



ANNUAL REPORT 2016

PRINSIRI PUBLIC COMPANY LIMITED

รายงานประจำปี 2559
บริษัท ปรีณศิริ จำกัด (มหาชน)



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Auditor Committee's Report

Dear Shareholders,

Year 2016 was another tough year for real estate developers operating amid several adverse circumstances, whether they were huge household debts, price slump of agricultural products, banks' tightened lending procedures, political volatility both at home and overseas, and so forth. Several entrepreneurs have switched to promoting new innovations to address the changing consumer behaviors in term of selected project site, home design, project style, project facilities, etc., all of which are key factors in customers' decision making.

Nonetheless, Prinsiri Public Company Limited managed to weather the unfavorable industry conditions prevailing through the end of 2016. The Company's operating results came out close to the targets set forth, with total revenues in the year amounting to 3,037.23 MB, representing a year-on-year growth of 14.24%.

In the past year, the Company's management and staff members have remained committed to pursuing its development projects with enhanced sustainability amid calm and pleasant atmosphere and with look and feel closest to nature, both inside and outside each housing unit. The power of nature will inspire the way the Company designs the project functions, taking into account the environment in concurrence with residents' comfort and convenience and with coherent linkage and balanced combination of home, nature and modernity. This will eventually bring about a home of nature under the concept "**OXYGEN COMMUNITY.**"

On behalf of the Board of Directors, we would like to thank all our customers, shareholders, management and staff members, trade partners, contractors, financial institutions, mass media, and the public and private sectors concerned for their support and trust rendered to us all along. We will remain steadfast in our business operation with integrity, adherence to good governance, and fostering of consistent and sustainable growth.

Prof. Dr. Warapatr Todhanakasem
Chairman of the Board of Directors

Ms. Siriluck Kovitchindachai
Chairperson of Executive Committee

Mr. Utane Kongsoontornkitkul
Managing Director

General Information

The Company

Prinsiri Public Company Limited

Company Registration Number	:	0107547000320
Headquarters Address	:	123 Sun Towers Building, 17 th Floor, and Building A, Vibhavadi Rangsit Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900.
Homepage	:	http://www.prinsiri.com
Telephone	:	02 - 617- 6900 - 9
Fax	:	02 - 617 -6910 -11
Type of Business	:	Real estate developer
Registered Capital	:	Baht 1,220,011,755.00 (One billion two hundred and twenty million eleven thousand seven hundred and fifty-five baht)
Paid-up Capital	:	Baht 1,220,011,755.00 (One billion two hundred and twenty million eleven thousand seven hundred and fifty-five baht)
Par value	:	Baht 1 per share
Contacted Financial Institutions	:	Siam Commercial Bank Public Company Limited Kasikornbank Public Company Limited Krungthai Bank Public Company Limited Land and Houses Bank Public Company Limited

Subsidiary and Affiliated Companies

Prin Venture Company Limited

Company Registration Number	:	0105548055398
Headquarters Address	:	123 Sun Towers Building, 17 th Floor, and Building A, Vibhavadi Rangsit Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900
Homepage	:	http://www.prinsiri.com
Telephone	:	02 - 617- 6900 - 9
Fax	:	02- 617- 6910-11
Type of Business	:	Real estate developer
Registered Capital	:	Baht 100 million (One hundred million baht)
Paid-up Capital	:	Baht 100 million (One hundred million baht)
Par Value	:	Baht 10 per share

Grow Yotha Group Company Limited

Company Registration Number	:	0105545057390
Headquarters Address	:	123 Sun Towers Building, 17 th Building A, Vibhavadi Rangsit Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900
Homepage	:	http://www.prinsiri.com
Telephone	:	02 - 617- 6900 - 9

Fax	:	02- 617- 6910-11
Type of Business	:	Construction contractor and material distribution
Registered Capital	:	Baht 60 million (Sixty million baht)
Paid-up Capital	:	Baht 60 million (Sixty million baht)
Par Value	:	Baht 100 per share

CN SPR (Thailand) Company Limited

Company Registration Number	:	0105550062410
Headquarters Address	:	123 Sun Towers Building, 17 th Floor, Building A, Vibhavadi Rangsit Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900
Homepage	:	http://www.prinsiri.com
Telephone	:	02 - 617- 6900 - 9
Fax	:	02- 617- 6910-11
Type of Business	:	Trading and offering of real estate for rent
Registered Capital	:	Baht 2 million (Two million baht)
Paid-up Capital	:	Baht 2 million (Two million baht)
Par Value	:	Baht 100 per share

Plearnary Mall Company Limited

Company Registration Number	:	0105556028582
Headquarters Address	:	242, 244, 246 Watcharapol Road, Tha Raeng Sub-district, Bangkhen District, Bangkok.
Homepage	:	http://www.plearnary.com
Telephone	:	02 – 945- 4111
Fax	:	02– 945- 4011
Type of Business	:	Shopping center (community mall)
Registered Capital	:	Baht 70 million (Seventy million baht)
Paid-up Capital	:	Baht 70 million (Seventy million baht)
Par Value	:	Baht 100 per share

Plearnland Company Limited (Subsidiary of Plearnary Mall)

Company Registration Number	:	0105557071597
Headquarters Address	:	246 Room No. B201, Watcharapol Road, Tha Raeng Sub-district, Bangkhen District, Bangkok
Telephone	:	02 – 945- 4111
Fax	:	02– 945- 4011
Type of Business	:	Theme park and education center for children
Registered Capital	:	Baht 1 million (One million baht)
Paid-up Capital	:	Baht 1 million (One million baht)
Par Value	:	Baht 100 per share

Eatery Company Limited (Subsidiary of Plearnary Mall)

Company Registration Number : 0105557071589
Headquarters Address : 242 Room No. A118, Watcharapol Road, Tha Raeng Sub-district,
Bangkhen District, Bangkok
Telephone : 02 – 945 - 4111
Fax : 02 –945 - 4011
Type of Business : Restaurant
Registered Capital : Baht 1 million (One million baht)
Paid-up Capital : Baht 1 million (One million baht)
Par Value : Baht 100 per share

Prin Energy Company Limited

Company Registration Number : 0105556153263
Headquarters Address : 123 Sun Towers Building, 17th Floor, Building A,
Vibhavadi Rangsit Road, Chom Phon Sub-district,
Chatuchak District, Bangkok 10900
Homepage : -
Telephone : 02 - 617- 6900 - 9
Fax : 02 - 617 - 6910 - 11
Type of Business : Supply of electricity from solar energy and renewable energy, design and
maintenance of solar power plants and systems
Registered Capital : Baht 1 million (One million baht)
Paid-up Capital : Baht 1 million (One million baht)
Par Value : Baht 100 per share

Entity which the Company holds 10 percent or more

-None-

Other References

Securities Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone : +662 009 9000 Fax: +662 009 9991
SET Contact Center: +662 009 9999
E-mail : SETContactCenter@set.or.th

Certified Public Accountant

Auditor : DIA International Audit Company Limited

Address : 316/32 Soi Sukhumvit 22, Rama 4 Road, Khlongtoey Sub-district,
Khlongtoey District, Bangkok 10110
Telephone: 02-259-5300-2, Fax: 02-259-8956

Website : <http://www.diaaudit.com>

Auditor Name : 1. Mrs. Vilairat Rojnuckarin (Certified Public Accountant No. 3104) or
2. Ms. Somjintana Pholhirunrat (Certified Public Accountant No. 5599) or
3. Ms. Suphaphorn Mungchit (Certified Accountant No. 8125)

Financial Highlights from 2014 - 2016

	2014	2015	2016
Financial Position and Operating Results (MB)			
Total assets	10,434.76	9,842.46	9,034.84
Total liabilities	6,545.25	5,947.55	5,058.23
Shareholders' equity	3,889.51	3,894.91	3,976.61
Total revenues	2,499.00	2,658.74	3,037.23
Costs and expenses	1,780.93	1,876.03	2,146.45
Gross profit	708.52	785.47	886.08
Net profit	74.49	66.40	215.89
Info per share (Baht)			
Par value	1	1	1
Book value	3.17	3.08	3.20
Earnings per share	0.06	0.06	0.18
Market price (at end of year)	1.53	1.32	1.43
Dividend per share (%)	3.27	3.79	8.39*
Profitability Ratios			
Gross profit margin – real estate	28.99	30.47	29.13
Gross profit margin – construction materials	28.94	0.00	0.00
Operating profit margin	5.66	6.67	11.48
Net profit margin	2.98	2.50	7.11
Return on equity	1.92	1.70	5.43
Efficiency Ratios			
Return on total assets	0.71	0.67	2.39
Return on fixed assets	3.24	2.69	8.55
Asset turnover (times)	0.24	0.27	0.34
Financial Policy Ratios			
Debt to equity ratio (times)	1.50	1.38	1.13
Interest debt service coverage ratio (times)	4.01	2.98	5.39
Dividend payout	33%	92%	68%*
Financial Ratios (%) cont.			
Current ratio	2.25	2.64	2.71
Quick ratio	0.23	0.23	0.25
Receivables turnover – real estate (times)	7.06	31.39	29.79
Average collection – real estate (days)	50.98	11.47	12.09
Inventory turnover	0.33	0.39	0.51
Average days of sales (days)	1,066.99	913.01	699.83
Account payables turnover	2.87	3.69	4.39
Debt payment days (days)	125.22	97.64	82.04
Cash cycle (days)	992.75	826.84	629.88

Overview of Business Operation

1. Mission

- To create a quality of life in happy and perfect work, and encourage training and research and development on real estate business to foster housing innovations for the next generations.
- To develop the operation standard system in design, construction and management to enhance reliability and professionalism internationally.
- To focus on creating transparency and satisfaction among customers, trade partners and shareholders, alongside giving back to the community, the society and the country.

Vision

To be committed in developing the standard of proactive real estate management toward leadership in “Home” creativity for family, community and perfect quality of life.

2. Business Operations of the Company and Subsidiaries

Business operation of Prinsiri Public Company Limited

The Company was established on February 23, 2000 under the name of Prinsiri (2000) Co., Ltd. It was transformed into a public limited company on March 30, 2004. As at the end of 2016, the Company had a registered capital of Baht 1,220.01 million, fully paid-up, divided into 1,220.01 million ordinary shares each of Baht 1 par value. PRIN engages in real estate development business in the categories of housing estates and residential condominiums as the developer and owner of the projects. In 2001 and 2004, the Company won “Awards of Merit” from the Pacific Coast Builders Conference (PCBC) held in the USA for its design excellence. It also garnered awards from “The Best Energy-saving Home Awards” in 2007 and 2008 from Department of Alternative Energy Development and Efficiency, Ministry of Energy. And BCI Asia Top 10 Developers Awards, Think of Living People’s Choice Awards major Best Housing Facilities in 2016. The Company emphasizes on property development under the concept “Oxygen Community” Today, the Company is a leading property developer well trusted and accepted among consumers under the brand “Prinsiri.” It recorded Baht 2,827.90 million in revenues from real estate sale in 2016.

Product range

(1) **Housing estates:** The Company’s housing estate projects can be classified by product category and by target group with diverse project names as follows:

(1.1) Single detached house /Duplex house

(1.1.1) Single detached houses for middle and upper market, under such project names as PRINN, Zerene, and Iconature, and duplex houses with prices starting from Baht 5.00 Million per unit targeted at middle-high income earners.

(1.2) Townhouse & Townhome

(1.2.1) Three-story townhouses under the project name of Corazon, with prices about Baht 7.99 million per unit and targeted at middle-high income earners.

(1.2.2) Three-story townhouses under the project name of Sixnature, with prices about Baht 3.00 - 5.00 million per unit and targeted at middle income earners.

(1.2.3) Two-story townhouses under the project name of Citysense, with prices about Baht 2.00 - 3.00 million per unit and targeted middle income earners.

(2) **Condominiums:** They are classified by product category and target group and developed under the following project names:

(2.1) Low rise condominiums (not higher than 23 meters)

(2.1.1) Under the names of Bridge, Zelle, The Pride and Smart Z (non BOI) with a price range of Baht 1.29 - 3.60 million per unit and targeted at middle to fairly high income earners.

(2.1.2) Under the name of SMART Condo with a price of around Baht 1.00 million per unit and targeted at middle income earners.

(2.2) High rise condominiums (higher than 23 meters)

(2.2.1) Under the project name of The Complete, with a price range of Baht 3.00 -12.00 million per unit and targeted at middle to fairly high income earners.

Business direction

PRIN strives to be one of Thailand's leading real estate developers and have its brand "Prinsiri" well recognized and trusted by consumers. The Company will continue its business expansion still focusing on development of housing estates and condominiums. Therefore, the Company attaches high degree of importance to selecting land in prime locations, uniqueness in the project look and style, house plan, and quality of construction work, as well as selection of construction materials and furnishing amenities with good quality and appropriateness for each project, and after sales services.

The Company and its subsidiaries have to date launched altogether 26 projects worth Baht 26,405.40 million. Projects sold are in an amount of Baht 15,083.09 million. In 2016, one projects were launched totaling around Baht 1,000 million with recognition of revenues from real estate sales of Baht 2,872.90 million. A budget of approximately Baht 1,000 million was allocated in 2016 for acquisition of land for development.

In terms of marketing, the Company aims to build "Prinsiri" brand awareness by convincing consumers to perceive Prinsiri property truly as "Home" where family love and warmth is blended under the concept of "The Art of Living." In 2016 the Company won BCI Asia Top 10 Developers Awards, Think of Living People's Choice Awards major Best Housing Facilities on property development under the concept "Oxygen Community" this will be communicated through various media channels, e.g. TV, radio, billboards and brochures in order to highlight customers' demand for Prinsiri product. This concept is applied in practice in project planning, design, and landscaping for each project.

Major developments

2013

- The Company established Plearnary Mall Co., Ltd. on February 14, 2013 to operate shopping center business with a paid-up registered capital as of December 31, 2013 of Baht 70 million with the Company holding 99.97% of the stake (not yet commercially operated as of December 31, 2013).
- Staff and executives exercised their rights under warrant to acquire new ordinary shares at the ratio of 1 warrant for 1 ordinary share. A total of 668,100 ordinary shares were sold. Paid-up capital was accordingly raised from Baht 1,219.30 million to Baht 1,219.97 million.
- Prin Energy Co., Ltd. was established on September 20, 2013 to produce and supply electricity from solar energy and renewable energy with a paid-up registered capital of Baht 1 million of which the Company holds 99.97% (not yet commercially operated as of December 31, 2013).
- The Company launched four projects valued Baht 3,222 million, one being Bridge Sathorn – Narathiwat condominium project, and the other three horizontal property projects being Iconature Ramindhra 109, Zerene Kallapaphruek, and Citysense Phetchkasem 69 Inthapat 9.

- | | |
|------|--|
| 2014 | <ul style="list-style-type: none"> ● The Company launched a single detached house project for the high end market in quarter 1/2014 under the name PRINN on Sathorn - Ratchaphruek and with project value of approximately Baht 2,400 million. ● It launched a town home project in quarter 2/2014 under the name Sixnature on Ramindra and with project value of approximately Baht 760 million. ● The Company increased registered capital of Grow Yotha Co., Ltd. from Baht 10 million to Baht 60 million to fund investment and business expansion. ● The Company established Plearnland Co., Ltd., an operator of a theme park and education center for children, and Eatery Co., Ltd. to engage in restaurant business as of May 23, 2014 (subsidiaries of Plearnary Mall Co., Ltd.). ● It launched a condominium project quarter 4/2014 under a new brand Zelle Rattanathibet with project value of about Baht 1,200 million. ● A detached house project was launched in quarter 4/2014 under the name Iconature Rama II with approximate project value of Baht 1,100 million. ● The Company launched a townhome project in quarter 4/2014 under the name Corazon Prachachuen with approximate project value of Baht 660 million. ● Staff and executives exercised their rights under warrant to acquire new ordinary shares at the ratio of 1 warrant for 1 ordinary share. A total of 40,000 ordinary shares were sold. Paid-up capital was accordingly raised from Baht 1,219.97 million to Baht 1,220.01 million. |
| 2015 | <ul style="list-style-type: none"> ● The Company launched a townhouse project in quarter 1/2015 under the name Citysense Ramindhra with project value of Baht 600 million. ● Foret Salaya was launched comprising projects, i.e. condominium (named Zelle Salaya) , townhome (named Citysense Salaya) , and new idea home (named Iconature Salaya) totaling Baht 3,400 million. |
| 2016 | <ul style="list-style-type: none"> ● It launched a town home project quarter 3/2016 under a new brand City sense Rama 2 – Thakam with project value of about Baht 1,000 million. ● Get award “BCI Asia Top 10 Developers Awards 2016” ● Get award “THINK OF LIVING PEOPLE’S CHOICE AWARDS 2016” Major BEST HOUSING FACIUTIES At PRINN SATHORN |

3. Shareholding Structure of the Company in Subsidiaries

The Company has more than 99% shareholding in each of the following seven subsidiaries:

- (1) Prin Venture Co., Ltd.
- (2) Grow Yotha Co., Ltd.
- (3) CN SPR (Thailand) Ltd.
- (4) Plearnary Mall Co., Ltd.
- (5) Plearnland Co., Ltd.
- (6) Eatery Co., Ltd.
- (7) Prin Energy Co., Ltd.

4. Segregation of Business Undertakings of the Company and Subsidiaries

The Company and its subsidiaries have clear segregation of business undertakings independently from one another as explained below:

Prinsiri Plc. (the Company) and Prin Venture Co., Ltd. are developers of real estate in the housing estate and condominium categories. They operate as both developers and owners of projects, with emphasis on project development. Prin Venture was incorporated on April 22, 2005 with a registered capital of Baht 5 million. In the initial period, it was a joint venture between the Company and Univentures Plc., which was not related to the Company, in a shareholding proportion of 51% and 49% respectively. At present, Prin Venture has a registered capital of Baht 100 million. The Company has later bought back all Prin Venture shares from Univentures Plc., thereby becoming the 100% shareholder of Prin Venture. However, the Company and Prin Venture have their own policies in conducting business.

Prin Venture focuses on developing real estate in the categories of single house, townhouse and condominium taking into account the potential and appropriateness in developing the products in each location. It has had specialized experience in horizontal property development for more than a decade.

The Company, under the “Prinsiri” brand, is currently a property developer well trusted and accepted among consumers in respect of suitable project locations, product quality, and reasonable prices and after-sales services. The Company has continued to develop and improve its products in response to customer needs as regards project location, product design and characteristics, house plan, utilization, selection of construction materials, furnishing amenities, and landscaping fit with the surrounding environment of each particular project. It has also introduced new construction technology for construction efficiency enhancement with shortened construction period and better controlled quality to timely satisfy customer needs.

Grow Yotha Group Co., Ltd. is a construction contractor and distributor of construction materials such as cement, paint, steel, and wood. Its products and services are mainly provided to the Company and construction contractors of the Company. Grow Yotha Group Co., Ltd. was established on June 4, 2002 with an initial registered capital of Baht 10 million which has been raised to Baht 60 million at present. The Company has decided to invest in Grow Yotha Group Co., Ltd. in order to strengthen its business operation and potential, as well as reduce uncertainty in construction cost.

CN SPR (Thailand) Ltd. was incorporated on June 15, 2007 with a registered capital of Baht 2 million to engage in trading and offering of real estate for rent, by acquiring real estate for trade and investment to make profit from the increase in the real estate value, income from short- and long-term rent, and income from service provision and management of hotels, service facilities, resorts, and accommodations, etc. Its income contribution to the Company is in form of rental, not income from real estate development.

Plearnary Mall Co., Ltd. is an operator of shopping center business. It has formed two subsidiaries, namely Plearnland Co., Ltd., an operator of a theme park and education center for children and Eatery Co., Ltd. to engage in restaurant business, which commenced commercial operations in October 2014. Plearnary Mall was incorporated on February 14, 2013 with a registered capital of Baht 1 million to operate a shopping center located in Watcharapol Road on a land area belonging to the Company. Plearnary Mall has a current registered capital of Baht 70 million with 99.97% shareholding by the Company.

Prin Energy Co., Ltd. engages in production and supply of electricity from solar energy and renewable energy for residences and office buildings, and designing of solar power plants and maintenance of the solar power system. It was incorporated on September 20, 2013 with a registered capital of Baht 1 million.

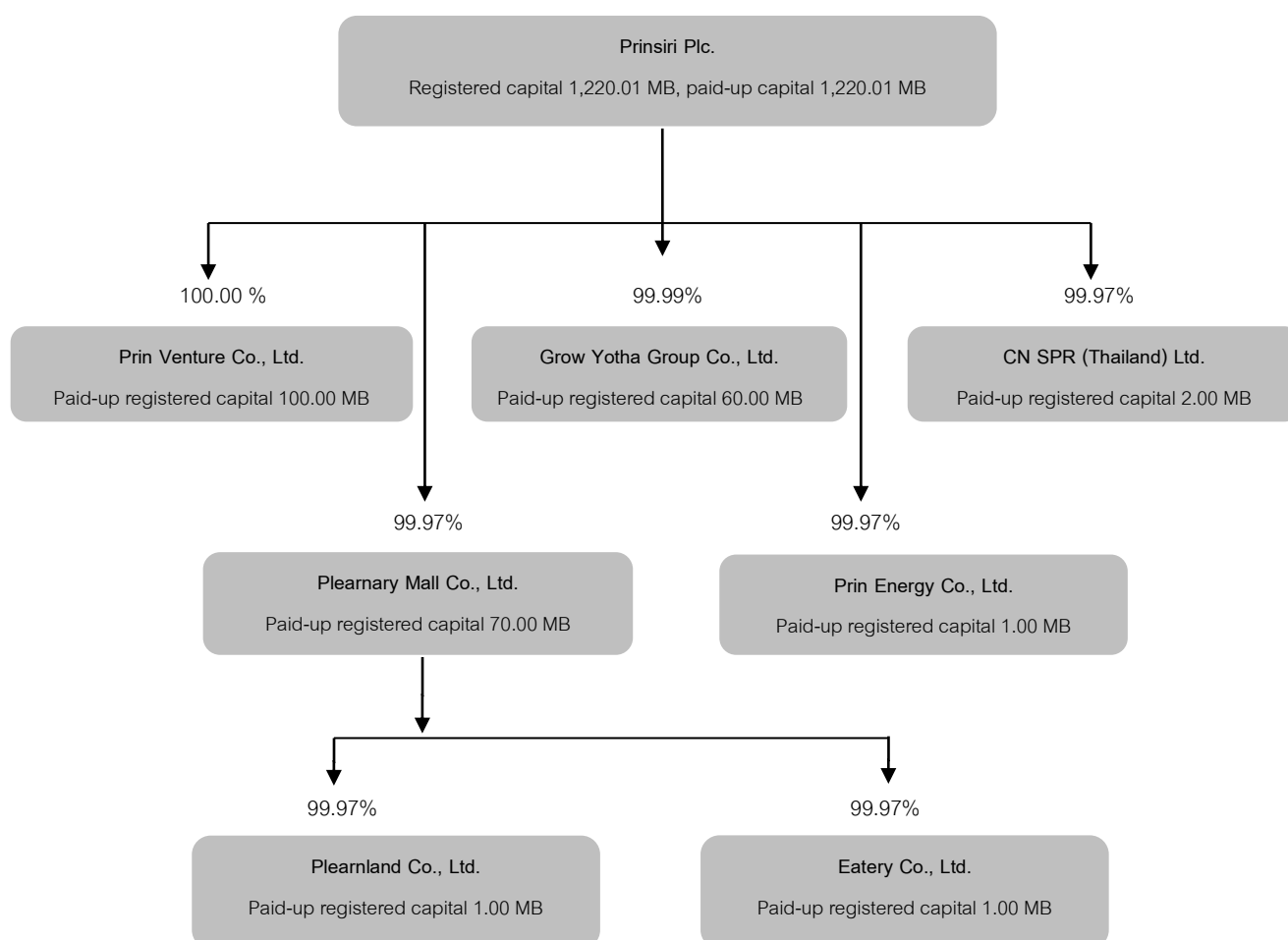
Prinsiri Plc. has continuously expanded its businesses. Today, it has operated seven business sectors through entities in which it has total equity investments of more than 99% as shown below:

* Note: Plearnary Mall is the shareholder.

5. Shareholding Proportion in Subsidiaries and Associated Companies

Subsidiaries/joint venture/associated companies	% Shareholding by the Company	Business operations
1. Prin Venture Co., Ltd.	100.00	Real estate developer
2. Grow Yotha Group Co., Ltd.	99.99	Constructor and distributor of construction materials
3. CN SPR (Thailand) Ltd.	99.97	Trading and offering of real estate for rent
4. Plearnary Mall Co., Ltd.	99.97	Shopping mall
5. Pleamland Co., Ltd.	99.97*	Theme park and education center for children
6. Eatery Co., Ltd.	99.97*	Restaurant
7. Prin Energy Co., Ltd.	99.97	Producer and supplier of electricity from solar energy and renewable energy

Shareholding Structure of Prinsiri Plc. and Subsidiaries as of December 31, 2016



6. Relationship with Businesses of Major Shareholders

Table on details of tenure of managerial and controlling persons of the Company as of December 31, 2016

Name list	Prinsiri Plc.	Grow Yotha Group Co., Ltd.	Subsidiaries			Subsidiaries of Plearnary Mall		
			Prin Venture Co., Ltd.	CN SPR (Thailand) Ltd.	Prin Energy Co., Ltd.	Plearnary Mall Co., Ltd.	Plearnland Co., Ltd.	Eatery Co., Ltd.
Prof.Dr. Warapatr Todhanakasem	/ , X , @							
Assoc.Prof. Anchalee Pipatanasern	/ , \$, @							
Asst.Prof. Monpaka Vongsa	/ , \$, @							
Assoc.Prof. Witaya Danthamrongkul	/ , \$, @							
Ms. Siriluck Kovitchindachai	/ , // , 0			/ , //				
Mr. Utane Kongsoonthornkitkul	/ , // , 0				/ , //			
Mr. Chairat Kovitchindachai	// , 0		/ , //			/ , //	/ , //	/ , //
Mr. Kwanchai Mongkolkittaveepol	/ , // , 0	/ , //		/ , //				
Mr. Chavai Kovitchindachai		/ , //	/ , //					
Mr. Chaiwut Kovitchindachai*	// , 0	/ , //						
Ms. Patcharee Kovitchindachai	// , 0					/ , //	/ , //	/ , //
Ms. Nipha Aphirattanarungruang					/ , //			
Mr. Prinya Kovitchindachai					/ , //			

Note: / = Director, X = Chairman, // = Executive Director, 0 = Executive, \$ = Audit Committee Member, @ = Independent Director

*Resign as on 30 June 2016

Nature of Business Operation

Prinsiri Public Company Limited (Prin or the Company) engages in real estate development business in the categories of housing estates and residential condominiums. In 2016, one project was launched, comprising townhome. With commitment to excellence in real estate development, the Company has been recognized and trusted among consumers under the brand of "Prinsiri."

