance	-	-	30.00	70.00
Short-term loans from related entities				
Beginning balance	-	-	-	-
Increase during the period	247.35	-	247.35	-
Repayment during the period	-	-	-	-
Ending balance	247.35	-	247.35	-

As at December 31, 2012 and 2011, the whole outstanding amount of short-term loan to a subsidiary company was in the form of promissory notes, repayable on demand with interest rate of MLR-1.25% per annum and rate of MLR-1% per annum respectively (MLR in this case is the average of MLRs of four commercial banks).

As at December 31, 2012, the whole outstanding amount of short-term loan from related entities was in the form of bill of exchange with the term of 6 months and interest rate chargeable at market rate referring to that rate of short-term debts of private sector announced by Thai Bonds Marketing Association (Thai BMA). This is in accordance to the resolution of the Company's board of directors meeting No. 5/2554 authorising related entities to invest in the Company's bills of exchange in the same way as general big investors and the level of investing amount at any time must not be more than Baht 250 million. (A part of loan limit at Baht 2,000 million as mentioned in the notes to financial statements No.15)

The price of land purchased from a related company was in accordance to the mutually-agreed price, which is lower than the average of appraised prices performed by 3 independent appraisers, and shown as a part of the real estate development cost.

## 5.2 Inter-revenues and expenses are as follows: -

(Unit : Million Baht)

Type of Items	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2012	2011	2012	2011
Revenues from sales				
Related persons	73.23	44.32	73.23	44.32
Revenues from rental and rendering of services				
Subsidiary company	-	-	0.49	0.45
Related entities	4.95	1.27	4.95	1.27
Revenues from consulting and management services				
Subsidiary company	-	-	40.05	39.60
Interest income				
Subsidiary company	-	-	2.25	1.88
Dividend received				
Subsidiary company	-	-	52.50	52.50
Other income				
Related entities	1.37	-	1.37	-
Cost of rental and rendering of services				
Related entities	33.49	31.93	25.58	23.66
Selling and administrative expenses				
Related entities	17.53	14.91	17.52	14.90
Executives and important management’s remuneration				
Short-term employee benefits	61.69	68.78	61.69	68.78
Post-employment benefits	0.69	1.49	0.69	1.49
Total	62.38	70.27	62.38	70.27

### Policy of setting prices

- Revenues from sales to related persons : parts of the revenues are in compliance with the market prices chargeable to general customers. Another part of sales of residential units to high level management of the Company whom had complied with rules and conditions as fixed and within the limit as authorized by the Company's board of directors.
- Revenues and cost of rental and rendering of services which are collected monthly are in compliance with the market prices which are compatible with those charged to outside parties, with the detail of contracts as follows: -

### SC ASSET CORPORATION PUBLIC COMPANY LIMITED

The Company entered into building management service agreements for Shinawatra Tower 1 and Shinawatra Tower 2 with a related company. The contractual term is one year commencing from January 1 of each year. The annual service fee for the year 2012 and 2011 are the amount Baht 1.89 million per month and Baht 1.80 million per month respectively.

### UP COUNTRY LAND COMPANY LIMITED (Subsidiary company)

This subsidiary company entered into land rental agreements with two related companies on the yearly basis with the annual rental fee for the year 2012 and 2011 computed pursuant to the aggregating rental area amounting to Baht 7.85 million and Baht 8.21 million respectively.

- Revenue and cost for the consulting and management services are according to the mutually-agree basis with the consideration of the actual cost incurred plus appropriate profit. The Company entered into general consulting and management service including engineering service with a subsidiary company. The annual service fee for the year 2012 and 2011 are Baht 39.60 million for the both years. The contractual term is one year commencing from January 1 of each year.
- Interest income is calculated by basing on the lending interest of commercial banks.

### 5.3 Relationship of related companies

Consisted of :-

Name of companies	Nature of relationship
OAI ASSET COMPANY LIMITED	Subsidiary Company
UP COUNTRY LAND COMPANY LIMITED	Subsidiary Company
V.LAND PROPERTY COMPANY LIMITED	Subsidiary Company
SC OFFICE PARK COMPANY LIMITED	Shinawatra Family is a Major Shareholder
P.T. CORPORATION COMPANY LIMITED	Shinawatra Family is a Major Shareholder
SC OFFICE PLAZA COMPANY LIMITED	Shinawatra Family is a Major Shareholder
OAI CONSULTANT AND MANAGEMENT COMPANY LIMITED	Khunying Potjaman Damapong is a Major Shareholder.
ALPINE GOLF & SPORTS CLUB COMPANY LIMITED	Shinawatra Family is a Major Shareholder

Name of companies	Nature of relationship
OAI LEASING COMPANY LIMITED	Shinawatra Family and Damapong Family are the Major Shareholders
B.B.D. DEVELOPMENT COMPANY LIMITED	Mr. Bhanapot Damapong is a Major Shareholders
VOICE TV COMPANY LIMITED	Shinawatra Family and P.T. CORPORATION COMPANY LIMITED are Major Shareholders
HOWCOME STUDIO COMPANY LIMITED	VOICE TV COMPANY LIMITED is a Major Shareholder
THAI-COM FOUNDATION	Shinawatra Family is a founder
FORTAY (THAILAND) COMPANY LIMITED	OAI CONSULTANT AND MANAGEMENT COMPANY LIMITED is a Major Shareholder
HEALTHLINK COMPANY LIMITED	Subsidiary Company of B.B.D. DEVELOPMENT COMPANY LIMITED which Damapong Family is a Major Shareholder
CHAINGMAI GOLF AND COUNTRY CLUB COMPANY LIMITED	Subsidiary Company of B.B.D. DEVELOPMENT COMPANY LIMITED which Damapong Family is a Major Shareholder
ALPINE GARDEN DESIGN COMPANY LIMITED	Shinawatra Family is a Major Shareholder
OAI MANAGEMENT COMPANY LIMITED	Mr. Bhanapot Damapong is a Major Shareholders
PRARAM 9 HOSPITAL	Shinawatra Family is a Major Shareholder
RENDE DEVELOPMENT COMPANY LIMITED (Formerly Worth Supplies Company Limited)	Shinawatra Family is a Major Shareholder

**Note:** All above companies are Thai nationality.

## 6. Cash and cash equivalents items

Consisted of:-

(Unit : Baht)

	Consolidated financial statements				Separate financial statements			
	As at				As at			
	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
	Amount	Interest Rate (%)	Amount	Interest Rate (%)	Amount	Interest Rate (%)	Amount	Interest Rate (%)
- Cash	1,235,057	-	875,423	-	1,223,701	-	862,457	-
- Bank deposit	749,124,278	0.00-3.50	350,821,948	0.00-0.75	673,438,974	0.00-0.75	329,601,229	0.00-0.75
- Bill of exchange	-	-	821,000,000	3.00-4.00	-	-	750,000,000	3.000-3.125
Total	750,359,335		1,172,697,371		674,662,675		1,080,463,686	



## 7. Short-term investments

Consisted of :

(Unit : Baht)

	Consolidated and Separate financial statements As at December 31, 2012
Investment in trust unit	
- General fixed income fund	210,000,000
Add Fair value adjustment in investments units	118,318
Total	210,118,318

## 8. Trade and other receivables

Consisted of :

(Unit : Baht)

	Consolidated financial statements	Separate financial statements		
	As at December 31,			
	2012	2011	2012	2011
Trade receivable				
- Trade receivable-related person or entity	2,102,400	1,682,400	2,276,156	1,800,065
- Trade receivable-other person or entity	10,750,132	13,415,932	10,164,321	13,415,932
Total	12,852,532	15,098,332	12,440,477	15,215,997
Other receivable				
- Prepaid expenses	13,962,948	17,303,435	13,450,027	17,030,580
- Accrued income	30,278,220	27,987,458	31,597,778	28,661,830
- Advanced payment to employee	6,871,337	3,257,294	6,804,929	3,257,294
Total	51,112,505	48,548,187	51,852,734	48,949,704
Total trade and other receivables	63,965,037	63,646,519	64,293,211	64,165,701

Aging analyses for trade accounts receivable were as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
Trade receivable-related person or entity				
- Within credit terms	2,102,400	1,682,400	2,276,156	1,800,065
Total	2,102,400	1,682,400	2,276,156	1,800,065
Trade receivables-other person or entity				
- Within credit terms	2,171,263	1,718,357	1,780,192	1,718,357
- Over credit terms				
Less than 3 months	4,340,868	2,669,971	4,146,128	2,669,971
From 3 to 6 months	1,937,525	2,079,165	1,937,525	2,079,165
From 6 to 12 months	2,300,476	2,972,936	2,300,476	2,972,936
Overdue over 12 months	-	3,975,503	-	3,975,503
Total	10,750,132	13,415,932	10,164,321	13,415,932
Total trade receivable	12,852,532	15,098,332	12,440,477	15,215,997

The normal credit term granted by the Group Companies is 15 days. For receivable with payments are due more than allowable credit term, the management believe that they will be able to meet the overdue payment fully. Trade receivable-related persons, the credit term would be granted as mentioned in the notes to financial statements No. 10

## 9. Real estate development cost

Consisted of:

(Unit : Baht)

	Consolidated and Separate financial statements	
	As at December 31,	
	2012	2011
Land	9,913,316,223	8,061,095,735
Project development cost and work in process	2,028,689,844	1,322,708,724
Interest expenses	501,409,624	246,266,213
Unit and condominium being developed	988,743,215	304,181,009
Allotted houses ready for sale	1,208,696,792	633,221,709
Total	14,640,855,698	10,567,473,390

For the years ended December 31, 2012 and 2011, the Company combined the borrowing costs to the real estate development cost at the amount of Baht 439.80 million and Baht 241.13 million respectively.

For the years ended December 31, 2012 and 2011, real estate development cost which was recognized as the cost of sales in the consolidated and in the separate financial at the amount of Baht 5,052.93 million and Baht 4,286.24 million respectively.

As at December 31, 2012 and 2011, a part of real estate development cost at the amount of Baht 2,766.89 million and Baht 2,227.69 million respectively is the projects expected to be developed and ready for sale for the period longer than 12 months since dated of statement of financial position.

As at December 31, 2012 and 2011, a part of land together with construction in the Company's real estate project at the amount of Baht 10,573.46 million and Baht 4,621.01 million respectively have been pledged as collateral against credit facility and loan received from commercial banks as mentioned in the notes to financial statements Nos. 15, 17 and 32.4.1 together with the maximum amount an insurance company will accept and forfeit all the benefits from the insurance to the lender or beneficiary.

## 10. Trade receivable due more than one year

Consisted of:

(Unit : Baht)

	Consolidated and Separate financial statements	
	As at December 31,	
	2012	2011
Trade receivable-related persons	39,450,750	33,178,150
<u>Less</u> Current portion of trade receivable-related persons	(2,102,400)	(1,682,400)
Trade receivable due more than one year-related persons	37,348,350	31,495,750

The whole amount represented sales of residential units to high level management of the Company, who had complied with rules and conditions as fixed and within the limit as authorized by the Company's board of directors. The Company would allow right to occupy the purchased residential units before ownership right transfer since the agreement date and to pay by installments part of contractual amount as stipulated in the sales and purchase agreement until it reach the basis set by the Company and the remaining amount is payable at the date of ownership right transfer.