Revenue structure of the Company and its subsidiaries is composed of three main product types, i.e. single detached house/duplex house, townhouse/home office, and condominium. Revenues from sales of real estate by product type during 2014-2016 were as tabulated below:

Revenue Structure of the Company and Subsidiaries

Revenue structure of the Company and subsidiaries during 2014-2016 was as detailed below:

Revenue	Operator	2014		2015		2016	
		Consolidated financial statement		Consolidated financial statement		Consolidated financial statement	
		MB	%	MB	%	MB	%
Detached house-upper market	Prin	508.15	20.34	554.36	20.85	571.70	18.82
Detached house-middle market/Duplex house	Prin	546.34	21.86	360.72	13.57	682.97	22.48
Townhouse/Home office	Prin/Prin Venture	638.03	25.53	808.04	30.39	1,061.44	34.95
Condominium	Prin/Prin Venture	680.31	27.22	759.74	28.58	556.79	18.33
Total revenues from real estate sales	Prin/Prin Venture	2,372.83	94.95	2,482.86	93.39	2,872.90	94.58
Revenues from rental and services	Pleamary	35.17	1.41	132.46	4.98	133.78	4.41
Revenues from sales of goods	Grow Yotha	27.78	1.11	23.67	0.89	11.66	0.39
Revenues from construction works	Grow Yotha	23.09	0.92	0.00	0.00	0.00	0.00
Other revenues	Prin/Subsidiaries	40.14	1.61	19.75	0.74	18.89	0.62
Total revenues		2,499.01	100.00	2,658.74	100.00	3,037.23	100.00

Note: Sales prices of single detached house-upper market start from 10 MB.

Sales prices of single detached house-middle market are in a range of 4.50 – 10 MB.

The major income of the Company and its subsidiaries is from sales of real estate. During 2014-2016, they recorded revenues from real estate sales in the amount representing 94.95% , 93.39% and 34.58% of total revenues, respectively. In 2014, the Company's revenues from sales of single detached house/duplex, townhouses/home offices and condominiums represented 42.20%, 25.53% and 27.22% of total revenues. Meanwhile, in 2015, its sales revenues of single detached house/duplex, townhouses/home offices and condominiums represented 34.42%, 30.39% and 28.58% of total revenues. and in 2016, its sales of single detached house/duplex, townhouses/home offices and condominiums represented 41.30%, 34.95% and 18.33% of total revenues.

In 2014, it recognized revenues from detached houses higher than those from townhouses and condominiums thanks to ownership transfer of six projects worth 1,054.49 MB. As for 2015, the Company recognized revenues from detached houses higher than those from townhouses and condominiums worth 915.08 MB. And in 2016, the Company recognized revenues from detached houses higher than those from townhouses and condominiums worth 1,254.67 MB.

The Company and subsidiaries also earned revenues from sales of construction materials, i.e. cement, paint, steel, wood, and construction works, etc. During 2014-2016, they recorded revenues from sales of goods representing 1.11%, 0.89% and 0.39% of their total revenues, respectively.

In 2014, 2015 and 2016 during such period, other revenues came mainly from deposits placed by customers who abandoned the reservation and down payments of customers who stopped installment payments and failed to contact the Company.

1. Description of Products and Services

Prinsiri PCL operates real estate development business in the categories of housing estates (pre-built houses) and residential condominiums for sales. These projects are developed and owned by the Company. Most of the locations selected are in Bangkok and the vicinities, and are in communities, with complete public utilities (electricity, water supply, communication and transportation). All its products are under the "Prinsiri" brand and, through this brand, embrace the concept of "The Art of Living."



The Company attaches great importance to product quality, with meticulous care for selection and integration of fine materials and quality control at every stage of the production. There has been ongoing product development to best suit customers' requirements.

In selling each real estate product, a customer is required to make reservation deposit, down and agreement signing payments representing 10% of the sales price. Down payments are made in 3-12 months, depending on the construction time and the agreement between the customer and the Company. The schedule for delivery of each property unit and ownership transfer is stipulated on the contract signing date and in the agreement to sell and to buy, which also depends on each customer's readiness.


Details of each type of products are as follows:

1. Housing estate

The Company's housing estates for sales are horizontal property projects. Products are houses or buildings with a height of not more than four stories. The house and building styles and project designs of projects vary as appropriate for individual project locations and customer needs. However, each project has complete public utilities, facilities and security, such as a clubhouse, a swimming pool, a recreation park and security system. The Company's housing estate projects can also be classified by product identity and target group and are developed under the following project names:

1.1 Single detached house

1.1.1 Single detached house for upper market

Project logo	:	
Project name	:	Prinn
Price range	:	15.0 MB and over
Target group	:	high income customers

1.1.2 Single detached house for middle to upper market

Project logo	:	
Project name	:	Zerene and Iconature
Price range	:	5.00 – 10.00 MB
Target group	:	Middle income to relatively high income customers

1.2 Townhouse & Home office

1.2.1 Three-story townhouse (new brand)

Project logo	:	
Project name	:	Corazon
Price range	:	6.00 – 10.00 MB
Target group	:	Middle income to relatively high income customers

1.2.2 Three-story townhouse

Project logo	:	
Project name	:	Sixnature
Price range	:	3.50 – 5.00 MB
Target group	:	Middle income customers


1.2.3 Two-story townhouse

Project logo	:	
Project name	:	Citysense
Price range	:	2.50 – 3.00 MB
Target group	:	Middle income customers

2. Condominium


The Company's condominium projects are vertical property development for sales. The building design and project design of each project are unique, depending on the location and customer needs. Each project under the Company's development is fully equipped with public utilities, facilities and security, such as a swimming pool along with a beautiful garden, elevators, satellite television, and security systems. Condominium products are developed under three names, categorized by market positioning and distinguished characteristics, for easy reference. Bridge Smart Condo, The Pride, and Zelle are used for low-rise condominium (maximum height of 23 meters), while The Complete is for high-rise condominium (more than 23 meters high).

Low-rise condominium with maximum height of 23 meters


Project logo : 
Project name : Bridge

Project logo :  (Non BOI)


Project name : SmartZ
Price range : Start from 1.80 MB
Target group : Middle to relatively high income customers

Project logo :  (BOI)
Project name : Smart Condo
Price range : Start from 1.00 MB
Target group : Middle income customers

Project logo : 
Project name : The Pride Pattaya Sai 2
Price range : 2.00 – 5.00 MB
Target group : Middle to high income customers

Project logo : 
Project name : Zelle
Price range : Start from 1.69 MB
Target group : Middle to high income customers

High-rise condominium (more than 23 meters high)

Project logo : 
Project name : The Complete
Price range : 2.30 – 12.00 MB
Target group : Middle to relatively high income customers

Details of the Company's Projects for Sales as of December 31, 2016

Unit: MB

Project/ Price per Unit	Project Type/ Project area	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress		
			Unit	Project Value	Unit	Value	% of Project value	Unit	Value	% of Project Value	Unit	Value Project	% of Project Value		Investment	% of work completed	
Single Detached House																	
Prinsiri Navamin (Price4.30 - 17.80 MB.)	Single Detached House/35-0-88.30 Rai	Nawamin Road	88	722.42	87	709.32	98.19	87	709.32	98.19	1	13.10	1.81	306.76	306.76	100.00	
Siritawara (Price13.00 - 17.20MB.)	Single Detached House/30-2-44 Rai	Praditmanoonthum Road	63	1,159.49	60	1,099.49	94.83	60	1,099.49	94.83	3	60	5.17	486.67	486.67	100.00	
Prinyada Chamchan (Price 4.30 - 9.90 MB.)	Single Detached House /9-1-66 Rai	Soi Chammchan	27	174.30	25	157.14	90.15	25	157.14	90.15	2	17.16	9.85	70.21	70.21	100.00	
Zerene Phutthamonthon Sai 3 (Price 4.79-8.59 MB.)	Single Detached House /20-1-67.1 Rai	Phutthamonthon Sai 3	147	1,014.77	116	766.27	75.51	112	734.31	72.36	35	280.46	27.64	472.02	437.46	92.68	
Zerene Rama 2 (Price 4.20-6.00 MB.)	Single Detached House/ 41-3-84.10 Rai	Rama 2 Road	292	1,603.51	111	603.35	37.63	111	603.35	37.63	181	1,000.16	62.37	876.03	531.19	60.64	
Zerene Kallaprapruk (Price 4.20-6.00 MB.)	Single Detached House /16-0-97 Rai	Kallaprapruk Road	62	614.95	60	593.06	96.44	59	580.16	94.34	3	34.79	5.66	327.58	318.99	97.38	
Iconature Ramintra 109 (Price starts 5.19 MB.)	Semi Detached House 41-2-28 Rai	Ramintra 109	209	1,245.17	91	531.17	42.66	86	497.11	39.92	123	748.06	60.08	578.04	473.40	81.90	
Iconature Rama 2 (Price Start 4.59 MB.)	Semi Detached House	Rama 2 Road	272	1,228.81	43	202.92	16.51	43	202.92	16.51	229	1,025.89	83.49	714.64	347.12	48.57	
Iconature Salaya (Price Start 3.99 MB.)	Single Detached House	Salaly	255	1,240.66	18	83.08	6.70	18	83.08	6.70	237	1,157.58	93.30	586.55	217.63	37.10	
PRINN Sathorn (Price Start 15.9 MB.)	Single Detached House	Sathorn Road	168	2,796.73	69	1,056.82	37.79	69	1,056.82	37.79	99	1,739.91	62.21	1,225.94	722.18	58.91	
Total Single Detached House			1,583.00	11,800.81	680	5,802.62	49.17	670	5,723.70	48.50	913	6,077.11	51.50	5,644.45	3,911.62	69.30	

Unit : MB

Project/ Price per Unit	Project Type/ Project area	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress		
			Unit	Project Value	Unit	Value	% of Project value	Unit	Value	% of Project Value	Unit	Value	% of Project Value		Investment	% of work completed	
Townhouse/Townhome																	
Six nature EkkachaiBangbon (Price 3.39-4.09 MB.)	Town home 15-1-88 Rai	EkkachaiBangbon64/5	183	731.52	179	707.56	96.72	178	703.07	96.11	5	28.45	3.89	339.64	338.47	99.66	
Six nature Ramintra 24 (Price start 3.39 MB.)	Town home	Ramintra Road	152	562.02	57	189.83	33.78	56	185.64	33.03	96	376.38	66.97	346.32	268.80	77.62	
City sense Petkasem 69 (Price start 2.25 MB.)	Town house	Petkasem 69 Road	369	974.95	196	490.75	50.34	195	488.20	50.07	174	486.75	49.93	502.76	391.23	77.82	
City sense Bangna-Trad km10(Price 1.99-3.69 MB.)	Town house 5-1-12.80 Rai	Bangna-Trad km10	95	229.01	94	225.61	98.52	94	225.61	98.52	1	3.40	1.48	93.58	93.58	100.00	
City sense Ramintra 30 (Price start 2.29 MB.)	Town house	Ramintra Road	243	604.61	109	264.29	43.71	107	259.01	42.84	136	345.60	57.16	347.49	274.15	78.90	
City sense Salaly (Price start 2.29 MB.)	Town house	Salaya	459	1,279.75	104	281.13	21.97	102	274.79	21.47	357	1,004.96	78.53	558.41	264.72	47.41	
City sense Rama2 - Thakam (Price start 2.49 MB.)	Town house	Rama 2 - Thakam	425	1,019.02	37	107.09	10.51	18	52.51	5.15	407	966.51	94.85	613.04	193.11	31.50	
Corazon Pracha Chuen (Price start 7.99 MB.)	Town home	Pracha Chuen Road	135	886.05	39	256.10	28.90	38	249.61	28.17	97	636.45	71.83	408.34	300.26	73.53	
Total Townhouse/Townhome			2,061.00	6,286.93	815	2,522.36	40.12	788	2,438.44	38.79	1,273	3,848.50	61.21	3,209.58	2,124.32	66.19	

Unit : MB

Project/ Price per Unit	Project Type/ Project area	Location	Total		Sold			Transferred			Product to be sold			Project investment value	Progress	
			Unit	Project Value	Unit	Value	% of Project value	Unit	Value	% of Project value	Unit	Value	% of Project value		Investment	% of work completed
Condominium																
The Pulse Ladprao 44 (Price 1.29-3.80 MB.)	Condominium 1-2-0 Rai	Soi Ladprao 44	202	324.64	201	320.85	98.83	201	320.85	98.83	1	3.79	1.17	163.74	163.75	100.00
The Complete Ratchaprarop (Price 1.79-12.08 MB.)	Condominium 3-3-0 Rai	Ratchaprarop Road	555	1,664.80	553	1,640.19	98.52	553	1,640.19	98.52	2	24.61	1.48	1,111.53	1,111.53	100.00
Bridge Phaholyothin 37 (Price 1.44-3.40 MB.)	Condominium 3-3-0 Rai	Soi Phaholyothin 37	264	590.86	263	587.47	99.43	263	587.47	99.43	1	3.39	0.57	322.24	322.24	100.00
Smart Condo Rama2 (Price 0.69-0.99 MB.)	Condominium 17-1-63.70 Rai	Bang kun tein Road	2,062	1,945.20	2,047	1,912.58	98.32	2,046	1,911.32	98.26	16	33.88	1.74	1,174.87	1,174.87	100.00
Smart Condo Watcharaphol (Price 1.80-5.00 MB.)	Condominium 7-3-10 Rai	Watcharaphol Road	724	743.48	171	728.88	98.04	717	728.88	98.04	7	14.60	1.96	430.52	430.52	100.00
Bridge Sathom-Narathiwat (Price 3.69-6.05 MB.)	Condominium 3-0-60.3 Rai	Narathiwat Road	91	376.43	90	370.94	98.54	89	366.95	97.48	2	9.48	2.52	152.25	152.25	100.00
Zelle Rattanatibet (Price start 1.49 MB.)	Condominium	Rattanatibet Road	570	1,161.02	396	791.87	68.20	392	782.48	67.40	178	378.54	32.60	736.65	723.60	98.23
Zelle Salaya PRIN (Price start 1.59 MB.)	Condominium	Salaya Road	474	819.71	140	255.50	31.17	140	255.50	31.17	334	564.21	68.83	507.04	270.55	53.36
Zelle Salaya Prinventure (Price start 1.59 MB)	Condominium	Salaya Road	395	691.50	81	149.81	21.66	79	144.92	20.96	316	546.58	79.04	391.67	189.53	48.39
Total Condominium			5,337	8,317.64	3,942	6,758.09	81.25	4,480	6,738.56	81.02	857	1,579.08	18.98	4,990.52	4,538.82	90.95
Total (PRINSIRI + PRIN VENTURE)			8,981	26,405	5,437	15,083	57.12	5,938	14,901	56.43	3,043	11,505	43.57	13,845	10,575	76.38

2 Marketing and Competition

Marketing

Competition Strategy

The Company has devised a business strategy of differentiation-based focus of products and services, aiming to build consumers' confidence in the Company and its products, and hence competitiveness, as follows:

1. Products

The company attaches considerable importance to the product strategy, which focuses on differentiating its products under the slogan "The Art of Living" to cater to various types of target customers who have diverse requirements, e.g. project location, project design, house design and usable area, etc. Products are distinguished by project names to allow consumers to take up residences of their choice which directly respond to their needs, in order to fully meet their satisfaction. The project work is meticulously controlled at all stages, from selection of the project site where land is to be acquired, house design, project and landscape designing, to material selection and construction, together with consistent and ongoing product development. The Company's products thus earn customers' acceptance and confidence as its residential units are beautifully designed and constructed with quality materials, and appropriate usability amid the green and pleasant environment.

2. Pricing

The Company's policy is to price the products at levels which are in line with market prices, being competitive against any other projects in the same or nearby locations. Relevant factors, such as product quality and project costs, e.g. land, design, construction work and marketing costs, are also taken into consideration. It also focuses on money worthiness of its products compared with its rivals, such as ready-to-move-in fully furnished houses, and so on.

3. Marketing promotion

Another strategy of importance is marketing promotion. It is used for competition purposes, mainly to create brand awareness, stimulate demand for the products, remind consumers of the products, and build trust and confidence in the products, as well as to enhance the Company's good image. Marketing tools mainly used are advertising, sales by salespersons, sales promotion, direct marketing and indirect marketing.

The Company has conducted advertising/public relations activities through various channels to reach out to target customers. Details are as follows:

Above-the-Line Strategy

- Advertising through "Home Buyer Guide" program which allows delving into all interesting details of projects
- Advertising through magazines, newspapers, radio, and direct mail
- Sending SMS with information and details of new projects to customers' mobile phones
- Advertising through the Company's website www.prinsiri.com
- Advertising through social networks, e.g. Facebook, Youtube, etc.

Below-the-Line Strategy

- Media advertising (cutout) by appearing along major roads surrounding project location in order to draw attention of potential customers to visit the project.
- Organizing activities for customers to build up relationships and create good image for the Company.
- Setting up booths at such events as House and Condo Shows, and those organized at department stores and office buildings, in order to publicize the Company's projects to target customers.

In 2009 and 2010, the Company launched individual project identity and make communication campaigns constantly to achieve recognition of its products, for example, "Sixnature" for 3-story townhouse and "Citysense" for 2-story townhouse. In 2011, the Company initiated "Zerene" for single detached house, and in 2013, another project name "Iconature" was launched for duplex house and "PRINN" for detached house for upper market. In 2014, The Company launched a new name "Zelle" for a condominium not higher than 23 meters high (low-rise) and "Corazon," for townhouse/home office for middle to upper markets.

4. Product costs

The Company focuses on keeping the cost of project development at appropriate levels in order to maintain gross profit margins and keep its price competitiveness. This cost control starts from selection of land and land acquisition in appropriate price range, research and development regarding selection of construction materials and fixtures and fittings which are of good quality and standard, with costs within the specified limits, development of construction techniques and technologies aimed at controlling construction costs, increasing efficiency, and raising product standards.

5. After-sales service

To provide customers with confidence and encourage their decision to buy the Company's products, the following after-sales services are made available:

- One year guarantee of house quality from the date of ownership transfer against any defects arising from the construction, materials, and fixtures and fittings.

Characteristics of customers and target customer groups

Based on the categories of products offered by the Company, i.e. housing estates and residential condominiums, its customers are those looking for new residences. Different customers require different types of residences, e.g. detached houses, duplex houses, townhouses, home offices and residential condominiums, depending on their own preference, condition and limitations. Such customers are regarded as end users.

In order to enable each customer to select a residence which is most responsive to his/her requirements, the Company offers a diverse range of products to maximize customer satisfaction and to cater to specific requirements. The customers are grouped by income level as follows:

- 1) High income group: Products which the Company aims to serve this group are detached houses for upper market under the project name "PRINN."
- 2) Relatively high income group: Products which the Company aims to sell to this group are detached houses for middle market under the project names "Zerene" and "Iconature," and townhouses/home offices under the name "Corazon," and residential condominiums under the project names "Bridge," "The pride," "The Complete," "Smart Z," and "Zelle."
- 3) Middle income group: Products which the Company aims to sell to this group are townhouses and home offices under the project names "Sixnature" and "Citysense," and residential condominiums under the project name "Smart Condo."

Sales and distribution channels

The Company sells its products through its direct channel, i.e. salespersons at project sites. In addition, it also dispatches salespersons to booths at events on an occasional basis.

Industry and Competition Situations

Industry Situation

2016 was another tough year for business operations of property developers and operators in the backdrop of persisting economic slowdown, internally and externally. The government strived to stimulate property sector through tax measures covering October 19, 2015 - April 28, 2016 which could accelerate consumers' purchases and transfers within the period to timely get the tax benefits and hence significantly spur market growth. However, the market clearly slackened after the end of the measure together with the dry-up of consumers' purchasing power, even though operators tried to maintain their sales by launching attractive promotion campaigns, some of which were comparable to the government measures.

Moreover, the prolonged economic sluggishness had pushed up household debts and pressed down consumers' purchasing power. Banks had also been stricter in credit provision. Despite their confirmation of using the same criteria as in the past, operators had all found that the qualifications formerly eligible for access to bank loans were no longer workable. Credit limit of 50-60 times the monthly income balance had been leveled down to only 30-40%, particularly during the latter half of the year, resulting in rejection rate of over 50%, compared with 25-30% in the past.

The market most affected by the slowing economy, huge household debts and banks' rigid lending procedure was middle to lower housing market priced less than Baht 3 million per unit. Particularly for condominium, 30-40% of the buyers were investors, while those who bought as residences represented 60-70%. As housing units like condominium are not goods of urgent need to buy, condominium market is among the first, before other housing types, to feel the impact of economic decline or negative circumstances.

Mr. Samma Keetasin, Director of Government Housing Bank's Real Estate Data Center (now retired), earlier predicted that quarter 4/2016 would see delay in the launch of more than 4,000 condominium units. Thus, in 2016, condominium newly launched in 2016 accounted for 20,000 units, compared with 24,000 units earlier forecast. (Source: Manager Daily 360 Degrees published on November 22, 2016 http://www.reic.or.th/News/Newspaper_Detail.aspx?newsid=53032)

Industry Situation

According to Real Estate Overview for January - December 2016 by the Agency for Real Estate Affairs Co., Ltd., there were altogether 522,879 units of property development projects valued at 1,912,271 MB, were open for sales or 100% of the total units developed.

จำนวนหน่วยทั้งหมด Total No. of Units								
ระดับราคา (ลบ.) Price Range (ml.Baht)	บ้านเดี่ยว Detached	บ้านแฝด Duplex	ทาวน์เฮ้าส์ Townhouse	อาคารพาณิชย์ Shophouse	อาคารชุด Condominium	ที่ดินจัดสรร Land Subdy	รวม(ที่อยู่อาศัย) Total Residential	สัดส่วน Proportion
<0.500 mil.Baht					3,367		3,367	1%
0.500-1.000	1,641		2,400		36,080	146	40,267	8%
1.001-2.000	1,162	2,356	48,365	650	87,247	669	140,449	27%
2.001-3.000	8,276	10,690	49,722	2,073	53,748	882	125,391	24%
3.001-5.000	42,557	16,237	23,596	5,507	40,084	578	128,559	25%
5.001-10.000	35,285	1,628	3,741	2,576	22,288	105	65,623	13%
10.001-20.000	5,116	10	283	487	6,748		12,644	2%
>20.000	3,177	38	42	2	3,227	93	6,579	1%
Overall	97,214	30,959	128,149	11,295	252,789	2,473	522,879	100%
Proportion	18.6%	5.9%	24.5%	2.2%	48.3%	0.5%	100%	

มูลค่าโครงการทั้งหมด Development Value (mil.Baht)								
ระดับราคา (ลบ.) Price Range (ml.Baht)	บ้านเดี่ยว Detached	บ้านแฝด Duplex	ทาวน์เฮ้าส์ Townhouse	อาคารพาณิชย์ Shophouse	อาคารชุด Condominium	ที่ดินจัดสรร Land Subdy	รวม(ที่อยู่อาศัย) Total Residential	สัดส่วน Proportion
<0.500 mil.Baht					1,207		1,207	0%
0.500-1.000	1,389		2,139		31,942	123	35,593	2%
1.001-2.000	2,178	4,056	80,900	1,203	133,280	950	222,567	12%
2.001-3.000	21,849	28,469	123,115	5,631	133,359	2,524	314,947	16%
3.001-5.000	171,234	61,385	89,517	22,330	151,261	2,265	497,992	26%
5.001-10.000	236,338	9,462	23,513	16,253	152,010	615	438,192	23%
10.001-20.000	67,831	151	3,747	6,692	94,857		173,279	9%
>20.000	99,522	1,720	2,039	58	122,831	2,325	228,494	12%
Overall	600,341	105,243	324,971	52,167	820,748	8,801	1,912,271	100%
Proportion	31.4%	5.5%	17.0%	2.7%	42.9%	0.5%	100%	
Proportion	31.4%	5.5%	17.0%	2.7%	42.9%	0.5%	100%	

Source: Agency for Real Estate Affairs (AREA)

Of all real estate development projects launched during January - December 2016, 252,789 units valued 820,748 MB were condominiums, followed by single detached houses and duplex houses 128,173 units valued 705,584 MB, and townhouses/shophouses 139,444 units valued 377,138 MB, representing 43%, 37%, and 20% of total project value, respectively.

The price range of most condominiums is above 5-10 MB, valued 152,010 MB, followed by those with price range of 3-5 MB, valued 151,261 MB, and those with price range of 2-3 MB, and valued 133,359 MB, accounting for 19%, 18%, and 16% of total condominium value, respectively.

The price range of most single detached houses/duplex houses is 5-10 MB, valued 245,800 MB, followed by those with price range of 3-5 MB, valued 232,619 MB, and those with price range above 20 MB, valued 101,242 MB, representing 35%, 33%, and 14% of total detached house/duplex house value, respectively.

The price range of most townhouses/shophouses is 2-3 MB, valued 128,746 MB, and followed by those with price range of 3-5 MB, valued 111,847 MB, and those with price range of 1-2 MB, valued 82,103 MB, and accounting for 34%, 30%, and 22% of total townhouse/shophouse value, respectively.

Number of units sold from January - December 2016

จำนวนหน่วยที่ขายได้								
ระดับราคา (ลบ.) Price Range (ml.Baht)	บ้านเดี่ยว Detached	บ้านแฝด Duplex	ทาวน์เฮ้าส์ Townhouse	อาคารพาณิชย์ Shophouse	อาคารชุด Condominium	ที่ดินจัดสรร Land Subdy	รวม(เพื่ออยู่อาศัย) Total Residential	สัดส่วน Proportion
<0.500 mil.Baht					2,769		2,769	1%
0.500-1.000	1,509		1,492		25,814	21	28,836	9%
1.001-2.000	428	1,493	26,315	380	63,690	475	92,781	27%
2.001-3.000	5,283	5,378	29,032	721	38,324	364	79,102	23%
3.001-5.000	25,509	8,747	14,056	3,411	28,933	438	81,094	24%
5.001-10.000	20,449	939	2,438	1,600	16,733	63	42,222	12%
10.001-20.000	3,109	10	127	267	4,861		8,374	2%
>20.000	1,460	13	35	0	1,867	57	3,372	1%
Overall	57,687	16,580	73,495	6,379	182,991	1,418	338,550	100%
Proportion	17.0%	4.9%	21.7%	1.9%	54.1%	0.4%	100.0%	
Proportion	31.4%	5.5%	17.0%	2.7%	42.9%	0.5%	100%	

Source: Agency for Real Estate Affairs (AREA)

The number of units sold of all housing types in 2016 was 338,550 units. Of the total units sold, 182,991 units were condominiums, mostly in the price range of 1-2 MB, representing 35% of total condominiums. This was followed by townhouses/shophouses 79,874 units, most of which were in the price range of 2-3 MB, representing 37% of total townhouses/shophouses, and single detached houses/duplex houses 74,267 units, mainly in the price range of 3-5 MB, representing 46% of total single detached houses/duplex houses. All in all, 2016 saw higher sales of condominiums than townhouses and single detached houses and most of them were in the medium price range, where there would still be growth prospects with high demand from most customers.

Competitive Edge and Potential

With knowledge, skills, competence and experience which the Company has accumulated over the past years, it is now a real estate developer well accepted among consumers. Its focus on the excellence of its products and services under the slogan “The Art of Living” ensures that its products are of good quality, all the details are dealt with meticulously and in perfect harmony, and all the materials are carefully selected for every single component of the house. With acceptance and confidence among the customers, the Company has high competitive capabilities, which are also supplemented by the following factors:

1) The Company has continuously conducted product research and development to improve the product quality, with emphasis on designs which fulfill customers' requirements in terms of usability and modernity.