## 11. Investments in subsidiary companies

Consisted of:

(Unit : Baht)

Company names	Paid-Up share capital	Percentage of shareholding (%)	Separate financial statements As at December 31,			
			2012		2011	
			Cost method	Dividend	Cost method	Dividend
	2012/2011	2012/2011				
OAI ASSET COMPANY LIMITED	100,000,000	99.99	99,999,960	-	99,999,960	-
UP COUNTRY LAND COMPANY LIMITED	300,000,000	99.99	299,999,960	52,499,993	299,999,960	52,499,993
V.LAND PROPERTY COMPANY LIMITED	10,000,000	99.99	9,999,960	-	9,999,960	-
<b>Total</b>			<b>409,999,880</b>	<b>52,499,993</b>	<b>409,999,880</b>	<b>52,499,993</b>

## 12. Investment properties

Consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
As at beginning	5,781,377,580	5,735,935,487	4,687,505,827	4,618,343,046
Transfer in from property, plant and equipment-net	-	27,474,424	-	27,474,424
Transfer out to property,plant and equipment-net	(775,200,000)	-	(775,200,000)	-
Purchase of investment properties	15,613,258	14,785,928	15,613,258	14,785,928
Write-off of investment properties	(35,000)	(75,000)	(35,000)	(75,000)
Profit from fair value adjustment in investment properties	51,858,176	3,256,741	65,915,525	26,977,429
As at ending	5,073,614,014	5,781,377,580	3,993,799,610	4,687,505,827

Revenues from rental and rendering of services and Cost of rental and rendering of services which show in statements of comprehensive income are the revenues and the cost from investment properties that make yearly rental income.

As at December 31, 2012 and 2011, the Group Companies arranged for the revaluation of the investment property by an independent appraiser using the income approach for the real estate available for rent and using the cost approach for the real estate without clear intention for its usage. Therefore, the profit (loss) from the adjustment of fair value of the investment properties in the consolidated for the year ended December 31, 2012 and 2011 amounting to Baht 51.86 million and Baht 3.26 million respectively (in the separate financial statements for the year ended December 31, 2012 and 2011 amounting to Baht 65.92 million and Baht 26.98 million respectively.)

During 2012, the company transferred the investment properties to property, plant and equipment value Baht 775.20 million using the fair value reported by the independent appraiser which used the income approach as cost of assets at the adjustment.

As at December 31, 2012 and 2011, in the consolidated and the separate financial statements, the land together with construction (Shinawatra Tower 1, 2 and 3) with the fair value at Baht 3,766 million and Baht 4,460 million respectively have been pledged as collateral against the credit facilities and loan from commercial banks as mentioned in the notes to financial statements Nos. 15, 17 and 32.4.1 together with the maximum amount an insurance company will accept and forfeit all the benefits from the insurance to the lender or beneficiary.

### 13. Property, plant and equipment

Consisted of:

#### Consolidated financial statements

(Unit : Baht)

	Land	Buildings and construction	Furniture and fixtures	Office equipment	Other fixed assets	Assets under construction	Total
<b>Cost :</b>							
As at January 1, 2011	20,354,983	89,201,729	28,983,650	30,279,421	93,788,631	-	262,608,414
Purchase	-	360,108	1,378,854	4,668,755	34,557,191	-	40,964,908
Disposal	-	-	(986,012)	(906,374)	(14,796,906)	-	(16,689,292)
Transfer out	(13,430,296)	(14,992,907)	(224,504)	(81,106)	-	-	(28,728,813)
As at December 31, 2011	6,924,687	74,568,930	29,151,988	33,960,696	113,548,916	-	258,155,217
Purchase	-	7,763,902	5,288,632	3,453,910	19,152,330	1,606,940	37,265,714
Transfer in	244,758,524	530,441,476	4,847,420	-	-	-	780,047,420
Disposal/write-off	-	(8,213,999)	(1,229,176)	(2,742,573)	(30,003,006)	-	(42,188,754)
As at December 31, 2012	251,683,211	604,560,309	38,058,864	34,672,033	102,698,240	1,606,940	1,033,279,597
<b>Accumulated depreciation :</b>							
As at January 1, 2011	-	(50,945,591)	(20,365,913)	(21,079,645)	(70,846,347)	-	(163,237,496)
Depreciation for the Year	-	(6,885,601)	(2,575,660)	(3,153,247)	(12,737,035)	-	(25,351,543)
Disposal/write-off	-	-	928,940	803,228	14,292,247	-	16,024,415
Transfer out	-	1,111,423	102,614	40,352	-	-	1,254,389
As at December 31, 2011	-	(56,719,769)	(21,910,019)	(23,389,312)	(69,291,135)	-	(171,310,235)
Depreciation for the Year	-	(7,696,808)	(3,185,062)	(3,674,830)	(14,236,391)	-	(28,793,091)
Disposal/write-off	-	8,091,393	1,179,278	2,591,453	28,790,048	-	40,652,172
As at December 31, 2012	-	(56,325,184)	(23,915,803)	(24,472,689)	(54,737,478)	-	(159,451,154)

(Unit : Baht)

	Land	Buildings and construction	Furniture and fixtures	Office equipment	Other fixed assets	Assets under construction	Total
<b>Net book value :</b>							
As at December 31, 2011	6,924,687	17,849,161	7,241,969	10,571,384	44,257,781	-	86,844,982
As at December 31, 2012	251,683,211	548,235,125	14,143,061	10,199,344	47,960,762	1,606,940	873,828,443

**Depreciation in the statements of comprehensive income for the years**

End of December 31, 2011	25,351,543
End of December 31, 2012	28,793,091

**Separate financial statements**

(Unit : Baht)

	Land	Buildings and construction	Furniture and fixtures	Office equipment	Other fixed assets	Assets under construction	Total
<b>Cost :</b>							
As at January 1, 2011	20,354,982	50,393,457	27,906,136	29,869,349	88,434,108	-	216,958,032
Purchase	-	360,108	1,378,854	4,668,755	34,527,191	-	40,934,908
Disposal	-	-	(986,012)	(906,374)	(14,796,906)	-	(16,689,292)
Transfer out	(13,430,296)	(14,992,907)	(224,504)	(81,106)	-	-	(28,728,813)
As at December 31, 2011	6,924,686	35,760,658	28,074,474	33,550,624	108,164,393	-	212,474,835
Purchase	-	7,763,902	5,288,632	3,448,510	19,056,730	1,606,940	37,164,714
Transfer in	244,758,524	530,441,476	4,847,420	-	-	-	780,047,420
Disposal/write-off	-	(8,213,999)	(1,229,176)	(2,742,573)	(27,333,006)	-	(39,518,754)
As at December 31, 2012	251,683,210	565,752,037	36,981,350	34,256,561	99,888,117	1,606,940	990,168,215
<b>Accumulated depreciation :</b>							
As at January 1, 2011	-	(12,137,317)	(19,289,281)	(20,669,628)	(65,492,506)	-	(117,588,732)
Depreciation for the Year	-	(6,885,601)	(2,574,961)	(3,153,247)	(12,729,105)	-	(25,342,914)
Disposal	-	-	928,940	803,228	14,292,247	-	16,024,415
Transfer out	-	1,111,423	102,614	40,352	-	-	1,254,389
As at December 31, 2011	-	(17,911,495)	(20,832,688)	(22,979,295)	(63,929,364)	-	(125,652,842)
Depreciation for the Year	-	(7,696,808)	(3,185,062)	(3,674,299)	(14,210,277)	-	(28,766,446)
Disposal/write-off	-	8,091,393	1,179,278	2,591,453	26,120,050	-	37,982,174
As at December 31, 2012	-	(17,516,910)	(22,838,472)	(24,062,141)	(52,019,591)	-	(116,437,114)

(Unit : Baht)

	Land	Buildings and construction	Furniture and fixtures	Office equipment	Other fixed assets	Assets under construction	Total
<b>Net book value :</b>							
As at December 31, 2011	6,924,686	17,849,163	7,241,786	10,571,329	44,235,029	-	86,821,993
As at December 31, 2012	251,683,210	548,235,127	14,142,878	10,194,420	47,868,526	1,606,940	873,731,101

**Depreciation in the statements of comprehensive income for the years**

End of December 31, 2011	25,342,914
End of December 31, 2012	28,766,446

As at December 31, 2012 and 2011, in the consolidated and the separate financial statements, vehicles at the book value of Baht 2.89 million and Baht 4.42 million respectively are under long-term lease contracts as mentioned in the notes to the financial statements No. 19.

As at December 31, 2012 and 2011, Property, Plant and Equipment in the consolidated financial statements with cost values of Baht 63.97 million and Baht 82.91 million respectively and in the separate financial statements with cost values of Baht 59.75 million and Baht 76.03 million respectively have been fully depreciated of estimated useful live but are still in use.

As at December 31, 2012 in the consolidated and the separate financial statements, land and construction thereon of which the net book value amounted Baht 792.99 million, were mortgaged to secure loans from banks in the notes to the financial statements No. 15 and 32.4.1 together with the maximum amount an insurance company will accept and forfeit all the benefits from the insurance to the lender or beneficiary.

## 14. Leasehold rights

Consisted of :

(Unit : Baht)

	Consolidated financial statements	
	2012	2011
Book value as at beginning	67,185,305	70,530,823
<u>Less</u> Amortized leasehold rights for the year	(3,345,518)	(3,345,518)
Book value as at ending	63,839,787	67,185,305

In accordance with the consolidated financial statements as at December 31, 2012 and 2011, OAI ASSET COMPANY LIMITED (a subsidiary company) has been a part of initial leasehold right for Baht 11.10 million as land leasehold right with the Crown Property Bureau in order to construct car-park and office building. Another part of Baht 74.17 million is the construction cost of building on the said leased land. This leasehold has a term of 25 years commencing from February 1, 2007 onwards. A subsidiary company has amortized leasehold right from was the first day a subsidiary company started to earn revenue from the service fee for the area of said car park and office building.

## 15. Short-term loans from financial institutions

Consisted of :

(Unit : Baht)

Consolidated and Separate financial statements			
As at December 31, 2012			
	The loan limit (Million baht)	Outstanding principal balance	Interest rate (%)
Bill of exchange	2,000	1,200,000,000	Fixed rate
<u>Less</u> Discount of bill of exchange		(10,781,305)	
Net		1,189,218,695	
Promissory notes	6,705	4,095,321,000	MMR and MLR-fixed rate
<b>Total</b>		5,284,539,695	

(Unit : Baht)

Consolidated and Separate financial statements			
As at December 31, 2011			
	The loan limit (Million baht)	Outstanding principal balance	Interest rate (%)
Bill of exchange	1,500	700,000,000	4.25-4.85
<u>Less</u> Discount of bill of exchange		(6,199,880)	
Net		693,800,120	
Promissory notes	6,743	2,301,430,000	MMR and MLR-fixed rate
<b>Total</b>		2,995,230,120	

Significant details of short-term loans can be summarized as follows:-

### Bills of exchange

- Terms for repayment of principal ranging from 3 to 6 months.
- Principal will be repaid on the bill of exchange's maturity date.

### Promissory notes

- Terms for repayment of principal ranging from 3 to 6 months.
- Interest is payable monthly at the last working day of the month or interest due together with the principal will be paid on the promissory note's maturity date.
- Part of promissory notes have been secured by pledging the real estate development cost, investment properties and property, plant and equipment as mentioned in the notes to financial statements Nos. 9, 12 and 13 respectively as collaterals.