2) The Company won the “Awards of Merit” for house designs in 2001 and 2004 presented at Pacific Coast Builder Conference (PCBC) in the USA. It was also awarded an honorable mention for “The 2007 Best Energy-Saving Home Awards” from the Department of Alternative Energy Development and Efficiency Ministry of Energy. BCI Asia Top 10 Developers Awards , And Think of Living People's Choice Awards Major Best Housing Faciuties In 2 016 ago. The Company sees significant energy and commitment to the environment, development of performance and environmental performance simultaneously with efforts to reduce environmental impacts in all processes, ranging from the production to the products and services. All these are meant for good quality of life of employees, contractors and the communities surrounding the projects.

- 3) The Company has a policy to differentiate its products and services for competitive advantage.
- 4) The Company can control construction costs through several measures, e.g. purchasing management, timely recruitment, development of construction techniques and technologies, and establishment of subsidiary (Grow Yotha Group Co., Ltd.) engaged in supplying construction materials to the Company and its contractors.
- 5) The Company has launched marketing promotion activities continuously to create brand awareness in order to induce the demand for its products, build up confidence in the products, and create a good image.
- 6) The Company places emphasis on after-sales services to enhance customers' confidence in its products, which is considered a key factor for their decision to buy.

Competition and Industry Outlook

With intense competition among operators, promulgation of ministerial regulations or acts on land and buildings, stringent credit policies of financial institutions, the government's announcement of investment plans in transportation sector, and economic and political conditions, the costs of land, labor, construction materials, and decision to buy may be affected. The Company has taken into account factors that might affect business opportunities both directly and indirectly to adjust its strategies for more effectiveness as follows:

1) The Government Housing Bank (GHBank) has allocated a 30,000 MB budget under the Pracharat housing scheme according to the government policy to support low income earners wishing to buy and own their first house. Of the total amount, 10,000 MB will be offered as project development loans with interest rate of 4% p.a. in the first two years, and the remaining 20,000 MB as housing loans for the general public, for which applications have to be submitted and legal documentation has to be executed within a 2-year timeframe from the date of the Cabinet's approval on March 22, 2016, classified into loan application of not exceeding Baht 700,000, also covering renovation/extension loan of not exceeding Baht 500,000, with interest rate of 0% p.a. in year 1, and loan application of exceeding Baht 700,000 but not exceeding 1.5 MB, with interest rate of 3% p.a. in years 1-3 and together with relaxation of the debt service ratio (DSR) and additional loan application also allowed to adequately cover the housing price. Loan application can be submitted from March 23, 2016 onward. (Source: GHBank Corporate Communication Department, March 22, 2016). However, to ensure the success of the scheme, financial institutions' stringent retail loan process has to be taken into consideration.

2) According to the latest announcement of the Treasury Department on updated official land appraisal, as disclosed by Mr. Ekawat Manakaew, Deputy Director-General of the Treasury Department, taking effect from January 1, 2016 to December 31, 2019, land all over the country will be priced higher by 25% in average. In Bangkok, the land will be 15% more expensive, with land plots along new mass transit lines showing the highest price increase of 75%. Land plots in provinces with significant price increase, i.e. 40-50%, are those in special economic zones. (Source: REIC news referenced in the Kom Chad Luek Newspaper published on October 23, 2015). With such new appraisal prices in force, ownership transfer registration fees collected by the Treasury Department would increase to a greater extent.

3) Follow-up of monetary policy report: Mr. Jaturong Jantarangs, Secretary of Monetary Policy Committee (MPC), announced the resolution of the MPC meeting on February 8, 2017. The MPC unanimously resolved to maintain the policy interest rate at 1.50% p.a. In deliberating the policy decision, the MPC assessed that the Thai economy would recover at a faster pace compared with the previous assessment despite facing uncertainties especially on the external front. Inflation would continue to be on an upward trajectory. Meanwhile, overall financial conditions remained accommodative and conducive to the economic recovery although bond yields increased somewhat. Hence, the MPC decided to keep the policy rate on hold at this meeting. (Source: BOT News Issue No. 5/2560 dated February 8, 2017

https://www.bot.or.th/Thai/MonetaryPolicy/Documents/PressMPC_72559_EU911G.pdf

4) Follow-up of the changes in the BOT measures towards commercial banks regarding the LTV criteria for real estate businesses, criteria for approval of project loans, and individual loans in order to adjust marketing and sales strategies to suit the actual competition situation.

5) Revision of "Draft Land and Construction Tax Act" to be replaced with "Draft Land and Local Development Tax Act" with deletion of the term "construction" to reduce opposition from the public, progressive tax collection, scale tax exemption and tax credit like individual income tax that requires people who have more lands to pay more taxes. Deletion of the term "construction" will make this new Act become more flexible and reduce the process of the authorities to interpret, and allow for more transparency because the current residence has a lot of housing designs, e.g. single detached house, duplex house, townhouse, townhome, condominium, shophouse, traditional Thai house, as well as those specifically with local identity like "Kalae" Lanna style house, etc. The Finance Minister is set to propose for Cabinet decision on imposition of four tax rates: 1. tax rate for agricultural land, 2. tax rate for residential land, 3. tax rate for commercial land, and 4. tax rate for empty/abandoned land. (Source: <http://www.realist.co.th/blog/ร่างภาษีที่ดิน>) If the above is in effect, it will change the nature of land ownership in the future. The Company needs to use a suitable strategy to consider buying land for business purpose.





MRT System Progress on construction of which is as follows:

MRT Orange Line (Thailand Cultural Center-Minburi): There may be further reduction in construction cost, pending the Cabinet approval.

MRT South Purple Line (Taopun-Ratburana): Pending EIA result conclusion after a change with 5-km extension route from Ratburana-Kanchanaphisek Road, for which proposal to Commission for the Management of Land Traffic and approval from Sub-committee for the Conservation of Rattanakosin Town is required as Samyod and Phanfa Station would be located in the area of Rattanakosin Town.

MRT Pink Line and MRT Yellow Line: Project investment scheme duly submitted to State Enterprise Policy Office, which would further be subject to data compilation and escalation to Public Private Partnership (PPP) Policy Committee and the Cabinet for approval in February. Selection of private partner should start in April.

High-speed Rail System Progress on construction of which is as follows:

Sino-Thai high-speed railway project: There remain discussions on the downsizing of the project on Nakhon Ratchasima-Nongkhai section. The project, formerly planned to be a dual track system for a speed limit of 160-180 km/hr, under four sections of construction and a 500,000 MB budget, has been changed to a single track system where trains in both directions share the same track and thus have to alternately run at a time. It is the same system as that currently devised by the State Railway of Thailand and travelling on this rail track could take hours from Bangkok to the destinations. Therefore, project construction work has to be delayed but 160 BB (Billion Baht) project cost can be saved.

Thai-Japanese high-speed railway project: Mr. Arkhom Termpittayapaisith, Thailand's Transport Minister, and Mr. Tsutomu Shimura, Deputy Director-General of the Railway Bureau under Ministry of Land, Infrastructure, Transport and Tourism of Japan, jointly presided over the test-run of 20-foot container fleet transported from Nongpladuk intersection station to Bangsue station piloting the Southern Economic Corridor (Kanchanaburi - Bangkok, Bangkok - Chachoengsao - Aranyaprathet, and Bangkok - Chachoengsao - Laem Chabang rail routes). The project also serves to symbolize Thai-Japanese cooperation on rail system.

Motorway Roads Progress on construction of which is as follows:

Pattaya - Map Ta Phut Route: Of the total 13 contracts, five contracts have been signed and the remaining eight contracts are in the process of selecting contractors and price negotiations and the signing of which is expected around end of February – early March. Construction should start from February 2016.

Bang Pa-in - Nakhon Ratchasima Route: Bidding is underway for certain sections to get started with the construction work while additional detailed study is in process for some sections.

Bang Yai – Kanchanaburi Route: EIA report review is underway as the former study was undertaken around 10 years ago, thus requiring to be updated in line with the current situations. Bidding is anticipated in the middle of this year.

Maritime Port and Logistics Progress on construction of which is as follows:

Harbor (Wharf A) development project: covering upgrading of berth no. 1 area between Wharf A1 and A0 to accommodate carriers of 1,000-3,000 DWT and handle lift-on and lift-off of containers of 100-200 DWT at a time, as well as installation of mobile harbor cranes and gantry cranes, in order to accommodate containers of 300,000 TEUs per year.

Container rail transfer terminal project: composed of two phases. It is under phase 1 implementation at present, covering area between Wharf B and C on an area of approximately 600 rai. Container rail handling yard will be built with installation of gantry cranes mounted on 6 rails to avoid train moving during cargo loading and discharging as well as rail mounted gantry cranes for arranging containers on the container yard which can accommodate containers of 2.0 million TEUs per year.

Airport project Progress on construction of which is as follows:

A project delay has been seen on the expansion of the capacity of Suvarnabhumi Airport phase 2, with an investment budget of 51,607 MB, with bidding divided into seven contracts. Project implementation would start in March 2016, a delay from the earlier planned November-December 2015 because bidding documents had to be first submitted to Monitoring and Auditing Committee on Fiscal Expenditures for approval. Upon completion of all sections under phase 2 in 2017-2020, the airport capacity would be raised by 15 million passengers per year and is expected to reach a total capacity of 85 million passengers per year.

4. Sourcing of Products and Services

For all real estate projects, the Company is the project developer and owner, from the stages of land acquisition, house and project designing, application for a land allotment permit, and a construction permit, execution of the construction, quality control and quality checking, to sales and after-sales services.

The construction time varies from project to project, depending on the category, size and model. Time required for construction of different types of residences is as follows: 4-6 months for a detached house, 4-8 months for each row of townhouses or home offices, and 8-18 months for a condominium building.

Production Policy

The Company's policy is to increase or decrease its capacity in line with consumers' demand in each project. As the Company hires contractors to execute the production, capacity can be raised by hiring more contractors if the demand goes up. In order to control the quality and standard of the construction, the Company has adopted the following measures:

- 1) Define the specification of construction and material standards for contractors.
- 2) Hold a meeting with contractors to agree on the construction schedule before the work begins.

- 3) Have in place a project engineer and a foreman at each project site to oversee the construction execution and inspect the work of contractors.
- 4) Have in place a quality control team to inspect the quality of all the construction work to ensure that it is up to specified standards.

Land Acquisition

Land is obviously a very important component of a development project, representing 20%-30% of the total product cost.

In purchasing land, the Company's policy is to select land with potential for immediate development. Factors taken into consideration when selecting land are the location, the price, the town plan, legal restrictions, the direction of residential area expansion, the urbanization direction, and the competition, etc. The Company purchases land through such channels as land brokers, land owners and the Company's own staff.

In order to ensure success of the land purchase, a feasibility study is always conducted before the purchase is made. The feasibility study report is presented to the Executive Committee for approval of the purchase.

Selection and Hiring of Contractors

The Company hires contractors to carry out the construction works. A project manager, a project engineer and a foreman who are Company employees are posted at the project site to control the work of the contractors to ensure that it is on schedule and meets the specified standards.

Selection of new contractors is based on experience, past performance and quality, and the financial position, etc. Records of contractors who have been contracted in the past are kept as databases (e.g. information about their work and the results of the performance appraisal). The information is used when hiring them for new projects. Presently, the Company has about 80 contractors, which makes it confident in the capacity to handle construction work and to accommodate the increasing volume of construction work in the future.

Proportion of construction value of major contractors to total construction and material purchase value

Item	2014	2015	2016
Proportion of construction value of major contractors (%)	50.11	11.59	19.71
Number of major contractors (companies)	1	1	1

Note: Major contractors are those whose construction value is greater than 10% of the total construction and material purchase value.

In 2014, the Company paid for construction and material price from a certain supplier more than 10% of the project value. The supplier was Powerline Engineering PCL, the contractor for Zelle Condo Rattana Thibet project, with the total project value of 1,200 MB.

In 2015, the Company paid for construction and material price from a certain supplier more than 10% of the project value. The supplier was Powerline Engineering PCL.

In 2016, the Company paid for construction and material price from a certain supplier more than 10% of the project value. The supplier was Pornjarean Construction PCL, the contractor for PRINN Sathorn - Ratchapruk project

Purchases of Construction Materials and Fixtures

The Company attaches great importance to the quality of the products. Therefore, construction materials and fixtures and fittings are selected carefully to ensure that they are appropriate and are of good quality and standards. Prices are supplementary factors for consideration. Major construction materials are driven piles, steel, concrete, wire meshes, roof trusses, roof tiles, floor and wall tiles, and sanitary ware.

Procurement of construction materials and fixtures and fittings are in two categories as follows:

- 1) Construction materials procured by the contractors: As the Company hires the contractors to execute the construction work; they are required to procure some items of the materials used. The quality and details of the materials must meet the Company's specifications.
- 2) Construction materials and fixtures and fittings procured by the Company

Most of the construction materials and fixtures and fittings procured by the Company are items which have to be used in large volumes or have to be purchased from specific suppliers, requiring a long period for order placement. Procurement by the Company enables it to keep construction costs at appropriate levels. It also lessens the burden of the contractors as they do not have to handle the procurement themselves. Presently, the Company orders construction materials and fixtures and fittings from about 200 domestic suppliers.

Prior to placing an order, the Company estimates the volumes required and an order is then placed in accordance with the estimate. It has the supplier deliver the goods in gradual volumes and bill the Company in accordance with the actual requirements.

In 2014 and 2015, one major distributor from which the Company ordered materials valued for more than 10% of the project construction value was Index Living Mall Co., Ltd.

In 2016, one major distributor from which the Company ordered materials valued for more than 10% of the project construction value was Four Summit Co., Ltd.

Impact on the Environment

None of the housing estate projects carried out by the Company has been on an area exceeding 100 rai. The projects are therefore not subject to the requirements of the environment laws. However, in order to promote environmental conservation, the Company provides a wastewater treatment tank for each house and at the clubhouse of each project so that water is properly treated before being drained into a public sewer.

High-rise and moderate size residential condominium buildings with 80 units or more are governed by the environment law. The Company applies for construction permit from the Office of Natural Resources and Environmental Policy and Planning and is required to submit an Environmental Impact Assessment (EIA) Report to the Office. If the Office is of the opinion that project for which a permit is sought has no environmental impact, a permit is then issued. The Company has so far had no environmental disputes.

Housing Units not yet delivered

In 2016, the Company and its subsidiaries had the backlog of housing units to be delivered as follows:

Table showing the number of backlog units and products to be transferred

Product type	Number of Projects	Number of units	Value (MB.)
Type of Housing	18	37	162.84
Type of condominium	8	8	19.53
Total	26	45	182.37

The backlog of housing units pending delivery of the total 26 projects for real estate sales as recorded in 2016 were as below:

- 1) Altogether 37 units of the 18 housing estate projects, worth 162.84 MB, as the Company currently adopts the semi-pre built policy thereby construction work and sales are concurrently carried out.
- 2) Altogether 8 units of the 8 condominium projects, worth 19.53 MB.

Research and Development

As competition in the real estate industry becomes more intense and the consumer behavior is changing, research and development now plays important roles in marketing products. The Company places more and more importance to research and development in order to respond directly to customers' demand in various areas, e.g. the project design, the project plan, the house design, usability, the location, and selection of construction materials and fixtures and fittings suitable for each project.

The Company's research and development are in the following areas:

1. Development of the product designs and quality control in order to satisfy consumers' requirements, with emphasis placed on models which provides greater usability, modernity and quality, and better standards in harmony with the environment for better living.
2. Selection of construction materials and fixtures and fittings from both the engineering and architectural perspectives. Emphasis is placed on modernity, suitability, harmony, good quality and good standards. In addition, the Company cooperates with manufacturers of construction materials in developing materials for use in its projects.
3. Development of construction techniques and technologies in order to enhance construction. In 2009, the Company has the technology to build a tunnel formwork used for construction of townhouse/home office projects of Prin Watcharapol and Sixnature Kallapaphruek. The construction technology is the main construction system townhouse/home office projects to be sold, and prefabrication Smart Condo project. In 2010, the Company studied the prefabrication system to use with detached house for middle market. It has started using for construction of single detached house in 2011 in combination with construction with cement-reinforced brick.

In addition, the Company conducted research on customer's requirements to obtain information for use in product development and selection of construction materials and fixtures and fittings. The research was designed to suit each focus group. It also constantly monitors the market condition and movements of other operators.

The Company has experienced staff to conduct product research and development to collect customer information in various formats to be combined with information research received from external companies. As a result, its products in each project are customized to suit different project location, size of project area, and customers' needs.

The Company has to spend for research and development in the form of salary for employees in relevant department such as product development and marketing. In 2013, it improved its operation process and IT system by switching to use systems application and products (SAP) to support the growth of the Company and its subsidiaries. The system had been used from 2014 onwards.

In addition, the Company has assigned a company specialized in operational process planning as a consultant in improving its operation during 2013 - 2014. This attempt was to support the implementation of SAP system and to facilitate the operation, improve efficiency, and make duties and responsibilities clearer. With this system, the Company can check and control the operation according to its policy better than before.

Future Projects

For 2017, the Company has planned to launch four projects worth 1,825 MB as detailed here:

Project name	Project type	Location	Unit*	Project Value* (MB)	Open for sale*
City Sense Rangsit	Townhouse	Rangsit	101	260	2560
City Sense Lum lukka	Townhouse	Lumlukka	316	695	2560
Zelle Talad Phul	Condominium	Talad Phul	93	240	2560
Condo Rattanatibet	Condominium	Rattanatibet	308	630	2560
Total*			818	1,825	

*Estimate

In 2016, the Company set a budget of about 1,000 MB to acquire land for development of single detached house, townhouse/home office and condominium projects.

Investment Property

In 2016, the Company had one plot of land and land and building development for investment in real estate business, i.e. in Soi Watcharapol, Tharaeng, Bangkhen, on an area of 18-3-58.0 rai, the appraised value of which was 1,078.74 million as of October 1, 2015.

Risk Factors

1. Risk from fluctuations in construction material prices and labor shortage

Construction materials are key raw materials for property project development. Construction material prices for the past years have moved up attributable to several factors, e.g. raw material price adjustments and the floods, which have hindered production of construction materials and the government's infrastructure mega-projects which have significantly pushed up demand for construction materials and labor force. Such construction material and labor shortages have resulted in the hike in cost of sales. The Company has been unable to adjust selling prices right after such cost increase, or if they do so, the sales would drop accordingly as customers' purchasing power could not catch up with the sharp increase in prices. Moreover, the labor shortage has remained to be a matter of concern. With insufficient labor force, the construction plan and delivery could miss the schedule. In this regard, the Company has in place a policy to minimize labor shortage risk by devising such strategies as skill development for Thai labor and legal migrant workers and subcontracting to a party with sufficient labor force to carry on the construction work. To sum up, fluctuations in prices and demand for construction materials may level up the construction cost to be borne by the Company. Furthermore, labor shortage may delay the project schedule, hence increase in operating cost and the Company's profitability.

However, for construction materials procured and provided by contractors, the contract value already includes the contractor cost and construction material cost. For the self-procured materials, the Company could have a bargaining power to some extent in negotiations with the suppliers, thus being able to control the costs at appropriate levels. The Company will work out the construction plan and estimate the quantity of each type of materials for the entire project and place orders in the quantity as estimated through bidding and price confirmation on an annual basis or project by project basis with the business partners.

2. Risk concerned with policy on land acquisition for future project development

The Company's land acquisition policy is to buy land with good potential for immediate project development, and has no policy to accumulate land bank for future development in order to bear no cost burden. The keen competition in the property sector with increasing new project launches may force developers to vie for land and put the Company at risk of acquiring land at high prices or being unable to acquire land in the required locations which will in turn result in higher cost of project development.

However, the Company has worked out a land acquisition plan in advance to match its project development in each year. It thus has sufficient time to pick the land with good potential for future development projects and can still keep land costs at appropriate levels. Moreover, the Company has had long-time connections with a large number of land brokers who have helped select plots of land in good locations and at reasonable prices for the Company all along.

3. Risk involved with commercial banks' credit lending policy

In general, commercial banks have a relatively strict policy with regard to credit extension in order to prevent bad debts in the financial sector and property speculations. Particularly, the Bank of Thailand's loan to value (LTV) criteria require condominium unit buyers to pay a deposit of 10% of the purchase price in order to discourage speculations. This reflects the lenders' prudent business operation amidst the slowing economies domestically and globally and concerns about Thailand's political uncertainties, as well as prediction of rising interest rate trends. If any customer does not meet the eligibility criteria, the housing loan that the customer receives from the bank may not be enough to cover the remaining purchase price on the home ownership transfer date. This may affect the Company's transfer volume and recognition of income.

The Company has kept abreast of the economic conditions and credit lending policies of peer banks that might affect its operation. Strategies are adjusted in response to the changes, and customers are pre-screened before loan applications are

made to the banks. In addition, the Company has sought cooperation from the banks in speeding up the process for its customers and ensuring achievement thereof as expected.

4. Risk from financial institutions' rejection of credit lending to retail customers

The piling up of household debt has been another factor that forces financial institutions to apply stricter measures when underwriting loans for individuals, resulting in higher rejection rate. The increasing rejection rate mainly comes from loans to individuals for horizontal residential projects.

With realization of such risk, the Company has managed risk by helping customers get prepared in applying for loans from financial institutions before the date due for the transfer. The Company has also negotiated with commercial banks to facilitate its customers' loan application and help speed up the approval process.

5. Risk from fluctuations in interest rates

The Company has allied with several commercial banks for comparison purpose in order to get the best deals with reasonable cost.

Lending interest rates in 2016 rather steadied, hence no risk of interest rate increase. For the past years, the Company has offered for sale of bills of exchange and fixed interest unsecured senior debentures which have received good response from the market. The Company thus has more fund raising options which are appropriate and efficient for future project development and help relieve risk of interest rate increase looking forward.

The Company had interest bearing liabilities of Baht 4,474.53 million according to its statement of financial position in 2016. However, most of these liabilities were debentures and short term notes carrying fixed interest rates. Even if interest rates would increase in future, such interest bearing liabilities would not be affected, except for the Baht 601.92 million project construction credit facilities which carry floating interest rates. A 1% increase in the interest rate would cause an around Baht 6.01 million increase in interest burden.

Business Assets

Assets of the Company

1. Inventories

Valuation of land and construction for various property projects of the Company has been undertaken by an appraisal company engaged by the Company and approved by the Office of the Securities and Exchange Commission. The land valuation is conducted by the market price comparative approach, and the land and construction valuation by the market price comparative and replacement cost approaches.

As of December 31, 2016, the Company's projects in the implementation process are as detailed below:

Table of Projects / Property in Pipeline

No.	Category	Location	Book Value As of Dec. 31. 2016 (MB.)	Valuation Price (MB.)	Valuation date	Obligation (Bank)	Adjusted valuation price (MB.)	Book value higher (Lower) than adjusted valuation Price (MB.)
Prinsiri Public Company Limited								
Single detached house								
1	Land 2-2-43.51 Rai area	Sirithawara Latphrao Road, Bangkok	46.02	114.48	23 Mar 15	-	68.98	-22.96
2	Land 68-1-54.80 Rai area	Zerene Thakham Thakham, Bangkhunthian, Bangkok	389.18	235.60	20 Jul 10	KBANK	384.00	5.18
3	Land 30-01-68 Rai area	Zerene Bhutthamongkol Sai 3 Liap Khlong Thaweewatthana,Laksong,Bangkok	163.13	533.78	24 Dec 10	SCB	182.17	-19.04
4	Land 16-0-97 Rai area	Zerene Kallapaphruek Off Kallapaphruek Road, Bangkhae, Bangkok	21.87	155.90	8 Aug 11	KBANK	21.72	0.16
5	Land 53-0-10.1 Rai area	PRINN Sathom-Ratchaphruek Ratchaphruek Road, Bangkok	616.62	1,465.97	17 Jul 15	SCB	627.52	-10.91
6	Land 62-2-51.4 Rai area	Iconature Thian Thale 19 Soi Thian Thale 19, Bangchan, Minburi, Bangkok	368.25	181.60	14 Sep 11	SCB	325.45	42.81
7	Land 41-2-28 Rai area	Iconature Ramindhra (Phraya Suren 109) Soi Ramindhra 109, Bangchan, Minburi, Bangkok	393.13	235.00	9 Jun 11	SCB	362.17	30.97
8	Land 34-213.2 Rai area	Ratchaphruek-Pakkret Thonburi, Bangkok	296.11	407.00	18 Apr 16	SCB	413.91	-117.80
Townhome / Townhouse								
9	Land 15-1-88 Rai area	Sixnature Ekachai - Bangbon Soi Ekachai 64/5, Bangbon, Bangkhunthian, Bangkok	29.36	463.55	6 Sep 11	SCB	30.76	-1.40
10	Land 12-0-0 Rai area	Sixnature Ramindhra (Phraya Suren 24) Soi Phraya Suren 24 (Soi 1), Bangchan, Khlong Samwa	207.75	347.69	3 Jan 13	KBANK	204.42	3.32
11	Land 31-1-62.6 Rai area	Citysense Phetchkasem 69 Laksong, Bangkhae, Bangkok	202.41	503.20	20 Jun 15	KBANK	186.48	15.92
12	Land 22-0-34.8 Rai area	Citysense Ramindhra Bangchan, Khlong Samwa, Minburi, Bangkok	162.42	337.10	11 May 14	LHBank	164.30	-1.88
13	Land 37-2-57 Rai area	Citysense Salaya Salaya, Nakhon Chaisri (Muang), Nakhon Pathom	290.37	211.39	1 Oct 13	KTB	270.01	20.36
14	Land 50-2-85.6 Rai area	Citysense Thakham 2 Thakham, Bangkhunthian, Bangkok	341.74	273.60	18 Feb 15	LHBank	370.60	-28.86
15	Land 14-2-83.9 Rai area	Corazon Prachachuen Bangtalad, Pakkret, Nonthaburi	337.77	470.57	23 Mar 12	KTB	337.27	0.50
Condominium								
16	Land 0-3-60.3 Rai area	Bridge Sathom-Narathiwat Narathiwat Ratchanakharin,Yannawa,Bangkok	6.46	240.50	19 ธ.ค. 56	-	13.20	-6.75
17	Land 7-2-53.8 Rai area	Zelle Condo Salaya Salaya, Nakhon Chaisri (Muang), Nakhon Pathom	151.15	42.87	1 ธ.ค. 56	KTB	147.29	3.86
18	Land 21-0-47.8 Rai area	Smart Condo Rama II Bangkhunthian Road, Bangkok	20.37	227.20	25 ธ.ค. 54	-	3.75	16.62
19	Land 5-1-89 Rai area	Zelle Condo Rattanathibet Bang Kraso, Muang Nonthaburi, Nonthaburi	276.12	788.14	25 มี.ย. 57	KTB	308.34	-32.23
20	Land 3-3-9.8 Rai area	Condo Rattanathibet Bang Kraso, Muang Nonthaburi, Nonthaburi	104.45	77.56	15 ก.พ. 54	KTB	96.79	7.65
21	Land 1-2-58 Rai area	Condo Ratchaphruek Ratchaphruek Road, Nongkhaem, Bangkok	32.68	26.98	17 ก.ค. 58	SCB	32.39	0.28
22	Land 1-0-92.9 Rai area	Condo Talad Phlu Tha Phra, Bangkok	58.60	64.00	6 มี.ค. 58	-	78.09	-19.49

No.	Category	ที่ดิน	Book Value As of Dec. 31. 2016 (MB.)	Valuation Price (MB.)	Valuation date	Obligation (Bank)	Adjusted valuation price (MB.)	Book value higher (Lower) than adjusted valuation Price (MB.)
Land								
23	Land	Talingchan	655.13	518.60	28 Mar 13	KBANK	599.45	55.68
	32-0-41 Rai area	Suan Phak Road, Talingchan, Bangkok						
24	Other inventories	Other projects.	48.25	0	N.A.	-	-	-
Total of Prinsiri Public Company Limited			5,219.34					
Prin Venture Company Limited								
1	Land	Iconature Salaya	390.47	219.15	1 Oct 13	KTB	360.64	29.83
	39-0-9.6 Rai area	Salaya, Nakonchaisi (Muang), Nakhon Pathom						
2	Land	Zelle Condo Salaya	142.34	54.90	1 Oct 13	KTB	138.25	4.09
	9-3-10.6 Rai area	Salaya, Nakonchaisi (Muang), Nakhon Pathom						
3	Land	Citysense Rangsit	95.64	95.89	12 Sep 15	KTB	111.86	-16.22
	7-1-54.4 Rai area	Phahonyothin Road, Klongluang, Pathumthani						
Total of Prin Venture Company Limited			628.45					
*All under Prin Venture ownership								
CN SPR Company Limited								
1	Land	Citysense Salaya	44.10	4.38	1 Oct 13	KTB	26.72	17.38
	0-3-11.7 Rai area	Salaya, Nakhon Chaisi (Muang), Nakhon Pathom						
2	Land	Citysense Ramindhra 30	14.95	0.00	N.A.	LHBank	0.00	0.00
	1-0-80.4 Rai area	Bangchan, Khlongsamwa, Minburi, Bangkok						
Total of CN SPR Company Limited			59.05					
Other subsidiaries			2.61					
Total of subsidiaries			690.11					
Indirect profit			-5.13					
Gross total			5,904.31					

Book value of assets not appraised higher (lower) than adjusted valuation price (Baht million) was the book value as of December 31, 2016

- 1) Adjusted valuation price is calculated from valuation price plus additional construction after valuation date and deducted by cost of assets sold after valuation date, from which the most realistic price possible is derived to be compared with book value due to difference in asset value on valuation date from that on book closing date.
- 2) Difference between valuation price and book value has no impact on the Company's profit/loss as its profit/loss depends on difference in project value to be recognized

2. Land and equipment

Book value of the Company's and subsidiaries' land and equipment as of December 31, 2016 are as follows:(Unit: Baht million)

Particulars	Location	Ownership	Estimated Value
Land	Soi Chaemchan	The Company, Grow Yotha Group Company Limited	73.67
Building and construction	Project sites	The Company, Grow Yotha Group Company Limited	46.24
Machine and equipment	Project sites	The Company, Prin Venture Company Limited	39.70
Computer	Office /Project sites	The Company	41.01
Office fixture	Office	The Company, subsidiaries	117.78
Office supplies	Office	The Company, subsidiaries	28.96
Vehicle	Office	The Company, Prin Venture Company Limited	31.93
Construction in progress	Construction sites	Grow Yotha Group Company Limited	6.31
Total			385.60
Accumulated depreciation			130.47
Provision for impairment			2.74
Net land and equipment			252.38

The land in Soi Chaemchan is 247 square wah in area, being close to Prinyada Chaemchan project. It was formerly in the same plot of land, but later a road was constructed and split the land into two plots. Currently, it is used as the administrative center with Baht 3.28 million in book value. Its valuation price as at June 25, 2004 was Baht 8.65 million.