## 16. Trade and other payables

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
<b>Trade payable</b>				
Related person or entities	1,903,049	1,647,377	1,903,049	1,647,377
Other person or entities				
- Land payable	-	99,428,760	-	99,428,760
- Trade payable	285,267,362	111,049,508	284,307,403	109,980,248
Total trade payable	287,170,411	212,125,645	286,210,452	211,056,385
<b>Other payable</b>				
Related person or entities	2,124,353	503,733	2,124,353	503,733
Other person or entities	66,353,087	63,748,060	66,162,882	63,409,912
Total other payable	68,477,440	64,251,793	68,287,235	63,913,645
Total trade and other payables	355,647,851	276,377,438	354,497,687	274,970,030

## 17. Long-term loans from financial institutions

Consisted of :-

(Unit : Baht)

	Consolidated and Separate financial statements As at December 31,	
	2012	2011
Long-term loans from financial institutions	3,103,519,794	2,574,579,910
<u>Less</u> Current portion of long-term liabilities	(1,183,072,794)	(2,064,579,910)
Net	1,920,447,000	510,000,000

The changes in long-term loans as follows:-

(Unit : Baht)

Consolidated and Separate financial statements As at December 31,		
	2012	2011
Beginning balance	2,574,579,910	1,865,014,000
Proceeds in the year	3,287,150,000	2,863,448,000
Repayment in the year	(2,758,210,116)	(2,153,882,090)
Ending balance	3,103,519,794	2,574,579,910

Long-term loans from financial institutions of the Company consisted of loans from several financial institutions with several loan agreements for the total loan limit as at December 31, 2012 and 2011 of Baht 8,035 million and Baht 6,380 million respectively, with the details as follows :-

- Loan limit at Baht 750 million : with the outstanding principal balances as at December 31, 2012 and 2011 of Baht 510 million and Baht 630 million respectively is obtained to purchase the land together with construction (Shinawatra Tower 1 and Shinawatra Tower 2) with conditions for the repayment of principal must be made quarterly at Baht 30 million per installment and the first installment shall be paid on the last day of the sixth month after the first withdrawal month. The Company must repay the principal within 6.5 years from the first withdrawal date. The interest rate is fixed for the 1st to 2nd year at fixed rate and for the 3rd year onward at MLR- fixed rate per annum. The interest is payable monthly. The Company mortgaged Shinawatra Tower 1 and Shinawatra Tower 2 as mentioned in the note to financial statements No. 12 as collaterals for the said loan.
- Total loan limit at Baht 9,935 million and Baht 5,630 million respectively, with the outstanding principal balances as at December 31, 2012 and 2011 of Baht 2,593.52 million and Baht 1,944.58 million respectively are comprised of 9 loan agreements for the both years with the objective specially for developing real estate projects for the periods ranging from 2 years to 4 years with the conditions for principal repayment at 70% or 75% of selling price (depending on condition of each agreement) but not less than the amount specified by the commercial bank when the mortgage is released for the ownership right transfer to the purchaser. The interest charge ranges from MLR-fixed rate per annum and is payable at the end of each month. A part of land together with constructions included in real estate development costs as mentioned in the notes to financial statements No. 9 is pledged as collaterals.

In addition, the Company has to maintain financial ratios as specified by commercial banks, e.g. debt to equity ratio, and fire insurances for the construction must be made and part of benefits from such policies must be given to lenders as collaterals. As at December 31, 2012 and 2011 the Company had unutilized lines of long-term loans in total of Baht 4,997.80 million and Baht 2,459.55 million respectively.

## 18. Debentures

On April 20, 2011, the Annual General Meeting of the Company's shareholders approved the issuance and sale of debentures all types of debentures in the principal amount not exceeding Baht 2,000 million. The Board of Directors or directors were authorised to determine the details, terms and conditions in relation to the issuance and sale of such debentures.

On December 16, 2011, the Company had issued unsecured, name-registered debenture for unsubordinated, unsecured with a debenture holders' representative type for the total number of 2,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 2,000 million. The maturity period is 3 years 6 months on June 16, 2015. It has the fixed coupon rate of 5.75% per annum for the first three years and 6.10% per annum for the last six months. The interest is payable each three months.

The Company shall comply with the covenant terms of the debenture which the Company shall maintain debt to equity ratio at not exceeding 1.5 : 1.

## 19. Liabilities under long-term lease contracts

Consisted of:

(Unit : Baht)

Consolidated and Separate financial statements As at December 31,		
	2012	2011
Liabilities under long-term lease contracts		
- Less than 1 year	1,440,126	1,781,102
- Due over 1 year but not over 5 years	2,371,253	4,254,987
<u>Less</u> Future interest payment of long-term lease contracts	(399,809)	(725,595)
Liabilities under long-term lease contracts	3,411,570	5,310,494
<u>Less</u> Current portion of long-term liabilities	(1,245,568)	(1,467,415)
Liabilities under long-term lease contracts-net	2,166,002	3,843,079

As at December 31, 2012 and 2011, the Company has entered into 5 agreements and 7 agreements respectively of long-term financial lease for vehicles for the period of 5 years with a leasing company and guaranteed by the Company. The ownership of the leased assets still vest with the lessor until the Company has met all the obligations as stipulated in the agreements.

## 20. Deferred leasehold revenue

Consisted of:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2012	2011	2012	2011
Beginning balance of deferred leasehold revenue	115,070,236	162,515,601	34,435,389	41,952,753
<u>Less</u> Income from amortized leasehold right for the year	(38,899,590)	(47,445,365)	(7,517,364)	(7,517,364)
Ending balance of deferred leasehold revenue	76,170,646	115,070,236	26,918,025	34,435,389
<u>Less</u> Current portion of deferred leasehold revenue	(18,472,639)	(38,899,590)	(7,517,364)	(7,517,364)
Deferred leasehold revenue-net	57,698,007	76,170,646	19,400,661	26,918,025

## 21. Employee benefit obligations

The Group Companies obligate to make post-employment severance and pension payments based on the requirement of Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on their entitlement and length of service.

The movement in the present value of the employee benefit obligation: -

(Unit : Baht)

	Consolidated and Separate financial statements	
	As at December 31,	
	2012	2011
Beginning employee benefit obligations	49,682,819	43,118,430
Current service cost and interest	7,128,615	6,564,389
Employee benefit obligation actuarial losses	6,436,747	-
Ending employee benefit obligations	63,248,181	49,682,819

Expenses recognized in the statement of comprehensive income under heading administrative expenses for the year ended December 31, 2012 and 2011 are as follows: -

(Unit : Baht)

	2012	2011
Current service cost	4,754,380	4,494,704
Interest on obligation	2,374,235	2,069,685
<b>Total</b>	<b>7,128,615</b>	<b>6,564,389</b>

Principal actuarial assumptions at the reporting date are as follows: -

(Unit : Percentage)

	2012	2011
Discount rate	4.0	4.8
Salary increment rate	7-9	6-8
Employee turnover rate	0-14	0-10

## 22. Share capital

Consisted of:

(Unit : Baht)

	Issued and paid-up share capital	Premiums on share capital	Total
Issued and paid-up share capital			
As at January 1, 2011	3,219,325,000	293,312,185	3,512,637,185
Issued share capital	65,766,000	22,300,665	88,066,665
As at December 31, 2011	3,285,091,000	315,612,850	3,600,703,850
Issued share capital	6,592,000	1,274,536	7,866,536
As at December 31, 2012	3,291,683,000	316,887,386	3,608,570,386

As at 31 December 2012, total authorised number of the ordinary shares is 700,000,000 shares with a par value of Baht 5 per share (2011: 700,000,000 shares with a par value of Baht 5 per share). The total issued and paid-up share capital is 658,336,600 shares with the paid-up of Baht 5 per share (2011: 657,018,200 shares with a paid-up of Baht 5 per share). The unissued authorised share capital has been appropriated to meet the exercise of warrant holders.

In accordance with the annual general meeting of shareholders for the year 2011, held on April 20, 2011, it resolved to approve the change of the par value of the Company's shares from Baht 10 per share to Baht 5 per share and the change of the Company's registered capital from 350 million shares to 700 million shares, while the Company's registered share capital remains at the same amount of Bath 3,500 million.

The Company has registered the change of par value, the amendments of the Memorandum of Association and the Articles of Association of the Company with the Ministry of Commerce on April 25, 2011. In addition, the Company had proceeded to adjust the exercise price and the exercise ratio of warrants issued under the programme of issue and offer for sale of such warrants.

## 23. Warrants

The resolutions of the Company's annual general meetings of shareholders for the years 2005-2009 were made to approve the issue of warrants to the Company's directors and employees at the ratio of one warrant per one ordinary share. These warrants are in the format of registered holders and non-transferable unless by estate or beneficiary transfer. The term of the warrants does not exceed 5 years from the issue and offering date and the warrants have no offering price. The exercise price of ESOP-Grant I-IV is the weighted-average closing price of the Company's ordinary shares traded on the Stock Exchange of Thailand during the period of 30 days prior to the date of the annual general meeting of shareholders and the exercise price of ESOP-Grant V is the weighted-average closing price of the Company's ordinary shares traded on the Stock Exchange of Thailand during the period of 15 consecutive days prior to the date of the board of directors resolve to propose the agenda to the meeting of shareholders for approval in order to comply with Section 52 of Public Limited Company Act B.E.2535. If the said price is less than the registered share value, the registered share value should be applied. However, only not more than one-third of the allocated warrants may be exercised to purchase ordinary shares at one time and directors and employees are entitled to exercise their allocated warrants one year after the warrants have been issued and offered to them. The exercise date is the last working day of each month until the warrants are expired.

For the year ended December 31, 2012, 139,900 units of ESOP-Grant III, 270,400 units of ESOP-Grant IV and 400,700 units of ESOP-Grant V warrants have been exercised to purchase 1,622,000 shares of the Company at Baht 5.00 per share, Baht 7.545 per share and Baht 5.00 per share respectively, aggregating to Baht 9.49 million. As at December 31, 2012, the Company has registered part of the change in the paid up share capital from the said exercised warrants at Baht 6.59 million to the total registered share capital of Baht 3,291.68 million and incurred premiums on share capital amounting to Baht 1.28 million. The remaining of Baht 1.62 million from the warrant exercised in December 2012 is shown under a separate caption under the shareholders' equity "Advance received for ordinary share subscription". The Company has registered the increase in the issued and paid up share capital with the Ministry of Commerce on January 7, 2013.

As at December 31, 2012 and 2011, the whole amount of the Company's warrants (net of warrants of those holders who have already resigned) has not yet been exercised Amount 1,225,900 Unit and 2,036,900 Unit respectively as detailed below:-

Issue date		Net amount issued (Unit)	Net issued balance (Unit)		Exercise ratio (Unit : Share)	(Calculated before diluted ordinary shares)			Exercise period	
						Percentage of net issued Paid-up share capital		Exercise price (Baht : Unit)		
						Start	End			
			2012	2011		2012	2011			
ESOP-Grant III	April 3, 2008	2,700,000	70,100	210,000	1 : 2	0.02	0.06	5.00	April 3, 2009	April 3, 2013
ESOP-Grant IV	July 3, 2008	2,700,000	320,500	590,900	1 : 2	0.10	0.18	7.545	July 3, 2009	July 3, 2013
ESOP-Grant V	April 22, 2009	2,700,000	835,300	1,236,000	1 : 2	0.29	0.38	5.00	April 22, 2010	April 22, 2014

## 24. Premiums on ordinary share

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premiums on ordinary share"). Premiums on ordinary share are not available for dividend distribution.

## 25. Dividend paid and legal reserve

Dividend /Legal reserve	Approved by	Dividend paid (Unit : Thousand Baht)	Dividend per share	Date of dividend paid	Legal reserve (Unit : Thousand Baht)
Payment announced from the profit of the year 2011	the annual general meeting of shareholders for the year 2012 held on April 20, 2012	427,512	0.65 Baht	May 18, 2012	53,400
Payment announced from the profit of the year 2010	the annual general meeting of shareholders for the year 2011 held on April 21, 2011	454,279	0.70 Baht	May 18, 2011	69,000

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution. For the year 2012, the Company appropriated Baht 53.40 million of the profit for the year 2012 as legal reserve.