3. Land held for development

As of December 31, 2016, the Company and subsidiary companies had land and land development in the book value of Baht 1,310.23 million. The Company had nine plots of vacant land as below:

1. Land of 18-3-03 rai area along the beach in Pranburi, Prachuap Khiri Khan with a book value of Baht 75.45 million and valuation price as at March 9, 2015 of Baht 231.18 million
2. Land of 3-2-21.1 rai area adjacent to Khlong Bangsue, Kamphaeng Phet Road with a book value of Baht 67.29 million and valuation price as at March 10, 2015 of Baht 92.37 million
3. Land of 26-1-40 rai area in Pattaya-Ban Amphoe with a book value of Baht 340.95 million and valuation price as at March 6, 2015 of Baht 468.80 million
4. Land of 1-0-31 rai area in Phattaya-Sai 2, Nongprue, Banglamung, Chonburi with a book value of Baht 84.23 million and valuation price as at October 6, 2015 of Baht 84.72 million
5. Land of 26-3-77 rai area in Phetchakasem 69 along Khlong Phasi Charoen with a book value of Baht 116.37 million and valuation price as at June 23, 2015 of Baht 122.86 million
6. Land of 38-0-3 rai area in Songprapha 22 with a book value of Baht 104.99 million and valuation price as at March 3, 2015 of Baht 152.00 million
7. Land of 18-1-87.3 rai area in Hua Hin, Prachuap Khiri Khan with a book value of Baht 143.73 million and valuation price as at September 23, 2015 of Baht 140.36 million
8. Land of 0-3-56.5 rai area around Bangkok-Nonthaburi with a book value of Baht 52.64 million and valuation price as at March 6, 2015 of Baht 71.30 million

9. Land of 17-2-80.9 rai area around ABAC – Bang Na with a book value of Baht 251.59 million and valuation price as at September 12, 2013 of Baht 159.32 million

10. Land of 1-2-27.0 rai area around Ladprao with a book value of Baht 73.00 million and valuation price as at November 18, 2015 of Baht 83.20 million

4. Investment property

In 2016, the Company had one plot of land and land and building development for investment in property development business covering an area of 18-3-58.0 rai in Soi Watcharaphon, Tha Raeng, Bang Khen, with valuation price as at October 1, 2015 of Baht 1,078.74 million.

Salient points of contracts

1) Office building lease, service provision, and general supplies and facilities contracts:

Service provider:	Sun Towers Company Limited
Service recipient:	Prinsiri Public Company Limited
Rented space:	17 th floor, Sun Towers Building, Building A, No. 123 Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok
Contractual term:	Contract July 1, 2014 – June 30, 2017 Contract 533 sq.m.

Legal Disputes

As at December 31, 2016, the Company and its subsidiaries have no legal disputes or cases that could have negative impacts on the assets of the Company and its subsidiaries in an amount higher than 5% of the shareholders' equity.

Capital Structure

The Company's Securities

1. Registered and paid-up capital

The Company has a registered capital of Baht 1,220.01 million and paid-up capital of Baht 1,220.01 million, with a par value of Baht 1 per share, divided into ordinary shares, debentures, and bills of exchange, as detailed below:

- Ordinary shares

As of December 31, 2016, the Company's registered capital was Baht 1,220,011,755, fully issued and paid, consisting of 1,220,011,755 ordinary shares each of Baht 1 par value, and 60,000,000 units of warrant for staff and executives. The Annual General Meeting of Shareholders no. 1/2011 held on April 26, 2011 passed resolutions approving a decrease in the Company's registered capital from 1,105,500,000 shares to 1,105,449,456 shares, with a par value of Baht 1 per share, and an increase in its registered capital from 1,105,499,456 shares to 1,216,049,401 shares, with a par value of Baht 1 per share, making up a total registered capital of Baht 1,216,049,401, divided into 1,216,049,401 ordinary shares, with a par value of Baht 1 per share. The capital increase was undertaken by way of issuing dividend shares at a ratio of 10 existing ordinary shares for 1 dividend share. At the Annual General Meeting of Shareholders no. 1/2012 held on April 26, 2012, a resolution was passed approving a capital increase of Baht 60,000,000 with a par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares, resulting in an increase in registered capital from 1,216,049,401 shares to 1,276,049,401 shares. And The Annual General Meeting of Shareholders no. 1/2015 held on April 24, 2015 passed resolutions approving a decrease registered capital for warrants not exercised 56,030,000 shares. and end 30 December 2015 from 1,276,041,855 shares to 1,220,011,755 shares with a par value of Baht 1 per share

- Warrant

As of December 31, 2016, there was no warrant issued and offered.

- Debentures

The Company had Baht 2,900 million worth of unredeemed debentures as of December 31, 2016 as detailed below:

- Debenture of Prinsiri Plc. No. 1/2014 Redeemable in 2017 (PRIN172 A)

Issue date	February 13, 2014
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	450,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 450 million
Tenor	3 years
Interest rate	Fixed rate of 6.00% per annum
Interest payment	Every 3 months on February 13, May 13, August 13 and November 13
Redemption date	February 13, 2017

- **Debenture of Prinsiri Plc. No. 2/2014 Tranche 2 Redeemable in 2017 (PRIN177 A)**

Issue date	July 24, 2014
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	Up to 500,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 500 million
Tenor	3 years
Interest rate	Fixed rate of 5.65% per annum
Interest payment	Every 3 months on January 24, April 24, July 24 and October 24
Redemption date	July 24, 2017

- **Debenture of Prinsiri Plc. No. 1/2015 Redeemable in 2018 (PRIN182 A)**

Issue date	February 5, 2015
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	Up to 500,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 500 million
Tenor	3 years
Interest rate	Fixed rate of 5.50% per annum
Interest payment	Every 3 months on February 5, May 5, August 5 and November 5
Redemption date	February 5, 2018

- **Debenture of Prinsiri Plc. No. 2/2015 Redeemable in 2018 (PRIN188 A)**

Issue date	August 7, 2015
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	Up to 600,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 600 million
Tenor	3 years
Interest rate	Fixed rate of 5.10% per annum
Interest payment	Every 3 months on February 7, May 7, August 7 and November 7
Redemption date	August 7, 2018

- **Debenture of Prinsiri Plc. No. 1/2016 Redeemable in 2019 (PRIN192 A)**

Issue date	February 4, 2016
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	Up to 350,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 350 million
Tenor	3 years
Interest rate	Fixed rate of 5.25% per annum
Interest payment	Every 3 months on February 4, May 4, August 4 and November 4
Redemption date	February, 2019

- **Debenture of Prinsiri Plc. No. 2/2016 Redeemable in 2019 (PRIN197 A)**

Issue date	July 15, 2016
Debenture type	Unsecured, name-registered, unsubordinated debenture without debentureholder representative
Target investors	Institutional and large investors
Total issue	Up to 500,000 units (Baht 1,000 per unit)
Total unredeemed amount	Baht 500 million
Tenor	3 years
Interest rate	Fixed rate of 5.15% per annum
Interest payment	Every 3 months on October 15, January 15, April 15 and July 15
Redemption date	July 15, 2018

● **Bills of Exchange (B/E)**

As of September 30, 2015, the Company had outstanding B/E with up to 270-day maturity amounting to Baht 483.20 million, and B/E with maturity over 1 year amounting to Baht 22.5 million, making up a total amount of Baht 505.70 million in B/E.

2. Shareholders

The Company's top 10 shareholders as appeared in the share register as of August 26, 2016:

No.	Shareholds	Number of Shares hold	%
1	Kovitchindachai Family Group	502,961,462	41.22
	Ms.Siriluck Kovitchindachai	282,646,556	23.17
	Ms.Nipha Aphirattananarungruang	52,558,750	4.31
	Mr.Prinya Kovitchindachai	50,395,000	4.13
	Mr.Santi Kovitchindachai	40,000,000	3.28
	Mrs.Kimlang Kovitchindachai	19,763,749	1.62
	Mr.Wongwai Kovitchindachai	9,801,000	0.80
	Mr.Pisanu Kovitchindachai	9,446,067	0.77
	Ms. Sudarat Kovitchindachai	9,446,067	0.77
	Ms. Bussayarat Kovitchindachai	9,438,000	0.77
	Ms. Supharat Kovitchindachai	9,438,000	0.77
	Ms. Worarat Kovitchindachai	8,461,000	0.69
	Mr. Chavai Kovitchindachai	1,567,273	0.13
2	THAI NVDR Co., Ltd.	90,760,337	7.44
3	Ms.Siriphan Nuntasuit	57,601,700	4.72
4	MORGAN STANLEY & CO. INTERNATIONAL PLC	40,334,840	3.31
5	Mr. Suthon Shinghasithankul	23,362,900	1.91
6	MR.HENDRIK ROBERTUS CASTENDIJK	19,740,000	1.62
7	MR.HENDRIK ROBERTUS CASTENDIJK	19,700,000	1.61
8	MR.Boonrawd Petch phan-ngam	16,350,000	1.34
9	Ms.Juntarus Laisuwan	15,000,000	1.23
10	Ms. Waraporn Harnkraivilai	15,000,000	1.23

3. Other securities issues

- None -

4. Dividend payment policy

The Company has a policy in place to pay dividend to its shareholders at a rate not exceeding 40% of net profit after corporate income tax according to consolidated financial statements. The dividend payment in each year may vary to the operating results, business expansion plan, liquidity, necessity and appropriateness, with the Board of Directors empowered to make consideration thereon in the best interests of the shareholders. The Company's subsidiaries also have their dividend payment policies, and each dividend payment under which is subject to the approval of their respective board of directors.

Management Structure

The Company has in place the Board of Directors and three other committees tasked with specific duties in overseeing important matters, namely Audit Committee, Strategy and Risk Management Committee, and Nomination and Remuneration Committee. The directors and executives of the Company are competent and have qualifications as required under Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and the Notification of the Securities and Exchange Commission No. KorJor. 12/2000re: Application and Approval for Offering of Newly-issued Shares, dated March 22, 2000. Here are details of the Board and committees:

1. Board of Directors

As of December 31, 2016, the Company's Board of Directors is composed of seven members as follows:

1.	Prof. Dr. Warapatr	Todhanakasem	Chairman of the Board/Independent Director
2.	Assoc. Prof. Anchalee	Pipatanasern	Chairperson of Audit Committee/Independent Director
3.	Asst. Prof. Monpaka	Vongsa	Audit Committee Member/Independent Director
4.	Assoc. Prof. Witaya	Danthamrongkul	Audit Committee Member/Independent Director
5.	Ms. Siriluck	Kovitchindachai	Chairperson of Executive Committee/Director
6.	Mr. Utane	Kongsoontornkitkul	Managing Director
7.	Mr. Kwanchai	Mongkolkittaveepol	Director

Mr. Chairat Kovitchindachai is Secretary of the Board of Directors.

Scope of power and duties of the Board of Directors

1. Manage the Company in compliance with the laws, and the Company's objectives and articles of association, as well as lawful resolutions of shareholders' meetings, with integrity and prudence to protect the interest of the Company.
2. Set objectives, guidelines, policies, work plans and budgets of the Company and oversee the management and executives' business administration to ensure compliance with the policy guidelines assigned and the regulations of the Stock Exchange of Thailand.
3. The Board of Directors may appoint Board and/or management members in a number deemed appropriate as the Executive Committee with power and responsibilities to manage the Company's business as assigned by the Board of Directors.
4. Unless empowered to do so, the following matters may not be undertaken without the approval of the shareholders' meeting, and directors or persons with possible conflict of interest or beneficial interests in any transactions shall have no right to vote on such transactions:
 - Matters required by law to be subject to resolution of the shareholders' meeting.
 - Transactions in which directors have beneficial interest and required by law or the Stock Exchange of Thailand to obtain approval from the shareholders' meeting.

2. Audit Committee

As of December 31, 2016, the Audit Committee is composed of three members as follows:

1.	Assoc. Prof. Anchalee	Pipatanasern	Chairperson of Audit Committee
2.	Asst. Prof. Monpaka	Vongsa	Audit Committee Member
3.	Assoc. Prof. Witaya	Danthamrongkul	Audit Committee Member

Mr. Chairat Kovitchindachai is Secretary of the Audit Committee.

Note: The three members were appointed on October 20, 2009.

Scope of power and duties of Audit Committee

1. Review the Company's financial statements to ensure accuracy and sufficient disclosure by coordinating with the auditor and the executives in charge of preparation of quarterly and annual financial statements. The Audit Committee may recommend that the auditor review or examines any items deemed necessary and important during the auditor's conduct of the audit task.
2. Review the appropriateness and efficiency of the Company's internal control and internal audit system by conducting a joint review with the external auditor and internal auditors.
3. Consult on and consider the audit scope and audit plan of the internal auditors and the external auditor to ensure relevance to each other as regards financial auditing.
4. Review the quarterly and annual financial statements with the auditor and accounting officer prior to submission to the regulators.
5. Consider and recommend to the Board of Directors appointment of the Company's auditor, and determination of audit fee, before submission to the shareholders' meeting.
6. Review the Company's business operation to ensure compliance with the securities and exchange law, the regulations of the stock exchange, or other laws relevant to the Company's business.
7. Consider disclosure of information of the Company in case of connected transactions or transactions with possible conflict of interest to ensure correctness and completeness.
8. Prepare an Audit Committee report signed by the Chairperson of the Audit Committee and have it disclosed in the Company's annual report.
9. Review and recommend amendment to the Audit Committee charter to the Board of Directors for updatedness and appropriateness in line with the Company's business environment.
10. Perform any other duties as assigned by the Board of Directors and with consent of the Audit Committee.

3. Strategy and Risk Management Committee

The Company has set up Strategy and Risk Management Committee in replacement of Risk Management Committee since 2009.

As of December 31, 2016, the Company's Strategy and Risk Management Committee is composed of three members as follows:

- | | | |
|----|---------------------------------|--|
| 1. | Prof. Dr. Warapatr Todhanakasem | Chairman of Strategy and Risk Management Committee |
| 2. | Ms. Siriluck Kovitchindachai | Director |
| 3. | Mr. Utane Kongsoontornkitikul | Director |

Scope of power and duties of Strategy and Risk Management Committee

1. Consider risk management policy, direction, strategy and structure in place to ensure that they are aligned with and support the current economic and competition conditions.
2. Follow up on the development of risk management strategy and framework.
3. Follow up on risk identification and assessment process.
4. Consider and approve risk management plan.
5. Report to the Board of Directors regarding risks and risk management.
6. Liaise with the Audit Committee in matters related to major risks.

4. Nomination and Remuneration Committee

As of December 31, 2016, the Company's Nomination and Remuneration Committee is composed of three members as follows:

- | | | | |
|----|-----------------------|----------------|--|
| 1. | Assoc. Prof. Witaya | Danthamrongkul | Chairman of Nomination and Remuneration Committee* |
| 2. | Assoc. Prof. Anchalee | Pipatanasern | Committee Member** |
| 3. | Asst. Prof. Monpaka | Vongsa | Committee Member* |

Note: * Appointed since January 20, 2012.

**Appointed since July 1, 2014.

Scope of power and duties of Nomination and Remuneration Committee

1. Consider the qualifications of the directors and senior management of the Company.
2. Consider and select appropriate person to be nominated for election as a member of the Board of Directors in the event of vacancy and upon completion of office term.
3. Consider and give approval regarding the appointment of top management as has been selected and proposed by the Company in the event of vacancy or new position.
4. Consider the remuneration for directors and senior executives which comprise salary, pension, bonuses, welfare, meeting allowances, and other monetary and non-monetary benefits.
5. Evaluate annual performance of the Nomination and Remuneration Committee and report to the Board of Directors.
6. Perform any other duties assigned by the Board of Directors concerning the recruitment and remuneration of the directors and senior management.

5. Executive Committee

As of December 31, 2016, the Company's Executive Committee is composed of six members as follows:

- | | | | |
|----|---------------|--------------------|--|
| 1. | Ms. Siriluck | Kovitchindachai | Chairperson of the Executive Committee |
| 2. | Mr. Utane | Kongsoontornkitkul | Executive Director |
| 3. | Mr. Kwanchai | Mongkolkittaveepol | Executive Director |
| 4. | Ms. Patcharee | Kovitchindachai | Executive Director |
| 5. | Mr. Chairat | Kovitchindachai | Executive Director |
| 6. | Mr. Chaiwut | Kovitchindachai | Executive Director* |

Note *resign as of 30 June 2016

Scope of power and duties of Executive Committee

1. Consider the Company's business management policy, direction, strategy and structure, as well as business principles which are aligned with and support the current economic and competition conditions as proposed by the management before submitting to the Board of Directors for approval.
2. Propose business plan, budget and delegation of authority of the Company to the Board of Directors for consideration and approval, including approval of annual budget allocation, revision or amendment of annual budget in case of urgent need and present it to the Board of Directors.
3. Monitor the implementation of the defined management policy and guidelines of the Company to ensure efficiency and suitability with the current business operation.

4. Monitor the performance of the Company to ensure they meet the defined business plan approved by the Board of Directors.
5. Consider and approve the Company's investment projects in accordance with the defined business plan.
6. Have the power to appoint and remove officers of the Company holding the positions below Managing Director level.
7. Conduct financial transactions with financial institutions relating to account opening, borrowing, mortgage, pledge, guarantee and other matters, including trading and registration of land ownership in order to carry out the Company's business operation, provided that each of such transactions involves not over Baht 750 million or the equivalent or as assigned by the Board of Directors.
8. Consider the allocation of rewards, bonuses or compensation approved by the Board of Directors among employees of the Company or any persons acting on behalf of the Company.
9. Give approval for the purchase/sale of office equipment, land and buildings, including the construction or renovation of office buildings, provided that each of such transactions involves not over Baht 750 million or the equivalent or as assigned by the Board of Directors.
10. Perform any other duties assigned by the Board of Directors.

Delegation of the Board of Directors' authority to the Executive Committee as mentioned above does not apply to authorization or sub-authorization which would empower the Executive Committee or the person(s) to whom authorization is made to approve transactions which they have with the Company or the subsidiaries where they may have conflict, beneficial interest or any conflict of interest (as required by the relevant SEC notifications), unless they are transactions entered in accordance with the policy and criteria already approved by the Board of Directors, and are in normal business practice with normal trade conditions.

6. Management

As of December 31, 2016, the Company's management is composed of five members as follows:

- | | | |
|----|-------------------------------|---|
| 1. | Mr. Utane Kongsoontornkitkul | Managing Director |
| 2. | Mr. Utane Kongsoontornkitkul | (Acting) Director, Supporting Division, Accounting and Financial Unit Group and Organization Development Unit Group |
| 3. | Mr. Utane Kongsoontornkitkul | Assistant Managing Director, Operation Division, Construction Unit Group and Business-Supporting Unit Group |
| 4. | Ms. Patcharee Kovitchindachai | Assistant Managing Director, Marketing and Sales, Marketing Unit Group and Sales Unit Group |
| 5. | Mr. Chairat Kovitchindachai | Senior Director, Managing Director Office |

Scope of power and duties of Managing Director

1. Carry out and manage day-to-day business of the Company.
2. Carry out and manage the business of the Company in accordance with the business policy, business plan and strategy approved by the Board of Directors.
3. Delegate authority to or assign any other persons deemed suitable to lead in executing matters as necessary and appropriate, subject to discretion and endorsement by the Chairman and relevant laws and rules as well as regulations of the Company.
4. Perform other duties assigned by the Board of Directors from time to time.

5. Execute and approve hiring contracts, work contract and other normal business obligations subject to an amount within the limit set forth by the delegation of approval authority which has been approved by the Board of Directors and which may be adjusted as deemed appropriate by the Board of Directors.

The delegation of authority to the Managing Director as described above is subject to legal requirements and the regulations of the Company. In cases where there are or may be of interest or beneficial interest on the part of the Managing Director or the person(s) with potential conflict of interest, the Managing Director shall have no authority to approve such transaction and must forward the matter to the Board of Directors for further consideration.

In addition, any related transactions or transactions regarding acquisition or disposition of assets of the Company or its subsidiaries shall require approval from the shareholders' meeting and/or other undertaking in accordance with the guidelines and methods prescribed for such matters to ensure compliance with the SET requirement.

Meeting attendance by Board members in 2016

No.	Name	Position	Attendance/Total Board meetings	Attendance/Total Audit Committee meetings	Attendance/Nomination and Remuneration Committee meetings
1	Prof. Dr. Warapatr Todhanakasem	Board Chairman/Independent Director	4/4	-	-
2	Assoc. Prof. Anchalee Pipatanasern	Audit Committee Chairperson/Independent Director	4/4	4/4	1/1
3	Asst. Prof. Monpaka Vongsa	Audit Committee Member/Independent Director	4/4	4/4	1/1
4	Assoc. Prof. Witaya Danthamrongkul	Audit Committee Member/Independent Director	4/4	4/4	1/1
5	Ms. Siriluck Kovitchindachai	Chairperson of Executive committee/Director	4/4	-	-
6	Mr. Utane Kongsoontornkitkul	Managing Director	4/4	-	-
7	Mr. Kwancha iMongkolkittaveepol	Director	4/4	-	-

6. Company Secretary

The Board of Directors has appointed Mr. Chairat Kovitchindachai, Executive Director of the Company as Company Secretary to perform company secretary duties as required by law, taking effect from September 1, 2011. The Board of Directors has encouraged Company Secretary to undergo continuous training and enhancement of knowledge on legal and accounting matters or secretarial duties. His brief profile is as follows:

Name-Last Name	Mr. Chairat Kovitchindachai
Position	Company Secretary
Age	43
Nationality	Thai
Educational background	MBA (Property), Faculty of Commerce and Accountancy, Thammasat University MBA University of Memphis, USA

Shareholding proportion (%)	-
Executive relationship	Nephew of Ms. SiriluckKovitchindachai and Mr. KwanchaiMongkolkittaveepol
Work experience during the past 5 years	

Duration	Position	Company / Organization
2011 - present	Company Secretary and Senior Director	Prinsiri PCL
2000 -2011	Director, Managing Director Office	Prinsiri PCL

8. Remuneration for Directors and the Management

The Company has instituted director remuneration policy in a clear and transparent manner. The rate of remuneration is appropriate and consistent with the industry as well as adequate to attract and retain directors with the required qualifications, subject to approval by the shareholders' meeting.

Remuneration for the management is determined under the principles and policy established by the Board of Directors, which is related to the Company's operating results and each individual executive's performance. Although no remuneration committee has yet been appointed, there is a remuneration consideration process in place based on the relevant data of industry peers of similar size, with operating results of the Company also taken into account.

1. Monetary remuneration

- Remuneration for directors

Remuneration for directors consists of meeting allowance, monthly remuneration, and bonus. In 2014-2016, the Company paid remuneration to Board members in a total amount of Baht 3,268,000, Baht 3,928,000, and Baht 3,808,000 respectively, as detailed below:

Unit: Baht

Name	2014			2015			2016		
	Meeting allow ance	Monthly remuneration	Bonus	Meeting allow ance	Monthly remuneration	Bonus	Meeting allow ance	Monthly remuneration	Bonus
1. Prof. Dr. WarapatrThodhanakasem	-	1,728,000	-	-	1,728,000	174,286	-	1,728,000	174,286
2. Assoc. Prof. AnchaleePipatanasern	100,000	480,000	-	130,000	480,000	145,238	90,000	480,000	145,238
3. Asst. Prof. MonpakaVongsa	120,000	360,000	-	130,000	360,000	145,238	90,000	360,000	145,238
4. Assoc.Prof. WitayaDanthamrongkul	120,000	360,000	-	130,000	360,000	145,238	90,000	360,000	145,238
Total	340,000	2,928,000	-	390,000	2,928,000	610,000	270,000	2,928,000	610,000
Total amount		3,268,000			3,928,000			3,808,000	

- Remuneration for management

Unit:Baht

Remuneration	2014 Amount	2015 Amount	2016 Amount
Total salaries and bonuses	26,083,300.00	16,025,000.00	12,149,000.00
Petrol allowance	899,156.10	766,535.70	474,115.21
Car allowance	4,533,988.13	3,751,614.67	2,503,800.00
Total	31,516,444.23	20,543,150.37	15,126,915.21

2. Other remuneration

-None-

9. Manpower

1. Number of employees

As of December 31, 2016, the Company had a total manpower of 371, excluding Board members and management members, classified by functional line as below:

Functional	Number of employees (persons)
Accounting and Finance Group	19
Marketing and Sales Group	66
Business Support and Construction Management Group	110
Corporate Director Office	25
Managing Director Office	53
Subsidiaries	98
Total	371

The Company had no labor disputes over the past three years.