## 26. Capital management

The primary objectives of the Group Companies' financial management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure and to maintain the ratio of debt to equity not exceeding those required by the loan agreements.

As at December 31, 2012 and 2011, debt to equity ratio in the consolidated financial statements are 1.26:1 and 0.96:1 respectively (the separate financial statements: debt to equity ratio are 1.36:1 and 1.03:1 respectively).

## 27. Administrative expenses

The administrative' expenses included the directors' remuneration benefits paid to the directors of the Company as per Section 90 of the Public Limited Company Act excluding salaries and related fringe benefits paid to directors who are the management of the Company. The detail is as following:-

(Unit : Baht)

Type of items	Consolidated and Separate financial statements For the years ended December 31,	
	2012	2011
Directors' Remuneration	6,970,000	7,378,000

## 28. Natures of expenses

The significant natures of expenses are as follows :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2012	2011	2012	2011
Purchase of land and payment for Construction during the year	7,459.65	6,357.54	7,459.65	6,357.54
Changes in real estate development cost	4,073.38	(3,451.28)	4,073.38	(3,451.28)
Employee related expenses	515.13	415.94	515.44	415.90
Depreciation	28.79	25.35	28.77	25.34

## 29. Income tax

For the year ended December 31, 2012 and 2011, income tax of the Group Companies are calculated at 23% and 30% of profit before income tax respectively after adding back allowances and various expenses not allowable for tax calculation purpose and deducting of income not to be included as taxable income and also expense allowed to be deducted by increased amount. The majority of the deduction and add back in separate financial statements is as follow:-

(Unit : Baht)

	Separate financial Statements For the years ended December 31,	
	2012	2011
Deducting of income		
- Dividend income	52,499,993	52,499,993
- Profit from fair value adjustments of investment properties	65,915,525	26,977,429
Expense allowed to be deducted by increased amount		
- Depreciation for investment properties	91,209,003	90,142,418

## 30. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid up during the year.



Basic and diluted earnings per share can be presented as follows: -

	Consolidated financial statements	Separate financial statements		
	For the years ended December 31,			
	2012	2011	2012	2011
Profit for the years	1,108,019,890	1,079,310,164	1,066,852,885	1,044,184,578
Number of weighted average share (shares)	657,799,922	651,884,182	657,799,922	651,884,182
Effect of dilutive potential ordinary shares				
(ESOP Grant III) (shares)	98,039	241,384	98,039	241,384
(ESOP Grant IV) (shares)	371,971	423,389	371,971	423,389
(ESOP Grant V) (shares)	1,352,546	1,420,716	1,352,546	1,420,716
Number of dilutive potential ordinary Shares (shares)	1,822,556	2,085,489	1,822,556	2,085,489
Basic earnings per shares	1.68	1.66	1.62	1.60
Effect of dilutive potential ordinary shares	-	(0.01)	-	-
Diluted earnings per share	1.68	1.65	1.62	1.60

As per the consolidated financial statements for the year ended December 31, 2012 and 2011, the details are as follows:

[illegible]

(Unit : Thousand Baht)

	Real estate sales		Rental and rendering of services		Consulting and management services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Profit before financial cost and income tax							1,453,901	1,534,391
Financial cost							(55,851)	(38,310)
Income tax							(290,030)	(416,771)
Profit for the year							1,108,020	1,079,310
As at December 31,								
Assets used within segment	15,673,661	11,221,117	5,146,756	5,851,308	97	-	20,820,514	17,072,425
Assets centrally used							1,930,782	1,348,169
Total assets							22,751,296	18,420,594

## 32. Commitment and contingent liabilities

32.1 As at December 31, 2012 and 2011, the Group Companies has the total remaining obligations from construction contracts and purchase of land amounting to Baht 4,755.07 million and Baht 1,146.65 million respectively.

32.2 As at December 31, 2012 and 2011, the Company has entered into advance steel purchase agreements with several companies with the contractual value at Baht 334.32 million and Baht 146.42 million respectively, the entire contractual value has been paid and at present, the remaining amount of the steel to be delivered under the agreements are Baht 95.58 million and Baht 69.62 million respectively.

32.3 The Company has entered into the long-term land rental agreement with a company to build a retail trade centre. The rental agreement is for the period of 15 years, commencing from August 23, 2008 with the following rental fees:-

- 1<sup>st</sup> - 3<sup>rd</sup> year (from August 23, 2008-August 22, 2011) rental fee of Baht 75,000.00 per month
- 4<sup>th</sup> - 6<sup>th</sup> year (from August 23, 2011-August 22, 2014) rental fee of Baht 78,750.00 per month
- 7<sup>th</sup> - 9<sup>th</sup> year (from August 23, 2014-August 22, 2017) rental fee of Baht 82,687.50 per month
- 10<sup>th</sup> - 12<sup>th</sup> year (from August 23, 2017-August 22, 2020) rental fee of Baht 86,821.88 per month
- 13<sup>th</sup> - 15<sup>th</sup> year (from August 23, 2020-August 22, 2023) rental fee of Baht 91,162.98 per month

32.4 Apart from liabilities that appeared in the statement of financial position of the Group Companies have obligations as follows:-

32.4.1 Obligations from credit facilities obtained from the commercial banks

(Unit : Million Baht)

Consolidated financial statements		
As at December 31,		
	2012	2011
Letter of guarantee (Utilized)	828.60	534.51

The above credit facilities are secured by land together with construction of real estate projects as mentioned in the notes to financial statements No. 9 and land together with the construction of Shinawatra Tower 3 as mentioned in the notes to the financial statements No. 12 and 13.