2. Remuneration for employees

The Company provides remuneration in form of salaries, wages, bonuses, provident funds, welfare and benefits to employees beyond those required by labor law, e.g. annual leave and personal business leave scheme on a sliding scale based on years of service, which were revised in 2010, as well as provision of group insurance on top of social security system. In 2014, there were 465 employees, for whom 145.42 MB remuneration was paid. In 2015, the Company had 293 employees and its subsidiaries 105 employees, resulting in remuneration of 127.87 MB and 31.34 MB respectively, hence altogether of 398 employees for whom a total of 159.21 MB was paid. And In 2016 the Company had 273 employees and its subsidiaries 98 employees, resulting in remuneration of 119.65 MB and 21.38 MB respectively, hence altogether of 371 employees for whom a total of 141.03 MB was paid. Such remuneration also included that for employees who joined or left the Company and its subsidiaries during the year.

3. Human resource development policy

The Company has defined human resource development policy with the objectives to develop personnel competencies and sustainably maintain competent personnel by giving them a good career path. Thus, in-house and off-premise trainings are offered on a regular basis based on the annual training plan. Training needs were surveyed and identified for all levels of employees to ensure that all trainings are conducted in response to the needs of each line. The training programs provided can be categorized into two types including regular training and special training for both employees and executives. The Company has the policy and determination to continuously enhance the potentials of employees in every level to ensure the overall growth of the Company as well as preparing all employees for future changes that take place in every dimension.

In year 2014 onwards, the Company shall continue to conduct human resource development in accordance with the specified competency framework to ensure the continuity of personnel development process. The Company shall be mainly focusing on activities that help to promote teamwork and communication efficiency within the organization such as implementing Lunch and Learn Program which allows the employees to exchange their ideas during lunch break, organizing Love Care Share Team Program which is project that aims to promote good relationship among employees by requiring a representative from each division to make presentation and arrange employee-relation activities, including providing Leadership Development Program for managerial positions which shall cover the subjects of team management and effective communication. This can either be done through in-house training, site visit or sharing ideas with professional groups and external organizations.

The Company realized the importance and necessity of continuous human resource development. Hence, in 2015, the Company prepared Standard Courses by Function & by Level as part of its human resource development policy. Such course comprised of Standard Course by Function (by which employees shall be trained occasionally) covering fundamental construction knowledge to enable in inspection skills development among employees, PRINSIRI construction standard (construction quality system), PRINSIRI way, product knowledge (specifications of construction materials/home construction) and In-house Project-related Skills Development Course covering coaching & counseling techniques, positive thinking & service mine, project management, construction management workshop; and Standard Courses by Level which includes coaching for effective management, real estate laws, finance for non-financial, HR for Non-HR Management and annual budget preparation; and Leading Transformation 2015 by Orchid slingshot which is a specialized training course. The Company allocated funds specifically for organizing the above mentioned trainings and development programs and prepared human resource development plan to further enhance employee competencies to be in line with the goals and policies of the Company in the upcoming years.

To be in line with its management restructure in 2016 with management designated by selling zone into two business units and four sub-units, the Company has given priority to development of personnel potential. Utmost importance is attached to “target,” “quality” and “teamwork,” fostered through employee relations activities of various forms, such as symbol building, games, etc.

Human resource development is accordingly carried out to align with the business units under the management restructure and with development of personnel competencies within the framework underlined by the mentioned three principles by:

1. Adjustment of scoring and key performance indicators (KPI), and
2. Enhancement of understanding in application of competency framework as guideline in formulating intensive training roadmap so that all employees are aware of the expectation of their individual performance and competencies that need to be developed consistently as required for their career advancement.

In 2016, the Company engaged a Japanese consulting firm for its sales team development. The firm is well recognized for their expertise in selling philosophy and product/service differentiation to impress and satisfy customers. It will provide ongoing training courses to all the Company's sales and marketing staff to strengthen their capabilities and redefine its sales strategy more on a proactive basis to effectively reach out to the target customers.

With its restructure of management into business units since 2016, the Company has looked to encourage strategic and action planning by executive-level personnel across the organization. A workshop titled “Strategic Generating” has been conducted, with Director of Government Housing Bank’s Real Estate Data Center invited to give information and presentation on the overview of the current real estate market, and an expert from Slingshot Group Co., Ltd. to lead the workshop with an aim to have a short-term (3-5 years) strategy drawn up by employees at executive level and heads of departments. The strategy so worked out will then be used as business operation guidelines, of which the employees have true understanding and in which they have directly participated in the planning and driving toward achievement of corporate goals and targets.

Corporate Governance

1. Corporate Governance Policy

The Company has strived to conduct its business based on corporate governance principles and rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to enhance its competitiveness and drive its business growth with value added to the shareholders in the long run and due regards to other stakeholders.

As corporate governance is considered a tool to create value-added and promote sustainable growth of the business through efficient, transparent and examinable management system leading to confidence and trust among the shareholders, investors and relevant parties, the Company has established and announced the adoption of the corporate governance policy effective on April 3, 2004. In addition, corporate governance and code of ethics handbooks have been made available for use as practice guidelines organization-wide.

Objectives of corporate governance policy

The Board of Directors realizes the significance of corporate governance and has accordingly set up two specific committees, namely Audit Committee and Strategy and Risk Management Committee, to assist the Board in screening important matters based on good corporate governance. Each committee shall be composed of members who are qualified according to Section 68 of the Public Limited Companies Act B.E. 2535 (1992) and the Notification of the Securities and Exchange Commission No. KorJor. 12/2543. The roles and responsibilities of each committee are clearly defined. The Board has assigned the Audit Committee to take charge of the implementation of corporate governance under the following scope:

1. Propose corporate governance practice guidelines to the Board of Directors.
2. Provide advice to the Board of Directors on corporate governance matters.
3. Oversee the operation of the directors and the management to ensure compliance with corporate governance principles.
4. Review corporate governance principle guidelines in comparison with international practices before proposal to the Board of Directors.

The Board has set the objectives of the corporate governance policy as follows: "The Company firmly aims to carry out its business in compliance with relevant laws and regulations, and with transparency, fairness and significance placed on the internal control and risk management systems, as well as adequate disclosure of information, in order to foster consistent and sustainable business growth and add optimal value to the shareholders and stakeholders with adherence to business ethics and legal framework."

In addition, the Company has initiated campaigns to promote awareness of the importance of strict compliance with corporate governance principles among its employees by publicizing corporate governance policy and related knowledge through distribution of corporate governance and code of ethics handbooks and disseminating such information on the internet and the website of the Company, in both English and Thai, to facilitate the employees as well as enable the shareholders, investors, stakeholders and relevant parties to use such information as guidelines or references.

Corporate governance which the Company consistently adhered to can be divided into 5 categories as follows:

- Chapter 1 Rights of shareholders
- Chapter 2 Equitable treatment of shareholders
- Chapter 3 Roles of stakeholders
- Chapter 4 Disclosure and transparency
- Chapter 5 Responsibilities of the Board of Directors

Chapter 1 Rights of Shareholders

The Company recognizes and values the rights of shareholders by encouraging them to exercise their rights and overseeing to ensure equitable treatment and protection of the basic rights of shareholders.

The annual general meeting of shareholders is set to be held once a year within four months after the end of the fiscal year. In an urgent case requiring a resolution from the shareholders' meeting, the Company may arrange an extraordinary general meeting of shareholders case by case. Before each shareholder's meeting, the meeting invitation notice together with detailed agenda and related documents will be sent to all shareholders at least 14 days before the meeting date and posted on Thai and English daily newspapers for at least three consecutive days at least three days before the meeting date for the shareholders' acknowledgment and preparation. To give the shareholders sufficient time to study the information before receiving it in hard copies, the Company also publishes the information, in both Thai and English, on the Company's website under "Investor Relations" section at least 30 days prior to the meeting date. In addition, the shareholders may propose additional agenda to the meeting via the Company's website. On the meeting date, the Company shall provide convenience to all shareholders in an equitable manner and open for registration of attendance two hours before the meeting. Meeting venue and time shall be selected with the shareholders' convenience kept in mind.

During the meeting, the Company will see to it that all shareholders are given equal opportunities. Before the meeting commences, the Chairman of the meeting will clarify the meeting rules and voting process. All shareholders and proxies shall have equal opportunity to voice their views and make recommendations as well as ask questions pertinent to the agenda item being considered within an adequate and appropriate timeframe. The Chairman and other members of the management shall treat all issues raised as equally important by answering all questions clearly and straightforwardly. The voting process shall be carried out by the method based on internationally accepted guidelines and with focus on transparency. Meeting minutes shall be correctly and completely recorded to allow for examination by the shareholders, and shall be kept in an orderly manner for ease of examination.

In addition, the Company has established Investor Relations Department to serve as an information center for disclosing the Company's information among shareholders, investors, analysts, reporters and the general public who are interested in the Company's securities in an accurate, complete, consistent, timely, transparent and equitable manner. The information disclosed includes the Company's profile, financial statements, annual reports, meeting invitation notices, information notified to the SET, and securities-related activities, etc. Such information is also made available on the Company's website under "Investor Relations" section, both in Thai and English languages. The shareholders can also contact Investor Relations directly or via the Company's website.

Chapter 2 Equitable Treatment of Shareholders

Shareholders' meeting

In 2016, the Annual General Meeting of Shareholders No. 1/2016 was held on April 29, 2016. Prior to the meeting, the Company sent a meeting invitation notice to the shareholders together with details of the agenda, the Board's opinions, minutes of the previous meeting, the annual report, meeting documents (which had been posted on the Company's website 30 days prior to the meeting date) and proxy form with explanation. Such documents were delivered to all shareholders whose names appeared in the share register as of the closing date more than seven days prior to the meeting date. It also publicized the notice in Thai and English daily newspapers at least three days prior to the meeting date for at least three consecutive days. The Company had independent directors designated for appointment as proxies in the event that the shareholders would like to have them attend the

meeting on their behalf. In such case, the shareholders may appoint either the designated independent directors or any other persons as proxies to attend the meeting on their behalf.

For the 2016, the Annual General Meeting of Shareholders, the Company posted the information concerning meeting invitation notice along with details of meeting agenda and related documents to its shareholders on the Company's website: www.prinsiri.com under "Investor Relations" section, in both Thai and English, at least 30 days in advance before delivering the hard copies. This is to ensure compliance with the corporate governance guidelines in place to give priority to the shareholders. The shareholders have also been allowed to propose meeting agenda and make nominations for election of directors via www.prinsiri.com or e-mail: ir@prinsiri.com. As of the end of 2016, no shareholder has proposed any meeting agenda and nominations for directorship position via www.prinsiri.com or e-mail: ir@prinsiri.com.

At the 2016 shareholders' meeting, seven members of the Board of Directors were present. The Chairman of the Board chaired the meeting and explained the details of the meeting quorum, vote counting process and the use of voting ballots. The results of vote counting of each agenda item were announced clearly and transparently. The participants were given adequate and appropriate time to ask questions and express opinions. The questions were answered clearly and straightforwardly by the directors and members of the management. The meeting was conducted in a correct and comprehensive manner in accordance with the relevant laws. In addition, for the convenience of the shareholders, attendance registration was allowed two hours before the start of the meeting until the end of the meeting and refreshments were also provided. The duration of the meeting was approximately two hours. Meeting minutes were properly and completely taken to allow examination by the shareholders and kept in good order for ease of examination.

After the meeting, the shareholders can access meeting minutes on the Company's website under "Investor Relations" section within a period of 14 days after the meeting.

Chapter 3 Roles of Stakeholders

The Company recognizes and respects the rights of stakeholders, comprising shareholders, employees, trade partners, creditors, customers, competitors, as well as the community and the environment, by clearly adopting the corporate governance policy and code of conduct to ensure adherence by all relevant parties within the organization. Key points on business operation with due regards to the rights of stakeholders are:

- Shareholders : The Company treats all shareholders equally and gives fair and appropriate returns.
- Employees : The Company treats all employees equally and provides fair and appropriate remuneration.
- Trade partners and creditors : The Company treats all trade partners and creditors fairly and in accordance with the contract terms and conditions.
- Customers : The Company takes good care of and bears its responsibility towards all customers by producing good quality and standard products that can well meet customer demand by focusing on quality of products, services and proper pricing.
- Competitors : The Company strictly follows the competition rules in order to maintain good competition practices.
- Community and environment : The Company recognizes the importance of environmental conservation by ensuring no environmental impact upon the community and the society.

Leadership and Vision

The Board of Directors is composed of members who have keen knowledge, competence, skills and experience. The Board performs its duties with integrity and business ethics, and in adherence to relevant laws, the Company's articles of association, and the resolutions of the shareholders' meeting.

The Board of Directors play a vital role in formulating the Company's vision and mission, and approving business direction, policies, strategies and goals to be adopted by the management as a framework in preparing annual business plan and budget. The Board of Directors is also responsible for monitoring the operation of the management to ensure it is in line with the specified policies, goals and business plan in order to generate maximum benefits for the organization and the shareholders. During the past year, the Executive Committee proposed the annual business plan and budget to the Board, on which joint discussions and expression of opinions took place and for which improvement guidelines and approval were given by the Board.

Conflict of interest

The Company recognizes the necessity to institute and adopt a policy concerning conflict of interest which prohibits the directors, executives and employees from seeking personal gains in conflict with the Company's interests. Such policy has been made part of the code of conduct to which the directors, executives and employees must strictly adhere.

The Board of Directors carefully looks into matters with potential conflict of interest and oversees the use of inside information for personal benefits. Details are as follows:

1. Transactions with potential conflict of interest

The Board of Directors is informed of transactions with conflict of interest. In entering into transactions with possible conflict of interest, the Board will consider the appropriateness carefully and in the best interest of the Company. Opinions of the Audit Committee will be sought for transactions where conflict of interest may occur before they are proposed to the Board of Directors for further consideration. The Company's procedure is strictly in accordance with the requirements of the Stock Exchange of Thailand.

2. Supervision of the use of inside information

The Company has a policy to strictly prohibit directors, executives and employees from using any inside information of material aspect and not yet been disclosed to the public for their own or other people's benefits, including trading of the Company's securities. The following measures are taken to prevent the use of inside information by the Company's management and personnel:

- Informing the directors and management members of their duties to report their holdings of the Company's securities as required under Section 59 in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorJor. 14/1997 re: Preparation and Disclosure of the Securities Holding Report, and the penalties under Section 275 of the Securities and Exchange Act B.E. 2535 (1992).
- Forwarding circular notice to inform the executives that those who have access to material information which may affect the stock price must not use the information before disclosure to the public. Executives are prohibited from trading the Company's stock within a period of one month before public disclosure of the financial statements or material information and from disclosing the information to other people.
- Departments with access to such information are prohibited from disclosing it to other parties or persons not concerned with the matter.

In the implementation and inspection of the above measures, the directors and executives responsible for preparing a report on their securities holding and the change thereof under Section 59 are required to inform the Executive Committee on the day they submit the report to the SEC. Although the Company has not imposed a penalty for the failure to submit a report, it has notified the

directors and executives of the penalties under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) in case of violation or failure to report securities holding.

The Company's policy also prohibits the directors and executives from using inside information for personal gains, either directly or indirectly.

At each Board meeting, the Chairman advises the directors to follow the policy on conflict of interest. For any agenda item with which any directors are involved or in which they have beneficial interest, they are duty-bound to inform the meeting in order to abstain from voting and express no opinions.

The Audit Committee shall carefully consider the appropriateness and reasonableness of connected transactions, transactions with conflict of interest, and the SET guidelines before presenting them to the Board of Directors for approval. The transactions must be reported and disclosed on a quarterly basis as well as in the annual report and the annual disclosure statement.

The Company also recognizes the importance of overseeing the use of inside information, making it part of the code of conduct which must be strictly observed by the directors, executives and employees.

Chapter 4 Disclosure and Transparency

It is part of the Board of Directors' policy to carry out its operation in a transparent and examinable manner, including disclosing the Company's both financial and non-financial information, to the shareholders, investors and the public in compliance with relevant laws and regulations through channels which allow easy and equal access and reliable information.

Code of conduct

Having recognized the significance of instituting concrete moral and ethical practice guidelines, the Company has developed a code of conduct, taking effect on April 3, 2004, to be observed by the directors, executives and employees in maintaining proper conduct and fair treatment among all groups of stakeholders. The code of conduct, which is vital to promoting sustainable growth of the organization, is expected to be strictly followed by all directors, executives and employees. The Company also aims to promote adoption of such principles among suppliers, contractors, advisors and trade partners, etc.

In addition, the Company has publicized the code of conduct on the internet and its website under the "Investor Relations" section. The code of conduct is summarized as below:

1. Transparency and disclosure

The preparation of the accounting record and financial report must always be conducted in conformity with applicable laws, criteria and international standards. Disclosure of information must be accurate, clear and up-to-date to maintain the confidence of investors, shareholders and creditors.

2. Equitable treatment

The Company is determined to treat all concerned parties, i.e. shareholders, customers, creditors, employees and the society fairly and equitably. Shareholders, major or minor alike, shall be treated equally.

3. Risk management

Risk management is in place where it concerns the effectiveness, efficiency and accuracy of financial reports, whereas compliance with applicable laws, rules, regulations and orders shall be executed consistently with sound internal control framework. Business risks shall be analyzed and prioritized while control measures shall be taken to minimize such risks.

4. Commitment to social responsibility

Business is conducted with assurance that duties and responsibilities assigned are consistent with the common interests, and benefits to the environment and the living conditions of Thai society.

5. Promotion of morality and ethics at all levels in the organization

Morality and ethics are the key elements of the Company's corporate governance, and shall be observed at all levels within the organization, from the directors and management to the employees, as the Board of Directors realizes that an organization without morality and ethics cannot survive in business.

Chapter 5 Responsibilities of the Board of Directors

The Board of Directors has a policy to carry out its operation in transparent and examinable manner, including disclosing the Company's information, both financial and non-financial, to the shareholders, investors and the general public in compliance with applicable laws and regulations through channels which allow for easy and equal access and reliable information.

1. Composition of the Board of Directors

The Board of Directors of the Company is composed of seven members, a size appropriate for the organization, as detailed below:

1.1 Three executive directors with beneficial interest

1.2 Four independent directors

The four non-executive directors account for 57% of the total number of directors. Hence, the Company's directorship composition, to a reasonable degree, is well-balanced. Each of the four non-executive directors has the required qualifications of an Audit Committee member as prescribed in the Notification of the Stock Exchange of Thailand re: Qualifications and Scope of Work of the Audit Committee.

2. Term of office of directors

The Board of Directors consists of seven members, four of whom are independent directors, hence a proportion higher than one-third of all Board members as prescribed by the SET. At each annual general meeting of shareholders, one-third of the directors shall vacate their office. If the number of directors cannot be divided into a multiple of three, the number nearest to one-third shall retire. The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, those longest-serving shall vacate their office. Directors who have retired by such rotation may be re-elected.

In the event a directorship vacancy occurs for reasons other than by rotation, the Board of Directors shall elect a qualified person with no characteristics prohibited under the public limited company law to serve as a director at the next Board meeting unless the remaining term of office of the vacating director is less than 2 months. The person so elected shall hold office only for the remaining term of the director whom he/she replaces. The resolution of the Board of Directors to elect a replacement director requires not less than three-fourths of the votes of the remaining directors.

The shareholders' meeting may resolve to remove any director from office before the conclusion of his/her term. Such resolution requires not less than three-fourths of the votes of the shareholders present with voting right and whose combined number of the ordinary shares held shall not be less than half of the total number of shares held by the shareholders present with voting right.

3. Board of Directors' meeting

The Board of Directors holds a meeting on a regular basis, at least four times a year. Each meeting must always have clear agenda and follow-up items. An invitation notice is sent at least seven days in advance of the meeting, together with the meeting agenda and related documents, to allow sufficient time for the directors to study the information. In case of urgency, a notice may be sent in a different manner and the meeting may be scheduled for an earlier date to protect the Company's right or interest.

Each meeting takes at least 2 hours. All the directors are given an opportunity to express their views openly and freely. The Chairman of the Board of Directors makes a summary of the discussions and draws conclusions. Directors with beneficial interest in the matter being considered will be required to leave the meeting. Meeting minutes are taken after each meeting and the minutes which have been adopted are kept in an orderly manner to allow for easy use by the directors and relevant parties as well as inspection convenience.

4. Supporting committees

To enhance the Company's operational performance, the Board of Directors has appointed three specific committees to oversee important tasks, namely Audit Committee, Strategy and Risk Management Committee, and Nomination and Remuneration Committee. Descriptions of the power and duties of the committees are stated under sections "Audit Committee" and "Strategy and Risk Management Committee."

The Board of Directors has assigned the Audit Committee to oversee the Company's corporate governance with the following duties and responsibilities:

1. Propose corporate governance practice guidelines to the Board of Directors.
2. Provide corporate governance advice to the Board of Directors.
3. Monitor the operations of the directors and management members to ensure compliance with the Company's corporate governance principles.
4. Review the Company's corporate governance principles and guidelines with comparison made with international practices for development and improvement and make recommendations to the Board of Directors.

5. Reports of the Board of Directors

The Board of Directors is responsible for the Company's financial statements and financial information contained in the annual report. The financial statements are prepared in accordance with Thailand's generally accepted accounting principles, and under an appropriate and consistent policy with careful judgment. Material information is also sufficiently disclosed in the notes to financial statements.

The Audit Committee has been appointed by the Board of Directors to review the Company's financial statements to ensure accuracy and adequacy, and ensure appropriate and efficient internal control and audit are in place. The Audit Committee consists of non-executive directors to oversee and ensure the quality of financial reports and internal control system.

The Board of Directors is of the opinion that the Company's internal control in overall is at a satisfactory level and can reasonably build confidence in the reliability of the financial statements.

6. Relationship with investors

The Board of Directors realizes that the Company's information, both financial and non-financial, may influence the decision-making of investors and stakeholders. It has thus ensured the management discloses complete, truthful, reliable, consistent and timely information in compliance with the laws, rules and regulations related to information disclosure of the SEC and the SET observed by the management.

In addition, the Company has set up Investor Relations Department to be responsible for disclosing the Company's information to shareholders, investors, analysts, reporters and the general public who are interested in the Company's securities.

In 2012, the Company conducted activities to present the Company's information, both directly and indirectly, through three analyst meetings, three presentation sessions for investors at the "Opportunity Day" event organized by the SET, and provision of information and responses to enquiries raised by investors and reporters via e-mail and telephone on a regular basis. Furthermore, the Company disseminates information including operating results, financial statements, corporate news, securities information, securities activities, annual reports, shareholders' meeting notices, meeting minutes and other information on its website under "Investor Relations" section where all information is constantly updated. Investor may contact Investor Relations for more information by dialing 02-617-6900 or contact e-mail address ir@prinsiri.com.

In 2009, the Company won the third place of the IR Excellence Award under the category of companies with less than Baht 10 billion in market capitalization, and won the first prize of the IR Excellence Award for the second group of companies with less than Baht 10 billion market capitalization for two straight years in 2010 and 2011. The Company will keep on strengthening its investor relations function to further facilitate investors' access to its information.

2. Recruitment and Appointment of Directors and Top Management

Qualifications of independent director

The number of Independent Directors on the Board of Directors shall at all times constitute at least one-third of the total number of Directors, or not less than three. The qualifications of Independent Directors are prescribed in accordance with SEC regulations as follows:

1. Holding shares representing not more than 5% of the total shares with voting right of the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest.
2. Not being an employee, staff member or salaried advisor or controlling person of the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest.
3. Not being a person who is related by blood or legally registered relationship as father, mother, spouse, sibling, children, including spouses of children of the executives, major shareholders, controlling persons or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Having no business relationship with the Company, parent company, subsidiaries, associated companies or any juristic persons with potential conflict of interest, which may impede his/her independent discretion, and not having any characteristics that may obstruct his/her provision of independent opinions on the Company's operations.

Segregation of Power and Duties of Chairman and Managing Director

The Chairman of the Board of Directors and the Managing Director shall in no event be the same person. The Chairman shall be elected by and from among the Board members while the Managing Director shall be recruited. The Chairman plays the leading role in deciding on the Company's policies resulting from the Board meeting, at which they consider and set business targets jointly with the management. He/She shall conduct meetings to ensure effectiveness and efficiency by encouraging each director to actively contribute to the meeting, for instance, by raising relevant questions, regularly meeting with and giving advice to the management members, and constantly overseeing and supporting their operations through the Managing Director. The Chairman, however, shall not interfere with day-to-day operations or routine work under the management's responsibility. The Managing

Director shall be in charge of the management team. The Board shall empower the Managing Director or acting Managing Director or an authorized person and no one else to bind the Company within the scope of the power designated. The Managing Director shall, for efficient operations, delegate authority to the management to carry out clearly defined duties and responsibilities. In this manner, the roles and duties of the Board and the management are clearly segregated and do not overlap.

3. Monitoring of the Operations of the Company and Subsidiaries

The Board has monitoring mechanism that enables corporate control and accountability towards the operations of its subsidiaries to protect the Company's equity interests as follows:

- Have the Company's directors/executives appointed to represent the Company as directors/executives or controlling persons of subsidiaries (including associated and related companies in future).
- Define the roles and responsibilities of directors and executives representing the Company in proportion to their shareholdings provided and provide information on the Company's regulations or requirements for such appointment to be subject to Board approval.
- Put in place monitoring procedure which enables the disclosure of financial status and operating results of such companies, transactions with related persons, related transactions and acquisition or disposal of assets or any other significant transactions to be completely in line with the SEC and the SET requirements.
- Determine appropriate and adequate internal control system for subsidiaries including monitoring mechanism.
- Define a policy on the disclosure of agreements engaged between the Company and other shareholders in the management of such subsidiaries.

4. Monitoring of the Use of Inside Information

The Company's policy prohibits directors and executives from using inside information not yet disclosed to the general public for their own or other people's benefits, including the trading of the Company's securities. The following measures are taken to prevent the use of inside information by the Company's management and personnel:

- Inform the directors and management members of their duties to report their holding of the Company's securities as required under Section 59 in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorJor. 14/1997 re: Preparation and Disclosure of the Securities Holding Report, and the penalties under Section 275 of the Securities and Exchange Act B. E. 2535 (1992).
- Send a circular notice to inform executives that those who have access to material information which may affect the price of securities must not use the information before it is disclosed to the public. Executives are prohibited from trading the Company's securities within the period of 1 month before public disclosure of the financial statements or material information, and from disclosing such information to other people.
- Set preventive measure by prohibiting work units with access to such information from disclosing it to other work units or persons not concerned with the matter.

In implementation and inspection of the above preventive measures, the directors and executives responsible for preparing a report on their securities holding and the change thereof under Section 59 are required to inform the Executive Committee on the day they submit the report to the SEC. Although the Company has not imposed a penalty for failure to submit a

securities holding report, it has notified the directors and executives of the penalties stipulated under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) in case of violation or failure to report securities holding.

The Company also recognizes the importance of supervising the use of inside information by making it part of the Company's code of conduct to be strictly observed by the directors, executives and employees.

5. Remuneration for Auditor

The Company and subsidiaries paid audit fee to the auditor in an amount of Baht 2.45 million, Baht 2.75 million, and Baht 2.85 million in 2014, 2015, and 2016, respectively. No non-audit fee payment was made.