- 32.4.2 The Group Companies possess obligation in relation to operating lease on the part of lessee who will be obligated to pay leasing fee in future for the following periods :-

(Unit : Baht)

Consolidated financial statements		
As at December 31,		
	2012	2011
Within 1 year	2,279,633	2,260,433
1 year to 5 years	10,410,669	10,460,214
Over 5 years	34,503,700	36,736,900
Total	47,194,002	49,457,547

### 33. Financial instruments

#### Financial risk management policy

The Group Companies hold risk to change of interest rate and from nonperformance of contractual obligations by contract parties. The Group Companies will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Group Companies do not have any policy to hold or issue any financial instruments for speculation or for trading.

#### Risk on credit provision

The Group Companies hold risk on credit provision relating to trade receivable but the Group Companies have set the policy to undertake business activities only with reliable traders with good financial status in order to reduce the opportunity to incur financial loss.

#### Risk on interest rates

As at December 31, 2012 and 2011, the Group Companies have significant financial instruments, which include deposits with financial institutions, short-term investments and loans due to commercial banks. These financial instruments are, therefore, subject to risk in relation to floating interest rates which may be fluctuating in future thus possibly affecting the operating results and cash flows. The significant financial instruments have the following details:- (in respect to interest rates, they are already shown in related notes to financial statements).

(Unit : Million Baht)

**Consolidated financial statements**  
**As at December 31, 2012**

	Fixed interest rate			Floating interest rate	No interest bearing	Total
	within 1 year	more than 1 year to 5 years	more than 5 years			
<b>Financial assets</b>						
Cash at banks	51.00	-	-	556.23	141.90	749.13
Short-term investments	-	-	-	-	210.12	210.12
Trade receivable	-	-	-	-	50.20	50.20
<b>Total</b>	<b>51.00</b>	<b>-</b>	<b>-</b>	<b>556.23</b>	<b>402.22</b>	<b>1,009.45</b>
<b>Financial liabilities</b>						
Short-term loans	2,526.57	-	-	3,005.32	-	5,531.89
Trade and other payables	-	-	-	-	355.65	355.65
Long-term loans from Financial institutions	-	-	-	3,103.52	-	3,103.52
Debentures	-	2,000.00	-	-	-	2,000.00
Liabilities under long-term Lease contracts	1.25	2.16	-	-	-	3.41
<b>Total</b>	<b>2,527.82</b>	<b>2,002.16</b>	<b>-</b>	<b>6,108.84</b>	<b>355.65</b>	<b>10,994.47</b>

(Unit : Million Baht)

**Consolidated financial statements**  
**As at December 31, 2011**

	Fixed interest rate			Floating interest rate	No interest bearing	Total
	within 1 year	more than 1 year to 5 years	more than 5 years			
<b>Financial assets</b>						
Cash at banks	-	-	-	329.11	21.71	350.82
Short-term investments	821.00	-	-	-	-	821.00
Trade receivable	-	-	-	-	46.59	46.59
<b>Total</b>	<b>821.00</b>	<b>-</b>	<b>-</b>	<b>329.11</b>	<b>68.30</b>	<b>1,218.41</b>
<b>Financial liabilities</b>						
Short-term loans	1,543.80	-	-	1,451.43	-	2,995.23
Trade and other payables	-	-	-	-	276.38	276.38
Long-term loans from Financial institutions	630.00	-	-	1,944.58	-	2,574.58
Debentures	-	2,000.00	-	-	-	2,000.00
Liabilities under long-term Lease contracts	1.47	3.84	-	-	-	5.31
<b>Total</b>	<b>2,175.27</b>	<b>2,003.84</b>	<b>-</b>	<b>3,396.01</b>	<b>276.38</b>	<b>7,851.50</b>

### **Risk on Exchange Rates**

The Group Companies have no business transactions in foreign currencies thus there is no such risk arising from exchange rate fluctuation.

### **Fair Values**

The financial assets and liabilities possess book values which are comparable to market prices as these financial instruments will be due in the short time and the long-term loan bears interest rate comparable to market situation. As a result these financial assets and liabilities have reflected their fair values.

## **34. Provident fund**

The Group Companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group Companies and their employees contributed to the fund monthly at the rates depending on the working life of the employees. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2012 and 2011, in the consolidated financial statements, the Group Companies contributions amounted to approximately Baht 10.78 million and Baht 8.95 million respectively.

## **35. Subsequent events**

According to the minutes of the Company's board of directors' meeting No 2/2013, held on February 22, 2013, the following important resolutions have been made: -

1. Line asked to be increased for issuing bills of exchange to be sold by private placement (PP) to institutional and/or high net worth investors (PP group II & HNW) as at any time for additional Baht 1,000 million to reach the total of Baht 3,000 million during the longest period not more than 270 days. The financial cost for issuing such bills of exchange depends on the interest rate situation prevailing in the money market at the time of issue.
2. Resolve to issue and offer for sale the Company's debentures at the total line not exceeding Baht 3,000 million.
3. Resolve to pay dividends from the operating result of year 2012 at a rate of Baht 0.787 per share, consisting of
  - 3.1 By cash dividend of Baht 0.162 per share.
  - 3.2 By stock dividend at a rate of 1 dividend share for every 8 existing shares, or equivalent to Baht 0.625 per share.
4. Resolve for reduction in the Company's registered capital from Baht 3,500,000,000 to Baht 3,295,915,000 through the elimination of the registered, but unissued of 40,817,000 shares, with a par value of Baht 5 each, for the total of Baht 204,085,000.
5. Resolve for the increase in the Company's registered capital from Baht 3,295,915,000 to Baht 4,000,000,000 by issuing 140,817,000 new shares with a par value of Baht 5 each, for the stock dividend and for the exercise of warrants to the Company's directors and employees (ESOP).

6. Resolve to change the par value of the Company's shares from formerly Baht 5 per share to Baht 1 per share.

The resolutions of 2-6 shall be approved from the Company's annual general meeting of shareholders.

### **36. Approval of the Financial Statements**

These financial statements have been approved for issuance by the Company's board of directors on February 22, 2013.