Internal Control and Risk Management

The Company has instituted the internal control and risk management policy with the Audit Committee assigned to review the assessment results of internal control system. It emphasizes on putting in place an internal control system which is adequate and appropriate for its business operation to ensure efficient and effective outcome. The Company has appointed Mrs. Sumon Limpichet, an independent internal auditor, as its internal audit consultant to ascertain the internal audit work unit can perform duties independently with proper checks and balances. The Board of Directors requires the internal control consultant to report audit results directly to the Audit Committee.

Guidelines for Assessment of Internal Control System according to the Standard in Place:

1. Control environment
2. Risk assessment
3. Control activities
4. Information & communication
5. Monitoring activities

1. Control environment

The Board and the management adhere to righteous, fair and ethical practices, control consciousness, and control environment within the organization to enhance the employees' proper performance of work under their responsibilities, as well as structuring the organization in a way that supports the management's operation and enables efficient internal control. This can be done by formulating work policies and procedures, and proper delegation of authority in each functional line aiming to achieve the objectives of the organization and allow proper checks and balances. The internal audit work unit shall report directly to the Audit Committee with clear reporting line and under the supervision of the Board. In addition, the Company has developed a policy on the recruitment, development and retention of talented employees with keen knowledge and skills to support the Company toward its goals with appropriate incentives made available.

2. Risk assessment

The Company has mapped out a risk management process in line with its business objectives and goals, which involves identifying and analyzing all types of risks, both at present and in future, and assessing the measures taken to appropriately control and monitor risks. In the event where the objectives cannot be achieved, necessary guidelines are in place to control level and probability of the impacts with comprehensive consideration of the level that could have material impact on the business operation. In this regard, the risk assessment process is applicable to both internal and external risks, including risks concerning departments that can potentially impact the achievement of corporate objectives, and fraud risks. The Company has regularly reviewed the policies and practices, and communicated to its employees the procedure to be taken when a fraud incident is found. The management can address changes taken place and potential risks from such changes and take adequate and appropriate measures in monitoring incidents which are the cause to such risks.

3. Control activities

The Company has defined control activities to mitigate risks to the acceptable level so as to facilitate business operation to meet the objectives. It has laid down policies, procedures and practices, as well as scope of approval authority at each level to ensure adequate and efficient control, and clearly segregated duties and responsibilities of functional lines from one another for cross-checks in approval, accounting record, and custody of assets, monitoring and review of related transactions or transactions with possible conflict of interests, reporting, and contracts binding. However, the general control activities for the IT systems to support data security involving determination of the rights to use and modify data, restrictions to the use of information, communication with employees regarding compliance with relevant laws, and implementation of measures to monitor transactions required to undergo prior approval process as defined in the Company's articles of associations, the criteria of the Stock Exchange of Thailand or the Office of Securities and Exchange Commission, etc.

4. Information & communication

The Company has prepared information of good quality and related to internal control to ensure effective control of operation and mutual understanding regarding responsibility at each level, as well as deployment of such information in a timely manner. The Board has significant information available to support decision making, and receive meeting documents in a period no less than the minimum period before the meeting date as prescribed by law. Documents are also properly kept with clear categorization. In this regard, there is efficient internal communication to facilitate access to information needed for business operation or review of transactions required. External communication is also appropriately carried out through various channels, e.g. complaint dealing center/call center and investor relations personnel, for stakeholders' information of the deficiencies and problems arising and external parties' gaining information required or providing information to the Company.

5. Monitoring activities

The Company has monitored and assessed its business operation continuously and consistently, both during performance and periodically to ensure efficiency in its internal control. Normally, organizations undergo changes over time, monitoring and assessment are thus required to keep abreast of the changes. The management has mapped the operating results to the targets on a real-time basis to enable quick response to changes in the control environment. Monitoring of ethical compliance is undertaken through control self-assessment (CSA). The internal auditors will monitor and examine transactions with possible conflict of interests by considering its necessity and reasonableness in the best interests of the Company. The results will be presented in each quarterly internal audit report to be directly submitted to the Audit Committee/the Board of Directors for consideration. Internal audit is performed in accordance with International Standards for the Professional Practice of Internal Auditing (IIA) with a policy in place to quickly remedy material deficiencies for timely and appropriate rectification and improvement.

Profile of Head of Internal Audit Office

Name-Last Name	Mrs. Sumon Limpichet
Position	Internal Audit Consultant
Age	68
Education	- Bachelor Degree in Accounting, Thammasat University - Certified Public Accountant (CPA) - Certified Professional Internal Auditor (CPIA)
Proportion of Shareholding (%)	-
Executive Relationship	-
Experience	- Internal Auditor for over 40 years - A member of the Association of Directors and Auditors Thailand - Risk management and internal audit consultant for various organizations, Namely Excise Department, Thailand Tobacco Monopoly, Port Authority of Thailand, and CAT Telecom Public Company Limited, etc.

Mission of the Internal Audit Office

Internal auditing involves provision of fair and independent assurance and consultancy in order to add value and improve the operation of an organization. Internal auditing helps drive the organization toward achieving its goals through evaluation and improvement of the effectiveness of the risk management and control and governance systems on a systematic basis.

Scope of Internal Auditing Work

- Review and report the reliability and completeness of financial information and practice.
- Review the operation to ensure compliance with the objectives and goals set forth as well as the operational plan in an efficient and economical manner with appropriate corporate governance process in place.
- Review the work systems with significant impact on the Company's operation, and the reporting compliance with the relevant policies, operational plans, procedures and laws.
- Review the appropriateness of keeping of assets and verify the existence thereof.
- Assess the efficiency and cost-effectiveness in the use of resources.

Regulatory Compliance/Compliance with the Policies, Plans, Procedures, Laws, Regulations, Contracts and Requirements

Assurance services

This involves fair evaluation of evidences of documentation auditing carried out by internal auditors in order to give independent opinions or conclusions on the risk management process, internal control and corporate governance of the organization, such as providing assurance as regards finance, operational performance, compliance with regulations, and security and safety of various work systems.

Consulting services

This involves provision of advice, recommendations and other related services to the Audit Committee and the management in order to add value and improve the risk management process, internal control process, and corporate governance of the organization without involvement as its executives.

Duties and Responsibilities of Internal Auditing

- Review/prepare the internal audit charter to lay down the objectives, roles and responsibilities, determination of auditing activities, rights and authority in access to information, and scope of auditing, to be presented to the Audit Committee for approval.
- Formulate a risk-based plan to outline the significance of each auditable activity to ensure they are in line with corporate goals.
- Propose the audit plan and significant interim plan revision to senior management and the Audit Committee for approval.
- Manage corporate resources to ensure that the internal auditors are suitable and possess sufficient knowledge, skills and experience to effectively perform their duties in line with the approved operational plans.
- Have various departments within the Company audited from time to time to consider whether they perform in accordance with the Company's plans, policies, targets and objectives, and in compliance with the relevant laws and regulations.
- Assess the efficiency of the operational processes and the effectiveness of major internal control matters, including the cases where internal auditors are assigned to perform auditing of subsidiary companies, associated companies or related companies, and guidelines for improvement of the processes in the concerned activities.
- Put in place clear policy and procedure for the internal auditing work.
- Coordinate for exchange of information both within and outside the organization to ensure that the scope of work audited properly covers all significant issues and to avoid operational overlapping.
- Report the audit results to the Audit Committee and senior management from time to time concerning the objectives, scope of auditing and operation in accordance with the operational plan. Such report shall identify material risk and control issues, and corporate governance, etc., of which the Audit Committee and senior management must be informed.
- Monitor the implementation according to the recommendations in the audit report and liaise with the audited party to give suggestions in the improvement and rectification.
- Comply with internal audit professional ethics with integrity, objectivity, competency and confidentiality.

Related Party Transactions

1. Value and outstanding balance of related party transactions entered between the Company and persons with potential conflict of interest

The Company has entered into related party transactions with persons that may have conflict of interest as detailed below:

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Unit: MB

Person/Juristic person with potential conflict of interest	Relationship	Nature of related party transaction	Value of related party transaction			Outstanding balance			Reasonableness of related party transaction
			2014	2015	2016	As at Dec.	As at	As at Dec.	
						31,2014	Dec.	31,2016	
							31,2015		
Grow Yotha Co.Ltd.	99.99%	(1.1) The Company							Prinsiri Plc. acquired shares of Grow Yotha Co., Ltd. in order to have
-Contractor and construction material supplier	shareholding by the Company	-Purchases (construction materials)	12.36	0.00	0.00	-	-	-	Grow Yotha as one of its business units in controlling construction material costs for the Company's project developments as well as uplifting the Company's competitiveness. The Company purchased materials such as cement, door panels, wooden strips, steel and floor panels, and hired Grow Yotha as one of its construction contractors. Selling prices and contractor charges of Grow Yotha were comparable to those applicable to other contractors. Some construction materials were sold to the Company at the prices slightly lower than those sold to other parties. Since Grow Yotha is the Company's subsidiary, purchase of such materials from Grow Yoth is still expected in the future.
		-Purchases (contractor)	43.40	3.56	3.43	-	-	-	
		- Common utility exp.	14.77	19.63	13.7	-	-	-	
		-Interest income	3.64	3.13	2	-	-	-	
		-Office rental income	0.13	0.00	2.55	-	-	-	
		-Accrued interest income	-	-	0.00	1.61	1.43	2.44	
		-Accounts payable	-	-	-	14.24	4.90	10.52	
		-Retention payable	-	-	-	4.27	2.69	2.49	
		-Advance payment	-	-	-	14.38	12.22	6.31	
		-Short-term loans	-	-	-	51.50	43.50	43.50	
					-				Rental income came from the lease of office space. The terms and conditions were according to the lease agreement under which the monthly rental in 2013 was Baht 21,500 and the expiry date was June 30, 2014.
									Central utility expenses were daily wages for workers to take care of common areas of each project. Wages are paid based on the work completed as agreed upon.
									The accounts payable were incurred from purchases mentioned above. Grow Yotha provide a payment credit term of 30-60 days, which is as in normal business practice. Such retention payable was incurred from employing Grow Yotha for construction work such as roofing. The amount was withheld by the Company according to the contractor agreement, the same practice as applicable to other contractors. Since Grow Yotha is the Company's subsidiary, such transactions are still be expected in the future.
									Provision of advance payment without interest charged.
									The Audit Committee has considered the above-mentioned purchase, account payable, retention payable and advance payment transactions reasonable in normal course of business of the Company.
									The Company's short-term loans were used as working capital by the subsidiary and of which the interest rates were based on MLR per annum. Accrued interest and interest income resulted from provision of short-term loans under the aforementioned transactions which are in accordance with normal terms and conditions. The Audit Committee has considered the transactions which included short-loan; accrued interest and interest income and is of the opinion that they are in normal business practice to support working capital requirement for the business operation of the subsidiary and in accordance with the objective concerning the establishment of a business unit of the Company. In addition, the Company charged interest rate according to market rate. Hence, such transactions are deemed reasonable and beneficial to both the Company and the subsidiary.

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Person/Juristic person with potential conflict of interest	Relationship	Nature of related party transaction	Value of related party transaction			Outstanding balance			Reasonableness of related party transaction
			2014	2015	2016	As at Dec. 31, 2014	As at Dec. 31, 2015	As at Dec. 31, 2016	
Prin Venture Co., Ltd.	100% shareholdin g by the Company	The Company - Short-term loans	-	-	-	230.00	345.00	385.00	Prin Ventures Co., Ltd. is a wholly owned subsidiary of Prinsiri Plc. The Company provided short-term loans to be used as working capital of the subsidiary. The interest rate was charged at MLR per annum.
Real estate developer (category: residential condominiums)		- Accrued interest	-	-	-	9.23	29.12	51.62	Accrued interest and interest income resulted from provision of short-term loans as per the aforementioned transaction in accordance with normal lending terms and Conditions.
		- Interest income	14.92	19.89	22.51	-	-	-	Provision of advance payment was interest-free. The Audit Committee has considered the transactions which included short-term loans, accrued interest and interest income and is of the opinion that they are normal loans to fund working capital for the business of the subsidiary and in accordance with the objective concerning the establishment of a business unit of the Company. In addition, the Company charged interest rate at the market price. Hence, such transactions are deemed reasonable and beneficial to both the Company and the subsidiary.
									Guarantee for long-term loans to be used to fund the project developments of Prinsiri Plc. Such transaction is still expected in the future.
									The Audit Committee has considered the aforementioned transactions i.e. guarantee for loans to be used to fund project development of the parent company reasonable and beneficial to the Company and the subsidiary.
									Advance payment was made on behalf of the subsidiary Without interest charged.
									Land acquisition was purchase of empty land for condominium project development in the future.
									The Audit Committee has considered the land acquisition and is of the opinion that it is normal business transaction whereas the price is comparable to the market price. Hence, such transaction is deemed reasonable and beneficial to the Company and the subsidiary.

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Person/Juristic person with potential conflict of interest	Relationship	Nature of related party transaction	Value of related party transaction			Outstanding balance			Reasonableness of related party transaction
			2014	2015	2016	As at Dec. 31,2014	As at Dec. 31,2015	As at Dec. 31,2016	
CN SPR (Thailand) Co., Ltd.	99.97% shareholding by the Company	The Company - Remuneration for the right to use land - Short-term loans - Accrued interest income - Account payable - Revenue from the sale of empty land - Interest income	- - - 9.00 6.54	- - - 0.00 7.65	- - - 0.00 7.87	86.09 112.98 8.96 38.93 - -	86.09 122.98 16.60 38.93 - -	86.09 125.98 24.47 38.93 - -	Prinsiri Plc. established CN SPR (Thailand) Co., Ltd. as part of its business units in dealing with sales and lease of property as well as to enhance its competitiveness. The Company provided short-term loans to CN SPR (Thailand) to be used as the subsidiary's working capital and for property purchases. The interest rate was charged at MLR per annum. Since CN SPR is a subsidiary of the Company, such transaction can still be expected in the future. The Audit Committee has considered the above transactions i.e. short-term loan, accrued interest and interest income and is of the opinion that they are normal loans and loans for property purchases which are to support the business of the subsidiary and in accordance with the objective concerning the establishment of a business unit of the Company. In addition, the Company charged interest rate at the market price. Hence, such transactions are deemed reasonable and beneficial to both the Company and its subsidiary.

Person/Juristic person with potential conflict of interest	Relationship	Nature of related party transaction	Value of related party transaction			Outstanding balance			Reasonableness of related party transaction
			2014	2015	2016	As at	As at Dec.	As at Dec.	
						Dec. 31,2014	31,2015	31,2016	
Blessed Assets Group Co., Ltd.	Director / major shareholder of Blessed Assets Group is closely related to a director of the Company	The Company - Purchase land for project developments	153.78	115.83	48.00	153.78	115.83	48.00	The Company purchased land in 2011 for development of projects for sales in 2015. It was a one-time transaction and outstanding balance declined in line with the property sales. The Audit Committee and the Board of Directors have considered and are of the opinion that the purchase price of land for sale is close to the valuation price worked out by the independent appraiser approved by the Office of the Securities and Exchange Commission and that such land is in a good location. Hence, the mentioned purchase price is deemed reasonable whereas the pricing terms and conditions are considered as having been executed by a reasonable normal person.
Pleamary Mall Co., Ltd.	100.00% shareholdin g by the Company.	The Company - Short-term loans - Accrued interest income - Land rental income - Interest income - Land rental income	- - 13.39 13.60	- - 14.09 13.47	- - 13.61 13.47	214.00 13.55 21.32 - -	214.00 27.64 34.79 - -	214.00 41.24 48.26 - -	Loan guarantees is a guarantee for long-term loans and shall be used in funding the project developments of Pleamary Mall. In the future, such transaction can still be expected until debt repayment is complete. The Audit Committee has considered the transaction and is of the opinion that it is reasonable and beneficial to the Company and the subsidiary. The Company also leased property to its subsidiary for real estate development for investment. It is a 30-year lease contract and of which rental is close to the valuation price by independent appraiser approved by the Office of Securities and Exchange Commission. . Hence, the mentioned rental is deemed reasonable whereas the price terms and conditions are in line with contract agreement.

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Person/Juristic person with potential conflict of interest	Relationship	Nature of related party transaction	Value of related party transaction			Outstanding balance			Reasonableness of related party transaction
			2014	2015	2016	As at Dec. 31,2014	As at Dec. 31,2015	As at Dec. 31,2016	
Prin Energy Co., Ltd.	99.97% shareholding by the Company	The Company - Short-term loans - Accrued interest income - Interest income	- - 0.09	- - 0.16	- - 0.17	2.50 0.09 -	2.50 0.25 -	2.75 0.42 -	The Company temporarily made advance payment on behalf of its subsidiary without interest charged. Concerning short-term loans, the interest rate was MLR per annum as agreed upon since such company is a subsidiary of the Company. Accrued interest income came from short-term loans as per the above transaction which is in accordance with normal lending terms and conditions.
Plearnland Co., Ltd.	99.97% shareholding by Plearnay Mall Co., Ltd.	The Company - Short-term loans - Accrued interest income - Interest income	- - 0.19	- - 0.40	- - 0.00	8.00 0.19 -	0.00 0.00 -	0.00 0.00 -	The short-term loans carried the interest rate based on MLR per annum as agreed since such company is a subsidiary of the Company. Accrued interest income came from short-term loans as per the above transaction which is in accordance with normal lending terms and conditions.
Eatery Co., Ltd.	99.97% shareholding by Plearnay Mall Co., Ltd.	The Company - Short-term loans - Accrued interest income - Interest income	- - 0.16	- - 0.26	- - 0.00	8.00 0.16 -	0.00 0.00 -	0.00 0.00 -	The short-term loans carried the interest rate based on MLR per annum as agreed since such company is a subsidiary of the Company. Accrued interest income came from short-term loans as per the above transaction which is in accordance with normal lending terms and conditions.
Mr. Santi Kovitchindachai	Shareholder of the Company and father of an executive director of the Company	- Purchase of empty land	0.00	10.00	0.00	0.00	0.00	0.00	Price and service fee were as in normal business transaction.
Mr. Chaiyo Kovitchindachai and Ms. Patcharee Kovitchindachai	Executive/clo sely related of a director and closely related of major shareholder of the Company	Home and land sales -Mr. Chaiyo Kovitchindachai -Ms. Patcharee Kovitchindachai	0.00 0.00	17.66 24.17	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Trading prices

2. Measures or Procedure for Approval of Related Party or Connected Transactions

The Board of Directors passed a resolution approving for the Audit Committee to review approval of related party or connected transactions. Such transactions shall be carried out in the best interests of the Company, with prices to accord with market rates which can be compared with those of external parties, and terms and conditions consistent with normal business practices, as well as under equal opportunity where non-related parties can compete and bid for the transactions.

The Company must strictly comply with securities and exchange laws and the regulations of the Stock Exchange of Thailand concerning the entering into connected transactions or the acquisition and disposal of corporate assets. The persons with beneficial interest in such transactions shall have no right to vote thereon and reports have to be made to the Board of Directors for information.

3. Policy on Potential Related Party Transactions in Future

The Company has a policy to enter into related transactions in normal business operation which take place regularly and consistently. The conditions set forth shall accord with normal market business practices where price comparison is made with those applicable to external parties and on a fair, reasonable and examinable basis. The Audit Committee shall consider the criteria and procedure for related party transactions. The Company may have Committee members or independent experts to examine these transactions and give opinions on the price appropriateness and transaction reasonableness.

Future related party transactions on purchase of such products as curtains, blinds and wallpapers from Thai Chinda Curtain Co., Ltd. shall hinge on the rationale and necessity of the Company. Payment and receipt of remuneration between each party is based on market prices and fairness. The Audit Committee will opine on such transactions with comparison made with market prices of other parties.

The Company has no policy to provide financial support to related companies unless in case of lending to subsidiaries in proportion to shareholding.

The Company has no policy on director's loan, director's guarantee, and advance payment. There will be no more of the existing director's loan and director's guarantee in future. However, in case of emergency, transactions of this type are subject to approval by the Executive Committee case by case.

In case of a related transaction entered with a person with potential conflict of interest or beneficial interest, the Company has a policy for the Audit Committee to give opinions on prices, rate of consideration, and necessity as well as appropriateness of such transaction. Any director with beneficial interest in the transaction has no right to vote on thereon.

4. Measures for Protection of Investors

To protect investors, any related party transaction entered with a person with potential conflict of interest, beneficial interest or potential conflict of interest in future, the Company shall have such transaction considered at the Board of Directors meeting at which the Audit Committee members are also present. This aims to ensure that the transaction is fair and has appropriate pricing. In case the Audit Committee members have no expertise in considering the related party transaction, the Company may have an independent expert or the Company's auditor to provide opinions thereon to support the decision-making of the Board of Directors or the shareholders, as the case may be. The Board of Directors shall comply with the securities and exchange laws, and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, together with fulfilling the requirements concerning disclosure of information on connected transactions.

The Company shall disclose related party transactions in the notes to financial statements duly audited by the auditor of the Company. According to the policy in place, the Company shall enter into a related party transaction only in case where it concerns the Company's core business. At present, the Audit Committee shall be responsible for review of such transactions and the internal control system to ensure transparency and boost confidence among investors.

The Company also adheres to the principle of minimizing all types of risk concerning its business with the Strategy Committee to consider and adjust its business strategies.

Financial Position and Operating Results
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1. Financial Statements

1.1 Summary of Reports of Certified Public Accountant

(1) Audit report of Certified Public Accountant on financial statements for 2016

The auditor, i.e. Mrs. Vilairat Rojnuckarin, CPA License No. 3104 from DIA International Audit Co., Ltd. has expressed an opinion that the financial statements present fairly the financial position as at December 31, 2016 and the operating results of the Company and its subsidiaries as appropriate in material aspects in accordance with the financial reporting standards.

(2) Audit report of Certified Public Accountant on financial statements for 2015

The auditor, i.e. Mrs. Vilairat Rojnuckarin, CPA License No. 3104 from DIA International Audit Co., Ltd. has expressed an opinion that the financial statements present fairly the financial position as at December 31, 2015 and the operating results of the Company and its subsidiaries as appropriate in material aspects in accordance with the financial reporting standards.

(3) Audit report of Certified Public Accountant on financial statements for 2014

The auditor, i.e. Mrs. Vilairat Rojnuckarin, CPA License No. 3104 from DIA International Audit Co., Ltd. has expressed an opinion that the financial statements present fairly the financial position as at December 31, 2014 and the operating results of the Company and its subsidiaries as appropriate in material aspects in accordance with the financial reporting standards.

1.2 Summary of Financial Position and Operating Results

Table summarizing statements of financial position, statements of comprehensive income, statements of cash flow, and key financial ratios as follows:

Statements of Financial Position

	<u>As at December 31, 2014</u>		<u>As at December 31, 2015</u>		<u>As at December 31, 2016</u>	
	MB	%	MB	%	MB	%
Assets						
Current assets						
Cash and cash equivalents	392.03	3.76	477.23	4.85	434.80	4.81
Trade receivables and other receivables	336.05	3.22	79.09	0.80	96.45	1.07
Borrowings to other persons	0.00	0.00	73.00	0.74	0.00	0.00
Inventories	7,406.75	70.98	6,742.96	68.51	5,904.31	65.35
Other current assets	1.14	0.01	4.05	0.04	74.84	0.83
Total current assets	8,135.96	77.97	7,376.33	74.94	6,510.42	72.06
Non-current assets						
Investment property	858.15	8.22	838.73	8.52	815.59	9.03
Land and equipment	264.85	2.54	265.05	2.69	252.38	2.79
Deferred tax assets	28.01	0.27	25.41	0.26	21.88	0.24
Intangible assets	43.67	0.42	39.38	0.40	35.08	0.39
Land held for development	1,027.84	9.85	1,233.72	12.54	1,310.23	14.50
Deposit at bank with commitment	64.73	0.62	47.71	0.49	74.19	0.82
Other non-current assets	11.55	0.11	16.14	0.16	15.08	0.17
Total non-current assets	2,298.80	22.03	2,466.14	25.06	2,524.43	27.94
Total assets	10,434.76	100.00	9,842.46	100.00	9,034.84	100.00
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	1,203.44	11.53	1,103.69	11.21	684.72	7.58
Short-term loans – promissory notes	65.00	0.62	20.00	0.20	62.00	0.69
Trade payables and other payables	608.82	5.83	474.03	4.82	466.22	5.16
Unrealized installment income	10.94	0.11	2.91	0.03	1.86	0.02
Current due long-term liabilities	1,321.20	12.66	1,170.43	11.89	1,157.35	12.81
Other current liabilities	21.43	0.21	22.86	0.23	30.37	0.33
Total current liabilities	3,230.83	30.96	2,793.92	28.38	2,402.53	26.59

	As at December 31, 2014		As at December 31, 2015		As at December 31, 2016	
	MB	%	MB	%	MB	%
Non-current liabilities						
Liabilities under financial leases	4.39	0.04	0.93	0.01	0.98	0.01
Long-term loans	1,430.18	13.71	1,023.60	10.40	619.48	6.86
Debentures	1,800.00	17.25	2,050.00	20.83	1,950.00	21.58
Provision for employee benefits	11.56	0.11	11.80	0.12	12.64	0.14
Deferred tax liabilities	0.00	0.00	0.70	0.01	0.70	0.01
Other creditors	26.06	0.25	28.53	0.29	37.27	0.41
Other non-current liabilities	42.23	0.41	38.07	0.39	34.64	0.38
Total non-current liabilities	3,314.42	31.77	3,153.63	32.05	2,655.70	29.29
Total liabilities	6,545.25	62.73	5,947.55	60.43	5,058.23	55.99
Shareholders' equity						
Registered capital – 1,220,011,755 common shares						
at Baht 1 per share			1,220.01		1,220.01	
1,276,041,855 shares,						
Baht 1 each	1,276.04					
Registered and paid capital						
- 1,220,011,755 common shares, Baht 1 each	1,220.01	11.69	1,220.01	12.40	1,220.01	13.50
- 1,219,971,755 common shares, Baht 1 each	-	-	-	-	-	-
Premium on share capital	443.32	4.25	443.34	4.50	443.34	4.91
Capital of share-based payment	8.11	0.08	8.11	0.08	8.11	0.09
Retained earning						
Appropriated - legal reserve	127.60	1.22	127.61	1.30	127.61	1.41
Unappropriated	2,090.44	20.03	2,095.84	21.29	2,177.54	24.10
Non-controlling interests	0.01	0.00	0.00	0.00	0.00	0.00
Total shareholders' equity	3,889.51	37.27	3,894.91	39.57	3,976.61	44.01
Total liabilities and shareholders' equity	10,434.76	100.00	9,842.46	100.00	9,034.84	100.00

Statements of Comprehensive Income

Unit: MB

	<u>As at December 31, 2014</u>		<u>As at December 31, 2015</u>		<u>As at December 31, 2016</u>	
	MB	%	MB	%	MB	%
Revenues						
Revenue from sales of real estate	2,372.83	94.95	2,482.86	93.39	2,872.90	94.59
Revenue from rental and service	35.17	1.41	132.46	4.98	133.78	4.41
Revenue from product sales	27.78	1.11	23.67	0.89	11.66	0.38
Revenue from construction contractor	23.09	0.92	0.00	0.00	0.00	0.00
Other revenues	40.14	1.61	19.75	0.74	18.89	0.62
Total revenues	2,499.01	100.00	2,658.74	100.00	3,037.23	100.00
Expenses						
Cost of sales of real estate	1,684.85	67.42	1,726.24	64.93	2,035.92	68.03
Cost of rental and service	21.85	0.87	105.74	3.98	86.44	2.85
Cost of sales of products	27.23	1.09	21.54	0.81	9.91	0.33
Cost of construction contractor	16.41	0.66	0.00	0.00	0.00	0.00
Selling and administrative expenses	578.85	23.16	615.55	23.15	542.11	17.85
Other expenses	30.59	1.22	22.50	0.85	14.18	0.47
Total expenses	2,359.78	94.42	2,491.57	93.72	2,688.56	89.53
Profit before income tax and financial costs	139.23	5.57	167.17	6.29	348.67	11.48
Interest expenses	34.68	1.39	56.16	2.11	64.68	2.13
Profit before corporate income tax	104.55	4.18	111.01	4.18	283.99	9.35
Income tax	30.06	1.20	44.61	1.68	68.10	2.24
Profit before minority interest	74.49	2.98	66.40	2.50	215.89	7.11
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00
Net profit	74.49	2.98	66.40	2.50	215.89	7.11
 Basic earnings per share		0.06		0.05		0.18
Weighted average number of common shares	1,219,971,755		1,220,011,755		1,220,011,755	
 Net earnings per diluted share						
Earnings per share – attributable to the parent company		0.06		0.05		0.18
Weighted average number of common shares (shares)	1,219,971,755		1,220,011,755		1,220,011,755	

Statements of Cash Flows

	2014	2015	2016
Cash flow from operating activities			
Profit (Loss) before corporate income tax	104.55	111.01	284.00
Item reconciled with net profit as cash received from			
(paid for) operating activities			
Revenue from penalty for delay			
Gain from disposal of temporary investment	0.00	0.00	(0.22)
Other income	(0.27)	0.00	0.00
Depreciation of assets	10.34	50.67	51.66
Doubtful accounts	4.06	19.23	(0.11)
Amortized intangible assets	1.01	4.72	4.71
Loss on impairment of assets	2.74	0.00	0.00
Loss on disuse of assets	0.54	0.56	0.02
Employee benefits	3.68	0.24	0.85
List of share-based expenses	0.99	0.00	0.00
Other expenses	(3.69)	1.62	1.16
Losses from lawsuits	26.53	3.27	4.55
Interest income	(21.20)	(5.93)	(4.10)
Interest expense	34.68	56.16	64.68
Profit (loss) from operating activities			
before changes of operating assets and liabilities	163.96	241.55	407.19
(Increase) decrease in operating assets			
Trade account receivables	(130.95)	235.69	(17.25)
Inventories	(403.94)	717.45	1,034.32
Other current assets	234.56	(2.91)	(70.80)
Land held for development	0.00	0.00	(3.52)
Other non-current assets	1.28	0.12	4.62
(Increase) decrease in operating assets	(299.05)	950.35	947.37
Increase (decrease) in operating liabilities			
Trade account payables and other payables	154.99	(193.52)	(8.65)
Land payables – promissory notes	(9.00)	0.00	0.00
Unrealized installment income	(33.00)	(8.03)	(1.05)
Other current liabilities	4.01	52.25	(3.18)
Other non-current liabilities	28.99	(4.17)	(3.43)
Increase (decrease) in operating liabilities	145.99	(153.48)	(16.31)
Cash received from (paid for) operating activities	10.90	1,038.42	1,338.25
Cash paid for interest	(291.01)	(309.15)	(262.09)
Cash paid for income tax	(52.54)	(45.85)	(63.15)
Net cash provided from (used in) operating activities	(332.65)	683.42	1,013.02

	2014	2015	2016
Cash flows from investing activities			
(Increase) decrease in loans to other persons	0.00	(73.00)	0.00
Cash received from sales of current investment	0.00	0.00	0.00
(Increase) decrease in fixed deposit with commitment	16.38	17.88	(16.22)
Cash received from sales of assets	0.27	0.00	0.51
Cash received from interest	5.07	9.60	4.10
Cash paid for purchase of office equipment and supplies	(180.74)	(31.58)	(13.60)
Cash paid for purchase of investment property	(521.48)	(3.73)	(0.08)
Cash paid for acquisition of intangible assets	(15.21)	(0.44)	(0.41)
Net cash provided from (used in) investing activities	(695.71)	(81.27)	(25.70)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	280.08	(79.75)	(418.96)
Increase (decrease) in short-term borrowings	20.00	(65.00)	42.00
Increase (decrease) in liabilities under financial lease	(4.60)	(4.57)	(3.73)
Increase (decrease) in long-term borrowing - net	882.47	387.84	140.00
Cash paid for long-term borrowings	(1,222.75)	(894.47)	(654.85)
Cash received from debenture issuance - net	1,450.00	1,100.00	350.00
Cash received from share payment	(284.40)	(900.00)	(350.00)
Cash paid for ordinary share payment	0.06	0.00	0.00
Dividend payment	(24.40)	(61.00)	(134.20)
Net cash provided from (used in) financing activities	1,096.46	(516.95)	(1,029.74)
Increase (decrease) in cash and cash equivalents - net	68.09	85.20	(42.43)
Cash and cash equivalents balance as at January 1	323.93	392.03	477.23
Cash and cash equivalents balance as at December 31	392.03	477.23	434.80

Key Financial Ratios

Items	2014	2015	2016
Liquidity Ratios			
Current ratio (times)	2.52	2.64	2.71
Quick ratio (times)	0.23	0.23	0.25
Receivables turnover – real estate (times)	7.06	31.39	29.79
Average collection – real estate (days)	50.98	11.47	12.09
Inventory turnover (times)	0.33	0.26	0.51
Average days of sales (days)	1,066.99	1,406.21	699.83
Account payables turnover (times)	2.87	3.69	4.39
Debt repayment (days)	125.22	97.64	82.04
Cash cycle (days)	992.75	1,320.04	629.88
Profitability Ratios			
Gross profit margin – real estate (%)	28.99	30.47	29.13
Gross profit margin – construction materials (%)	28.94	-	-
Operating profit margin (%)	5.66	6.67	11.48
Net profit margin (%)	2.98	2.50	7.11
Return on equity (%)	1.92	1.70	5.43
Efficiency Ratios			
Return on total assets (%)	0.71	0.67	2.39
Return on fixed assets (%)	3.24	2.69	8.55
Asset turnover (times)	0.24	0.27	0.34
Financial Policy Ratios			
Debt to equity ratio (times)	1.50	1.53	1.27
Interest bearing debt to equity ratio (times)	1.50	1.38	1.13
Interest debt service coverage ratio (times)	4.01	2.98	5.39
Dividend payout (%)	83	92	68*

13. Explanation and Analysis of Financial Position and Operation Results
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13.1 Analysis of Operating Results

Overview of Past Performance

The Bank of Thailand reported an improvement in Thai economy in 2016 and outlook for 2017. Real estate sector slightly expanded from the previous quarter. Most property developers have proceeded with PR campaigns through multi-channel media and launched new projects after some delay in 2016 last quarter. However, viewing that the prevailing high household debts particularly in the middle to lower market would still be a key factor to slacken housing demand, entrepreneurs have thus been more prudent in their business undertakings. Some large ones have come up with business restructuring initiatives to distribute risks, e.g. switching from middle to lower segment to focus more on upper segment, business diversification to hotel and industrial estate development, and so on.

In 2014, the Company and its subsidiaries launched five new projects with project value of approximately 6,120 MB, bringing the total number of projects launched to 24 projects with a total project value of 22,611.62 MB and a total sales value of 14,792.45 MB. Pre-sale in 2014 accounted for 1,673.61 MB and total revenue recognition from sales of real estate was approximately 2,372.83 MB.

In 2015, four new projects were launched by the Company and its subsidiaries with project value of around 4,700 MB, resulting in the total number of 27 projects launched with a total project value of 27,598.01 MB and a total sales value of 14,275.43 MB. Pre-sale in 2015 amounted to 2,259.23 MB and total revenue recognition from sales of real estate was approximately 2,482.86 MB.

In 2016, the Company and its subsidiaries launched one new project with project value of around 1,000 MB, resulting in the total number of 26 projects launched with a total project value of 26,405.40 MB and a total sales value of 15,083.09 MB. Pre-sale in 2016 amounted to 2,777.95 MB and total revenue recognition from sales of real estate was approximately 2,872.90 MB.

In 2014, 2015 and 2016, the Company recorded a gross profit from sales of real estate of 687.98 MB, 756.62 MB and 836.98 MB respectively. The gross profit in 2015 moved up by 9.97% due to an increase in revenue recognition from sales of townhouses and condominiums. In 2016, the gross profit grew by 10.62% thanks to an increase in revenue recognition.

In 2014, the Company and its subsidiaries generated revenues from sales of real estate of 2,372.83 MB, which decreased from the revenue recognition in 2013 by 25.24 MB or 1.05%. The main reason was a delay in project launch in 2013 which relatively led to a decline in revenue recognition in 2014.

In 2015, revenues from sales of real estate totaled 2,482.86 MB, growing by 110.03 MB or 4.64% from the revenues recognized in 2014 due to an increase in revenue recognition from sales of townhouses and condominiums.

In 2016, the Company and its subsidiaries recorded revenues from sales of real estate of 2,872.90 MB, which picked up from the revenue recognition in 2015 by 390.04 MB or 15.71% attributable to an increase in revenue recognition from single detached houses and townhouses.

A. Revenues

The major income of the Company and its subsidiaries is from sales of real estate in the type of housing estate and condominium. In 2014, 2015 and 2016, they recorded consolidated revenues from real estate sales of 2,372.83 MB, 2,482.86 MB and 2,872.90 MB respectively.

The Company earned revenues from sales of single detached houses in the upper market amounting to 554.36 MB in 2014, 360.72 MB in 2015 and 571.70 MB in 2016, representing 20.85%, 19.28% and 18.82% of total revenues from real estate sales in 2014, 2015 and 2016, respectively.

Revenues	Operator	2014		2015		2016	
		Consolidated		Consolidated		Consolidated	
		Financial Statement	Financial Statement	Financial Statement	Financial Statement	Financial Statement	Financial Statement
		MB	%	MB	%	MB	%
Single detached house-upper market	Prin	508.15	20.34	554.36	20.85	571.70	18.82
Single detached house-middle market/Duplex house	Prin	546.34	21.86	360.72	13.57	682.97	22.48
Townhouse/Home office	Prin/Prin Venture	638.03	25.53	808.04	30.39	1,061.44	34.95
Condominium	Prin/Prin Venture	680.31	27.22	759.74	28.58	556.79	18.33
Total revenues from real estate sales	Prin/Prin Venture	2,372.83	94.95	2,482.86	93.39	2,872.90	94.58
Revenues from rental and services	Plearnary	35.17	1.41	132.46	4.98	133.78	4.41
Revenues from sales of goods	Grow Yotha	27.78	1.11	23.67	0.89	11.66	0.39
Revenues from construction works	Grow Yotha	23.09	0.92	0.00	0.00	0.00	0.00
Other revenues	Prin/Subsidiaries	40.14	1.61	19.75	0.74	18.89	0.62
Total revenues		2,499.01	100.00	2,658.74	100.00	3,037.23	100.00

Note: Sales prices of single detached house-upper market start from 10 MB.

Sales prices of single detached house-middle market are in a range of 4.50 – 10 MB.

The Company earned revenues from sales of single detached houses in the upper market amounting to 554.36 MB in 2014, 360.72 MB in 2015 and 571.70 MB in 2016, representing 20.85%, 19.28% and 18.82% of total revenues from real estate sales in 2014, 2015 and 2016, respectively.

The Company and its subsidiaries' revenues from sales of single detached houses in the middle market were 546.34 MB in 2014, 360.72 MB in 2015 which dropped by 33.98% from the previous year, and 682.97 MB in 2016 which surged by 89.33% from the foregoing year.

Revenues from sales of townhouses/home offices amounted to 638.03 MB, 808.04 MB and 1,061.44 MB in 2014-2016 respectively, growing by 26.65% in 2015 and 31.35% in 2016 compared with the preceding years.

In 2014, the Company recognized revenues from detached houses higher than revenues from townhouses and condominiums worth 1,054.49 MB, representing 44.44% of revenues from real estate. This was because there was no new launch of townhouse project, leading the revenue recognition from sales of townhouses to drop accordingly. In 2015, the Company recognized revenues from detached houses higher than revenues from townhouses and condominiums worth 915.08 MB, representing 36.86% of revenues from real estate, and in 2016, it also recognized revenues from detached houses higher than revenues from townhouses and condominiums worth 1,254.67 MB, representing 43.67% of revenues from real estate.

In addition, the Company earned revenues from rental and services through Plearnary Mall Co., Ltd. and its affiliated companies, which are subsidiaries of the Company. In 2014-2016, the Company and subsidiaries recorded revenues from sales of goods amounting to 35.17 MB, 132.46 MB and 133.78 MB respectively, representing a growth of 276.66% and 0.99% from the previous years respectively.

In 2014-2016, the Company earned revenues from sales of construction materials and construction works through Grow Yotha Group Co., Ltd., a subsidiary, which served as a modification/extension contractor for customers of Prinsiri projects.

B. Cost of sales

Cost of sales of real estate consists of land cost, land development cost, construction cost, project-related expenses and interest expenses. In 2014, 2015 and 2016, the Company and its subsidiaries incurred total cost of real estate sales of 1,684.85 MB, 1,726.24 MB and 2,035.92 respectively, representing 71.01%, 69.53% and 70.86% of revenues from real estate sales respectively.

In 2014, the percentage of cost of sales increased due to a hike in the major cost of sales. However, in 2015, a decline in cost of construction materials led the percentage of cost of sales to drop. In 2016, the percentage of cost of sales went up in line with an increase in revenues from real estate sales.

The major cost of sales of the Company and its subsidiaries included variable costs such as land cost, construction cost, project-related expenses and interest expenses. The increase in cost of sales was ascribed to a hike in cost of construction materials, while selling prices may not be substantially raised in some locations where competition was tough.

C. Total expenses

In 2016, the Company and its subsidiaries incurred total expenses of 556.29 MB, which made up 18.43% of total revenues as most of the expenses were fixed costs. In 2014, 2015 and 2016, selling expenses amounted to 141.49 MB, 165.08 MB and 115.78 MB respectively, going up by 16.68% in 2015 but falling by 29.86% in 2016 due to efficient control of costs and expenses.

D. Profit

The Company posted a gross profit of 687.98 MB from real estate sales in 2014, a decrease of 14.46% which was not a significant change. It generated a gross profit from real estate sales of 756.62 MB in 2015, which grew by 9.97% in line with the revenue recognition, and 836.98 MB in 2016, an increase of 10.62% which was not a significant change.

In 2014, the Company and its subsidiaries generated a net profit of 74.49 MB and a net profit margin of 2.98%. Major factors causing the net profit decrease were that the revenues from real estate sales did not meet the target and selling expenses went up in line with a launch of new projects which had a relatively high value of sales. Another factor leading to such net profit drop was that a subsidiary was still in the early stage of development of investment property, i.e. a community mall project. At present, the project has already operated commercially and started the revenue recognition in late September 2014.

In 2015, the Company and its subsidiaries recorded a net profit of 66.41 MB and a net profit margin of 2.50%. The decrease in 2015 net profit chiefly sprang from the fact that the revenues from real estate sales failed to meet the target and selling expenses went up to support the new project launch. Another factor was loss incurred by a subsidiary which commenced operation in late 2014.

In 2016, the Company and its subsidiaries posted a net profit of 215.89 MB and a net profit margin of 7.15%. The 2016 net profit increase was attributable to the rise in revenues from real estate sales and the lowered expenses following the Company's efficient control of expenses.

In 2014, the Company and its subsidiaries generated a net profit of 74.49 MB and a net profit margin of 2.98%. Major factors causing the net profit decrease were that the revenues from real estate sales did not meet the target and selling expenses went up in line with a launch of new projects which had a relatively high value of sales. Another factor leading to such net profit drop was that a subsidiary was still in the early stage of development of investment property, i.e. a community mall project. At present, the project has already operated commercially and started the revenue recognition in late September 2014.

In 2015, the Company and its subsidiaries recorded a net profit of 66.41 MB and a net profit margin of 2.50%. The decrease in 2015 net profit chiefly sprang from the fact that the revenues from real estate sales failed to meet the target and selling expenses went up to support the new project launch. Another factor was loss incurred by a subsidiary which commenced operation in late 2014.

In 2016, the Company and its subsidiaries posted a net profit of 215.89 MB and a net profit margin of 7.15%. The 2016 net profit increase was attributable to the rise in revenues from real estate sales and the lowered expenses following the Company's efficient control of expenses.

E. Return on equity

The Company and its subsidiaries recorded return on equity of 1.92% in 2014, falling from the previous year caused by the increase in selling and administrative expenses as in C, which led to a relative drop in net profit. In 2015, the return on equity stood at 1.70%. However, the Company and its subsidiaries' return on equity improved to 5.43% in 2016.

13.2 Analysis of Financial Position

Assets

Total assets of the Company and its subsidiaries at the end of 2014, 2015 and 2016 accounted for 10,434.76 MB, 9,842.46 MB and 9,034.84 MB respectively. In 2014, the total assets of the Company and its subsidiaries consisted of current assets and non-current assets of 8,135.96 MB and 2,298.80 MB, representing 77.97% and 22.03% of total assets respectively. The major asset item was inventories, amounting to 7,406.75 MB or 70.98% of total assets.

In 2015, the Company and its subsidiaries' total assets comprised current assets of 7,376.33 MB and non-current assets of 2,466.14 MB, making up 74.94% and 25.06% of total assets respectively. The Company's assets consisted largely of inventories of 6,742.96 MB, representing 68.51% of total assets.

In 2016, the total assets comprised current assets of 6,510.42 MB and non-current assets of 2,524.43 MB, making up 72.06% and 27.94% of total assets respectively. The Company's assets consisted largely of inventories of 5,904.31 MB, representing 65.35% of total assets.

Accounts receivable-net

At the end of 2014, 2015 and 2016, the Company and its subsidiaries had net accounts receivable of 29.41 MB, 5.91 MB and 3.67 MB respectively. In 2014, the accounts receivable mainly were short-term receivables. In 2015, the net accounts receivable went down due to a decline in short-term receivables and deduction of allowance for doubtful accounts. For 2016 the net accounts receivable went down due to a decline in short-term receivables

The details of the accounts receivable at year-end 2014, 2015 and 2016 are as shown in the table below:

(Unit: Baht)

Details of accounts receivable	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016
Currently due	4,020,188.45	3,990,853.51	3,349,097.14
1-90 days overdue	20,288,739.66	1,516,952.74	571,738.72
91-180 days overdue	7,277,177.00	616,642.56	48,150.00
181-360 days overdue	1,270,832.00	145,604.23	0.00
More than 360 days overdue	3,832,276.00	13,672,891.00	13,918,681.00
Total	36,689,213.11	19,942,944.04	17,887,666.86
Less Allowance for doubtful accounts	7,279,013.69	14,030,080.50	13,918,681.00
Accounts receivable-net	29,410,199.42	5,912,863.54	3,968,985.86

The Company and its subsidiaries have a policy to set aside a provision for doubtful accounts based on their estimates of expected bad debts and past debt repayment records. As at the end of 2014, 2015 and 2016, total allowance for doubtful accounts of the Company and its subsidiaries stood at 7.28 MB, 14.03 MB and 13.92 MB respectively.

As at the end of 2014, 2015 and 2016, the Company and its subsidiaries had accounts receivable overdue for more than 360 days of 3.83 MB, 13.67 MB and 13.92 MB respectively. The accounts receivable were construction materials trade receivable of Grow Yotha Group Co., Ltd. To manage the accounts receivable, the Management has imposed a clear policy regarding credit limit, aging and prosecution to force the debtors to repay the debts. Revision was also made to payment conditions for the installments to construction contractors, thereby enabling the Company to deduct cost of construction materials sold by Grow Yotha Group Co., Ltd. to the contractors from the installment amount to be paid by the Company to the contractors. In 2016, the Company recorded an increase in the overdue accounts receivable but a drop in short-term receivables.

Payments under projects currently in operation

In 2016, the Company recorded the cumulative amount due from debtors by installment method of 14,902.19 MB, accounting for 98.80% of the value of projects sold. Of this, the cumulative amount of payments was 14,902.14 MB, or 98.80% of the cumulative amount due, with the cumulative outstanding amount overdue of 0.05 MB, or 0.00% of the cumulative amount due. The amount not yet due totaled 180.90 MB, or 1.20% of the value of projects sold. Details are shown in the table below:

Table showing details of payments under the existing projects as at December 31, 2016

(Unit: MB)

Project name	Value sold	Cumulative amount due		Cumulative payment		Cumulative outstanding		Outstanding balance not yet due	
		MB	As % of value sold	MB	As % of value sold	MB	As % of value sold	MB	As % of value sold
Prinsiri Nawamin	709.32	709.32	100.00	709.32	100.00	0.00	0.00	0.00	0.00
Prinyada Chamchan	157.14	157.14	100.00	157.14	100.00	0.00	0.00	0.00	0.00
Sirtawara	1,099.49	1,099.49	100.00	1,099.49	100.00	0.00	0.00	0.00	0.00
Zerene Rama 2 - Takham	603.35	603.35	100.00	603.35	100.00	0.00	0.00	0.00	0.00
Zerene Phetkasem Phutthamonthon 3	766.27	734.75	95.89	734.70	95.88	0.05	0.01	31.52	4.11
PRINN Sathom - Ratchaphruek	1,056.82	1,056.82	100.00	1,056.82	100.00	0.00	0.00	0.00	0.00
Iconature Rama 2	202.92	202.92	100.00	202.92	100.00	0.00	0.00	0.00	0.00
Iconature Ramindra 109	531.17	497.25	93.61	497.25	93.61	0.00	0.00	33.92	6.39
Zerene Kallapaphruek	593.06	580.18	97.83	580.18	97.83	0.00	0.00	12.88	2.17
Total detached house	5,719.55	5,641.23	98.63	5,641.18	98.63	0.05	0.00	78.32	1.37
City sense rama2	107.09	53.02	49.51	53.02	49.51	0.00	0.00	54.08	50.49
Sixnature Ekachai-Bangbon	707.56	703.17	99.38	703.17	99.38	0.00	0.00	4.39	0.62
Sixnature Ramindra (Phayasurain 24)	189.83	185.65	97.80	185.65	97.80	0.00	0.00	4.18	2.20
Corazon Prachachuen	256.10	249.71	97.50	249.71	97.50	0.00	0.00	6.39	2.50
Indrapaj (Phetkasem 69)	490.75	488.21	99.48	488.21	99.48	0.00	0.00	2.55	0.52
Citysense Ramindra (Phayasurain 30)	264.29	259.03	98.01	259.03	98.01	0.00	0.00	5.26	1.99
Citysense Salaya	281.13	274.80	97.75	274.80	97.75	0.00	0.00	6.33	2.25
Total townhouse	2,522.36	2,439.20	96.70	2,439.20	96.70	0.00	0.00	83.17	3.30
Smart Condo Rama 2	1,912.58	1,911.32	99.93	1,911.32	99.93	0.00	0.00	1.26	0.07
Bridge Satorn-Narathiwas	370.94	366.97	98.93	366.97	98.93	0.00	0.00	3.97	1.07
Smart Condo Watcharaphon	728.88	728.88	100.00	728.88	100.00	0.00	0.00	0.00	0.00
Zelle Rattanathibet	791.87	782.54	98.82	782.54	98.82	0.00	0.00	9.33	1.18
Zelle Salaya (1, 3, 5, 7, 9 & 11)	255.50	255.50	100.00	255.50	100.00	0.00	0.00	0.00	0.00
Total Prinsiri condominium	6,608.28	6,593.72	99.78	6,593.72	99.78	0.00	0.00	14.56	0.22
Total Prinsiri	14,850.19	14,674.15	98.81	14,674.10	98.81	0.05	0.00	176.05	1.19
Iconature Salaya	83.08	83.08	100.00	83.08	100.00	0.00	0.00	0.00	0.00
Total detached house	83.08	83.08	100.00	83.08	100.00	0.00	0.00	0.00	0.00
Zelle Salaya (2, 4, 6, 8 & 10)	149.81	144.96	96.76	144.96	96.76	0.00	0.00	4.85	3.24
Total PRINN Venture condominium	149.81	144.96	96.76	144.96	96.76	0.00	0.00	4.85	3.24
Total PRINN Venture	232.89	228.04	97.92	228.04	97.92	0.00	0.00	4.85	2.08
Total Prinsiri+PRINN Venture	15,083.09	14,902.19	98.80	14,902.14	98.80	0.05	0.00	180.90	1.20

Table showing details of cumulative outstanding amount overdue as at December 31, 2016

(Unit: MB)

Project name	Outstanding amount overdue		1-30 days overdue	31-60 days overdue	61-90 days overdue	More than 90 days overdue
	No.	MB	MB	MB	MB	MB
Zerene Phetkasem Phutthamonthon 3	1	0.05	0.05			
Total detached house	1	0.05	0.05	0.00	0.00	0.00
City sense rama2	2	0.01	0.01			
Total townhouse	2	0.01	0.01	0.00	0.00	0.00
Total Prinsiri condominium	0	0.00	0.00	0.00	0.00	0.00
Total Prinsiri	3	0.06	0.06	0.00	0.00	0.00
Total Prinsiri+PRINN Venture	3	0.06	0.06	0.00	0.00	0.03

Note Data were collected by installment method and ownership was not yet transferred to the debtors. The outstanding amounts overdue shown in the table are different from the outstanding receivable figures in the Notes to the Financial Statements which are recorded based on recognition upon work completion and ownership transfer. Due to the different methods of data collection, the outstanding amounts shown in this table are either higher or lower than those stated in the financial statements.

Inventories

In 2014, the Company and its subsidiaries recorded inventories of 7,406.75 MB, mostly arising from an increase in land and land development which made up 58.91% of the total inventories.

In 2015, the inventories amounted to 6,742.96 MB, mainly comprising land and land development which constituted 55.73% of the total inventories.

In 2016, the Company and its subsidiaries recorded inventories of 5,904.31 MB, mostly coming from land and land development which made up 53.68% of the total inventories.

Details of inventories as at the end of 2013, 2014 and 2015 are shown in the table below:

(Unit: Baht)

Details	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016
Finished goods			
- Condominiums	266,283,838.98	129,977,300.75	51,672,334.61
- Houses for sale	26,454,516.52	26,454,516.52	22,454,516.76
- Construction materials	4,793,446.31	6,058,574.21	530,471.46
- Construction materials	4,808,274.81	2,443,230.29	1,672,645.03
Land and land development	4,363,212,003.88	3,757,629,249.51	3,169,813,368.68
Construction in progress	2,000,544,260.98	1,959,328,823.56	1,770,036,967.08
Project-related expenses	282,704,117.87	292,382,772.36	269,582,805.76
Deferred interest	457,949,629.01	568,682,362.26	618,549,972.29
Total	7,406,750,088.36	6,742,956,829.46	5,904,313,081.67

As at the end of 2014, 2015 and 2016, land and construction of the Company and its subsidiaries amounted to 6,831.38 MB, 6,548.16 MB and 5,109.26 MB respectively (land and construction of the Company only was equal to 6,309.13 MB, 5,921.18 MB and 4,424.29 MB respectively). Such properties have been mortgaged as collateral for bank overdrafts and short-term loans from financial institutions, aval of promissory notes, long-term loans, bank guarantee facilities and loan guarantee for a subsidiary.

As of year-end 2014, 2015 and 2016, the Company and its subsidiaries recorded interest expense to the project cost amounting to 261.87 MB, 255.85 MB and 196.72 MB respectively.

The Company does not have to set aside a provision for impairment of assets because it has hired an SEC-approved independent valuation firm to appraise the value of land and construction available for sale of the Company and its subsidiaries. The valuation showed that the appraised prices were higher than the acquisition costs of those assets.

Land and equipment-net

As at the end of 2014, 2015 and 2016, the Company and its subsidiaries recorded a net value of land and equipment of 264.85 MB, 265.05 MB and 252.38 MB respectively, declining by 4.78% in 2016. They consisted mainly of land, buildings and decoration of buildings and offices for business operation of Plearnary Mall Co., Ltd. and Grow Yotha Group Co., Ltd., and investment in machinery and vehicles.

Details of land and equipment-net as at year-end 2013, 2014 and 2015 are tabulated below:

(Unit: Baht)

Details	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016
Land	69,556,768.28	69,556,768.28	73,666,101.42
Buildings and construction	45,631,610.02	44,543,667.22	45,774,175.51
Machinery	2,758,222.00	4,158,222.01	4,158,222.01
Machinery and equipment	31,180,889.02	35,241,681.26	35,539,047.05
Worker camps	471,748.63	471,748.63	471,748.63
Decoration and building improvements	89,727,974.78	109,249,573.26	109,249,573.26
Office furniture	16,784,079.13	8,152,762.87	8,525,428.87
Office supplies	26,225,964.37	25,345,358.87	28,961,789.54
Computers	41,906,734.46	41,038,522.12	41,009,048.62
Vehicles	21,591,409.24	28,193,673.47	31,934,873.47
Construction in progress	3,878,676.12	1,534,950.52	6,305,300.71
Total	349,714,076.05	367,486,928.51	385,595,363.09
Accumulated depreciation	82,122,000.73	99,693,722.39	130,472,150.31
Allowance for impairment	2,742,542.88	2,742,542.88	2,742,542.88
Land and equipment-net	264,849,532.44	265,050,663.24	252,380,669.90

Land held for development

As at the end of 2014 and 2015, the Company and its subsidiaries had land held for development of 1,027.84 MB and 1,233.72 MB respectively, up by 205.87 MB or 20.03%.

As of year-end 2016, land held for development grew from the foregoing year by 76.52 MB to 1,310.23 MB coming mainly from one additional plot of land held for development with book value of 73.00 MB.

Investment property

As of year-end 2014, the Company and its subsidiaries' investment property grew to 858.15 MB due to development of a small community mall project, which was completed and became commercially operational in late September 2014. The Company has offered the entire investment property as collateral for long-term loans of a subsidiary.

As at year-end 2015, the Company and its subsidiaries had investment property of 838.73 MB, arising from development of a small community mall. The Company has mortgaged the entire investment property as collateral for long-term loans of a subsidiary.

As at year-end 2016, the Company and its subsidiaries' investment property accounted for 815.59 MB, arising from development of a small community mall. The Company has placed the entire investment property as collateral for long-term loans of a subsidiary.

Pledged bank deposits

At the end of 2014, 2015 and 2016, the Company and its subsidiaries recorded pledged bank deposits of 64.73 MB, 47.71 MB and 74.18 MB respectively. In 2016, a portion of savings deposits of the Company, amounting to 37.27 MB, was derived from the central public utility charges collected from customers, whereby the Company and its subsidiaries have an obligation to transfer such fund when a housing estate juristic person for the individual projects has been successfully established. The Company and its subsidiaries recorded such liabilities as 'other payables.' The remainder was placed as collateral for bank guarantees.

Liquidity

Cash flow from operating activities

In 2014, the Company and its subsidiaries' cash flow used in operating activities decreased by 332.65 MB resulting from an increase in payment for project development.

In 2015, the cash flow used in operating activities rose by 683.42 MB due to increased payment for project development.

In 2016, the cash flow used in operating activities surged by 1,013.02 MB due to increased payment for project development.

Cash flow from investing activities

In 2014, the Company and its subsidiaries' cash flow used in investing activities declined by 695.71 MB, largely resulting from payment for development of investment property.

In 2015, the cash flow used in investing activities went down by 81.27 MB, primarily stemming from loans extended to other parties and purchases of equipment and office supplies.

In 2016, the cash flow used in investing activities declined by 25.70 MB, primarily stemming from pledged fixed bank deposits and work in process as well as purchases of equipment and office supplies.

Cash flow from financing activities

In 2014, the Company and its subsidiaries recorded an increase in net cash flow provided from financing activities of 1,096.46 MB due to debenture issuance of 1,165.60 MB.

In 2015, the net cash flow provided from financing activities decreased by 516.95 MB as a result of loan repayments.

In 2016, the net cash flow provided from financing activities declined by 1,029.74 MB as a result of repayments of short-term and long-term financial institution loans and dividend payment.

Net cash flow

In overall, as at the end of 2014, 2015 and 2016, the Company and its subsidiaries recorded net cash flow of 68.09 MB, 85.20 MB and 42.43 MB respectively, increasing by 25.13% in 2015 and dropping by 149.79% in 2016.

Liquidity ratio

In 2014, 2015 and 2016, the liquidity ratio stood at 2.52 times, 2.64 times and 2.71 times respectively and the quick ratio was at 0.23 times, 0.23 times and 0.25 times respectively. In 2016, the liquidity ratio edged up slightly from 2015 due to a drop in current liabilities.

Capital expenditure

In 2005 and 2006, the Company and its subsidiaries recorded capital expenditure of 173.69 MB and 63.32 MB respectively. In 2005, the Company invested 32.00 MB in acquisition of 99.99% of share capital of Grow Yotha Group Co., Ltd., a contractor and supplier of construction materials, to be one of the Company's business units to control cost of building materials for its project development and enhance its competitiveness. Due to the plentiful liquidity at that time, the Company also invested in a fixed income fund in order to generate benefits. During the year, it recorded a net purchase and sale of 139.14 MB. Moreover, the Company entered into a joint venture with Univentures Plc. to establish Prin Venture Co., Ltd. in a proportion of 51% of the registered capital or equal to an investment value of 2.55 MB.

In 2006, the Company injected another 36.34 MB into the paid-up capital of Prin Venture Co., Ltd. The Company and its subsidiaries also had current investments which included an investment in a fixed income fund. The investments were mainly from Grow Yotha Group Co., Ltd. During the year, the net purchase and sale of investment in the fund was 26.98 MB.

In 2007, the Company additionally made a pro rata share payment in an amount of 12.11 MB, leading the share capital of Prin Venture Co., Ltd. to be fully paid-up to the authorized capital of 100.00 MB. Furthermore, the Company formed a new entity, CN SPR (Thailand) Ltd., with a fully paid-up capital of 2 MB in which the Company holds a 99.99% stake, to engage in trading and offering of real estate for rent. The Company and its subsidiaries also had current investments which included an investment in a fixed income fund. The investments were mainly from Grow Yotha Group Co., Ltd. During the year, the net purchase and sale of investment in the fund was 16.07 MB.

In 2010, the Company acquired the entire shares held by Univentures Plc. in Prin Venture Co., Ltd., thus leading the Company to hold 100% of shares in Prin Venture Co., Ltd.

In 2013, the Company invested in Plearnary Mall Co., Ltd., an operator of shopping center (community mall) business with an initial capital of 1 MB. Plearnary Mall Co., Ltd. later increased its capital by 69 MB to a total paid-up capital of 70 MB, of which 99.97% was held by the Company. Moreover, the Company invested in Prin Energy Co., Ltd., which engages in production and supply of electricity from solar energy and renewable energy for residences and office buildings, designing of solar power plants and maintenance of the solar power system, with a paid-up capital of 1 MB in which the Company owns a stake

of 99.97%. The Company also provided a short-term loan to Grow Yotha Group Co., Ltd. to purchase land worth approximately 43 MB for plant construction. In 2014, Grow Yotha already repaid the loan to the Company.

In 2014, the Company acquired 99.97% of share capital in Pleanland Co., Ltd., an operator of a theme park and education center for children with a paid-up capital of 1 MB, and also invested in 99.97% of registered capital in Eatery Co., Ltd., an operator of restaurant business with a paid-up capital of 1 MB. Both of them are affiliated to Plearnary Co., Ltd.

Sources of capital

Liabilities

As at the end of 2014, 2015 and 2016, the Company and its subsidiaries had total liabilities of 6,545.25 MB, 5,947.55 MB and 5,058.23 MB respectively, down by 9.13% in 2015 and 14.95% in 2016.

The increase in total liabilities in 2014 was due to an increase in short-term loans from financial institutions and an issuance of debenture.

The decline in total liabilities in 2015 resulted from a decrease in short-term liabilities. In 2016, the drop in total liabilities was caused by a decrease in short-term and long-term loans from financial institutions.

Shareholders' equity

In 2014, the Annual General Meeting of Shareholders (AGM) of the Company for the year 2014 resolved to pay a cash dividend for the operation of 2013 at Baht 0.02 per share or a total of 24.39 MB, which was paid from net profit with tax exemption from the Board of Investment (BOI).

In 2015, the AGM of the Company for the year 2015 resolved to pay a cash dividend for the operation of 2014 at Baht 0.05 per share or a total of 61.00 MB, which was paid from net profit with tax exemption from the BOI.

In 2016, the AGM of the Company for the year 2016 resolved to pay a cash dividend for the operation of 2015 at Baht 0.05 per share or a total of 61.00 MB, which was paid from net profit with tax exemption from the BOI.

The Board of Directors of the Company at its meeting held on August 9, 2016 resolved to pay an interim cash dividend for the operation of 2016 at Baht 0.06 per share or a total of 73.20 MB, which was paid from net profit with tax exemption from the BOI.

Appropriateness of the capital structure

The Company and its subsidiaries' debt to equity ratio, standing at 1.50 times, 1.38 times and 1.13 times as at the end of 2014, 2015 and 2016 respectively. In 2016, the debt to equity ratio edged down from 2015 due to a decline in the Company's total liabilities.

The industry's debt to equity ratio is equal to 1 time approximately. The Company has a policy to maintain its debt to equity ratio at around 1.2 times to safeguard the Company and investors against risk. However, taking into account the Company's plan to expand both the real estate business and the investment of its subsidiary (Plearnary Mall), the Company's Board of Directors therefore resolved to adjust the debt to equity ratio policy to approximately 1.5 times to respond to such business expansion plan.

13.3 Factors and Influences Which May Affect Future Operation or Financial Position

Major factors such as internal political situation, world economic slowdown, oil price trend, increasing interest rates, weak consumer confidence and disasters have had a strong influence on consumers' housing demand and buying decision. Any impact from these factors could lead to a change in their demand for housing. Likewise, an adverse effect could slacken the Company's sales of products and relatively result in a higher volume and cost of inventories, thus likely hurting its liquidity and profitability.

Nevertheless, the Company's commitment to product and service excellence which underlies the slogan "The Art of Living" has brought about acceptance and trust from consumers for the "Prinsiri" brand. To minimize such possible impact, the Company conducts research and studies consumer behaviors before developing projects to ensure that its products could best address consumers' requirements. Construction is planned to be in line with sales estimates and, for large projects, is carried out in phases. Hence, if sales of products become slower, the Company can slow down or even halt the construction. The Company also launches marketing promotion campaigns on a continuous basis in order to create brand awareness, induce

Demands for the products and reiterate its brand recognition. At the same time, such campaigns help to build confidence in the products and strengthen the Company's image.

According to the Bank of Thailand's press release on the result of its December 2015 meeting, the Thai economy exhibited a continuous recovery being close to the prediction in the monetary policy report. The improved export and private consumption helped offset the slower than expected growth of service export in tourism and private investment while public spending steadily remained the key driver of economic expansion.

The Company expects that housing demand and purchasing power in 2016 will recover at a slow pace, while commercial banks will remain stringent in their lending. These factors may affect consumers' purchasing decisions. It is expected that the real estate industry will continue to be highly competitive. The Company has adjusted its competition strategy and planned to launch new projects with a proper marketing plan and mitigation of business risk and income volatility. The Company has also planned to expand into a more diverse type of real estate projects to address the change in behaviors of target customers.

13.4 Auditor's Remuneration

The Company and its subsidiaries paid 2.45 MB, 2.75 MB and 2.85 MB in remuneration to the auditors in the 2014, 2015 and 2016 accounting periods respectively, and did not pay any other non-audit fees.

13.5 Financial Policy Ratio under the Covenants of Rights

As at the end of 2014, 2015 and 2016, the Company and its subsidiaries were obligated under the Covenants of Rights to maintain a debt to equity ratio at not exceeding 2:1 time with respect to the debentures, "Amortized Debentures of Prinsiri Plc. No. 1/2013, Maturity Year 2016."

The Company's debt to equity ratio stood at 1.50 times, 1.53 times and 1.27 times respectively. The ratio edged down in 2016 from 2015 due to a slight increase in its shareholders' equity.

Moreover, as at year-end 2014, 2015 and 2016, the Company and its subsidiaries were obligated under the Covenants of Rights to maintain an interest-bearing debt to equity ratio at not exceeding 2:1 time with respect to the two series of debentures, "Debentures of Prinsiri Plc. No. 2/2013, Maturity Year 2015" and "Debentures of Prinsiri Plc. No. 1/2014, Maturity Year 2017."

The Company's interest-bearing debt to equity ratio was equal to 1.50 times, 1.38 times and 1.13 times respectively. The drop in such ratio stemmed from a decrease in the Company's liabilities.

Certification of the Accuracy of Information

I have verified the information contained in this annual disclosure statement, and carefully in my capacity as an executive director of the Company or the top executive in the accounting function line, I certify that such information is true, accurate and complete, and contains no false or misleading statements, or no omission of any material facts that should have been stated. I also represent that:

(1) The financial statements and financial information summarized in this annual disclosure statement are accurate and complete in material aspects concerning the financial position, operating results, and cash flows of the Company and its subsidiaries.

(2) I am responsible for making available the Company's proper information disclosure system to ensure that all material information of the Company and its subsidiaries are disclosed in a correct and complete manner, and oversee the implementation of such system.

(3) I am responsible for making available the Company's proper internal control system and overseeing the implementation of such system. I have provided the internal control system assessment result as at December 31, 2016 to the auditor and the Audit Committee, covering deficiencies and major changes of the internal control system, and any wrongful act that may impact the preparation of the Company and its subsidiaries' financial statements

In this regard, to evidence that all documents are the same as the certified documents, I have assigned Mr. Chairat Kovitchindachai to initial every page of the documents. If any document does not contain the initial of Mr. Chairat Kovitchindachai, I will deem that such document is not the information that I have certified.

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Ms. Siriluck Kovitchindachai	Director/Chairman of Executive Committee
Mr. Utane Kongsoontornkitkul	Managing Director/Executive Committee Member
Mr. Kwanchai Mongkolkittaveepol	Executive Committee Member

Attorney

Mr. Chairat Kovitchindachai	Senior Vice President Office of the President
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I have reviewed the information contained in this annual disclosure statement, and carefully in my capacity as a director of the Company, I have no reasonable ground to suspect that such information is inaccurate, incomplete and untrue, and contains misleading statements or omits any material facts that should have been stated.

In this regard, to evidence that all documents are the same as the reviewed documents, and there is no reasonable ground to suspect that such information is inaccurate, incomplete and untrue, and contains misleading statements or omits any material facts that should have been stated, I have assigned Mr. Chairat Kovitchindachai to initial every page of the documents. If any document does not contain the initial of Mr. Chairat Kovitchindachai, I will deem that such document is not the information that I have reviewed.

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Prof. Dr. Warapatr Todhanakasem	Chairman of the Board Independent Director	_____
Assoc. Prof. Anchalee Pipatanasern	Chairperson of Audit Committee Independent Director	_____
Asst. Prof. Monpaka Vongsa	Audit Committee Member Independent Director	_____
Assoc. Prof. Witaya Danthamrongkul	Audit Committee Member Independent Director	_____
<u>Attorney</u>		
Mr. Chairat Kovitchindachai	Senior Vice President Office of the President	_____

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Details on the managerial and controlling persons of the Company as of December 31, 2016

No.	Name Last Name	Age	Educational Background	% Share holding	Educational Background	Duration	Work Experience Position	Company / Organization
1.	Prof. Dr. Warapatr Todhanakasem Chairman of the Board/Independent Director	67	Ph. D. in Business Economics, University of Illinois Urbana-Champaign, USA Master of Business Administration, University of Illinois Urbana-Champaign, USA Master of Business Administration, Kellogg School of Management Northwestern, University Evanston Illinois, USA Bachelor of Law, Thammasat University Bachelor of Economics (First Class Honors), Thammasat University	None	None	2009 – present 2012 – present 2002 – 2009 1998 – 2002 1974 – 1995	Chairman of the Board/ Independent Director Managing Director Managing Director Managing Director Assistant Managing Director (last position)	Prinsiri Plc. Institute of Research and Development for Public Enterprise (IRDPE) Thai Rating and Information Service Co., Ltd. (TRIS) TRIS Rating Co.,Ltd. Kasikorn Bank Plc.
2.	Associate Professor Anchalee Pipatanasem Chairperson of Audit Committee / Independent Director	64	Master of Accounting (Accounting), Thammasat University Bachelor of Accounting (Second Class Honors), Faculty of Commerce and Accountancy, Thammasat University Director Certification Program (DCP) 2009 Audit Committee Program (ACP) 2010 Advance Audit Committee Program (ACP) 2011 Role of the Chairman Program (RCP) 2012 Corporate Governance for Capital Market Intermediaries (CGI) 2014	None	None	2009 – present 2009 – present 2009 – present 1995 – present 2004 – 2007 2007 – 2010	Chairperson of Audit Committee and Independent Director Independent Director and Audit Committee Member Independent Director and Audit Committee Member Member of Real Estate Business Program Committee Vice President for Finance Head of Department of Accountancy	Prinsiri Plc. AIRA Capital Plc. AIRA Securities Plc. Faculty of Commerce and Accountancy, Thammasat University Thammasat University Faculty of Commerce and Accountancy, Thammasat University
3.	Assistant Professor Monpaka Vongsa Audit Committee Member / Independent Director	58	Master of Construction Management, Silpakorn University Bachelor of Architecture, Silpakorn University Director Certification Program (DCP) 2010 Audit Committee Program (ACP) 2010	None	None	2009 – present 2015 – 2017 2009 – present 2008 – 2011 1999 – 2008	Audit Committee Member and Independent Director Fund Committee Member Managing Director Assistant Director, Master of Science, Department of Construction Management Assistant Dean of Student Affairs	Prinsiri Plc. The Association of Siamese Architects under the Royal Patronage of His Majesty the King (ASA) Art Route Co., Ltd. Sripatum University Faculty of Architecture, Sripatum University
4.	Associate Professor Wilaya Danthamrongkul Audit Committee Member / Independent Director	54	Master of Business Administration, Oregon State University, USA Bachelor of Economics (First Class Honors) in Finance, Thammasat University Director Certification Program (DCP) 2007	None	None	2009 – present Present 2012 – present 2006 – 2007 2000 – 2001	Audit Committee Member and Independent Director Lecturer of Department of Human Resource and Enterprise Management Director of Corporate Communication Center Director of Business Administration Journal Project Director of Training Division	Prinsiri Plc. Thammasat University Faculty of Commerce and Accountancy, Thammasat University Faculty of Commerce and Accountancy, Thammasat University Institute of Small and Medium Enterprises Development (ISMED)

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No.	Name Last Name	Age	Educational Background	% Share holding	Educational Background	Duration	Work Experience	
							Position	Company / Organization
5.	Ms. Siriluck Kovitchindachai Chairperson of Executive Committee / Director	68	Over 20 years of experience in real estate business Director Accreditation Program (DAP) Class 20, July 8, 2004	23.17	Elder sister of Mr. Kwanchai	2011 – present	Chairperson of Executive Committee and Director	Prinsiri Plc.
					Mongkolkitaveepo I	2000 – 2008	Chairperson of Executive Committee and Managing Director	Prinsiri Plc.
					Maternal aunt of Mr. Chairat	2007 – 2011	Director	Prin Venture Co., Ltd.
					Kovitchindachai	2007 – present	Director	CN SPR (Thailand) Co., Ltd.
						1995 – 2004	Chairperson and Managing Director	Chindapong Property Co., Ltd
						1993 – 2002	Chairperson and Managing Director	Thai Chinda Property Co., Ltd.
6.	Mr. Utane Kongsoontornkitkul Managing Director / Executive Committee Member	62	Master of Business Administration (Executive MBA), Thammasat University Bachelor of Engineering, Chulalongkorn University Director Certification Program (DCP) 2004 (SET 2005) Director Accreditation Program (DAP) 2004	None	None	2014 – present	Managing Director and Executive Committee Member Chairman of Audit Committee	Prinsiri Plc.
						2004 – 2015	and Independent Director	Goldfine Manufacturing Plc.
							Director and Executive Committee Member	
						2011 – 2014	Director	Prinsiri Plc.
							Chairman of Audit Committee	
						2008 – 2010	and Director	Wangkanai Co., Ltd.
						2008 – 2009	Senior Executive Vice	Siam City Asset Management Co., Ltd.
						1994 – 2010	President, Corporate Banking (last position))	Siam City Bank Plc. (SCIB)
7.	Mr. Kwanchai Mongkolkitaveepol Director / Executive Committee Member	56	Diploma, Siam Technology College Over 20 years of experience in real estate business Director Accreditation Program (DAP) Class 20, July 8, 2004	0.20	Younger brother of Ms. Siriluck	2012 – present	Director	Prinsiri Plc.
					Kovitchindachai	2011 – present	Director	Grow Yotha Group Co., Ltd.
					Paternal uncle of Mr. Chairat	2008 – present	Senior Director	Prinsiri Plc.
					Kovitchindachai	2007 – present	Director of the Board	CN SPR (Thailand) Co., Ltd.
						2005 – 2008	Assistant Managing Director, Customer Relations	Prinsiri Plc.
							Assistant Managing Director,	
						2000 – 2005	Marketing	Chindapong Property Co., Ltd.
						1993 – 1995	Director of Marketing Department	Chindapong Property Co., Ltd.

Note: Two of the following three directors, namely Ms. Siriluck Kovitchindachai (5), Mr. Utane Kongsoontornkitkul (6), and Mr. Kwanchai Mongkolkitaveepol (7) are authorized to jointly sign on behalf of the Company with the Company seal affixed.

Table on details of tenure of managerial and controlling persons of the Company as of December 31, 2016

Name list	Prinsiri Plc.	Subsidiaries					Subsidiaries of Plearnary Mall	
		Grow Yotha Group Co., Ltd.	Prin Venture Co., Ltd.	CN SPR (Thailand) Ltd.	Prin Energy Co., Ltd.	Plearnary Mall Co., Ltd.	Pleamland Co., Ltd.	Eatery Co., Ltd.
Prof.Dr. Warapatr Todhanakasem	/ , X , @							
Assoc.Prof. Anchalee Pipatanasern	/ , \$, @							
Asst.Prof. Monpaka Vongsa	/ , \$, @							
Assoc.Prof. Witaya Danthamrongkul	/ , \$, @							
Ms. Siriluck Kovitchindachai	/ , // , 0			/ , //				
Mr. Utane Kongsoonthornkitkul	/ , // , 0				/ , //			
Mr. Chairat Kovitchindachai	// , 0		/ , //			/ , //	/ , //	/ , //
Mr. Kwanchai Mongkolkittaveepol	/ , // , 0	/ , //		/ , //				
Mr. Chavai Kovitchindachai		/ , //	/ , //					
Mr. Chaiwut Kovitchindachai*	// , 0	/ , //						
Ms. Patcharee Kovitchindachai	// , 0					/ , //	/ , //	/ , //
Ms. Nipha Aphirattananarungruang					/ , //			
Mr. Prinya Kovitchindachai					/ , //			

Note: / = Director, X = Chairman, // = Executive Director, 0 = Executive, \$ = Audit Committee Member, @ = Independent Director

*Resign as on 30 June 2016

This assessment was prepared by and based on the opinions of the Board of Directors concerning the adequacy of internal control system

Control Environment

1. The organization demonstrates commitment to integrity and ethical values

Question	Yes	No
1.1 The Board of Directors and the management set guidelines and perform on the basis of integrity and business ethics in business operation covering:		
1.1.1 Day-to-day discharge of duties and decision making	✓	
1.1.2 Treatment toward trade partners, customers and third parties	✓	
1.2 Written regulations are in place for the management and employees to adhere to in performing duties with integrity and business ethics covering:		
1.2.1 Code of conduct for the management and employees	✓	
1.2.2 Regulation prohibiting the management and employees from conducting in such a manner which may cause a conflict of interest with the Company, including corrupted actions which may cause damage to the organization ²	✓	
1.2.3 Penalties in case of violation of the above mentioned regulations	✓	
1.2.4 Communication procedure notifying the management and all employees regarding the above regulations and penalties, such as inclusion in employee orientation session, having the employees to sign in acknowledging the specified regulations and penalties on a yearly basis, and publishing the code of conduct for distribution to employees and third parties	✓	
1.3 Monitoring and evaluation process on compliance with the code of conduct is in place:		
1.3.1 Follow-up and assessment of results by audit and compliance work unit	✓	
1.3.2 Self-assessment by the management and employees	✓	
1.3.3 Assessment by an independent external expert	✓	
1.4 Any finding of non-compliance with regulations on integrity and business ethics is addressed and handled on a timely basis involving:		
1.4.1 Process in place to detect any violation within an appropriate period	✓	
1.4.2 Process in place to penalize and deal with any violation appropriately and within an appropriate period	✓	
1.4.3 Corrective action taken on any act that contradicts the basis of integrity and business ethics in an appropriate manner and within an appropriate period	✓	

² Internal control in line with anti-corruption measures should be defined in a way appropriate to the Company's risks.

2. The Board of Directors is independent from the management and has oversight of development of internal control operation

Question	Yes	No
2.1 Roles and duties of the Board of Directors are segregated from those of the management, with the Board's reserved rights and power clearly defined.	✓	
2.2 The Board of Directors oversees that the defined business goals of the Company are clear and measurable in order to guide the operation of the management and employees.	✓	
2.3 The Board of Directors oversees to ensure that the Company determines the roles and duties of the Board of Directors and the management rightfully in accordance with the law and the charter including the significant role of the Audit Committee, the auditor, internal auditors and persons in charge of financial reporting.	✓	
2.4 The Board members have knowledge on the Company's business and expertise beneficial to the Company, and may also consult with external experts on particular matters.	✓	
2.5 The Board of Directors is composed of appropriate and adequate number of independent directors with knowledge, expertise, competence and independence in performing duties. For example, they have no business relationship with the Company, and no other relationship that may influence their independent judgment and performance of duties.	✓	
2.6 The Board of Directors oversees the development and performance regarding internal control in the organization which covers building control environment, risk assessment, control activity, data and communication, and follow-up.	✓	

3. The management establishes appropriate reporting organizational structure, command authority and responsibility to ensure achievement of organizational goals under the Board of Directors' oversight.

Question	Yes	No
3.1 Chief executive establishes organizational structure which supports attainment of the Company objectives, taking into account business and legal appropriateness and enables efficient internal control such as segregation of duties of critical functions to allow for proper checks and balances and having internal audit function which reports directly to the Audit Committee, as well as setting up clear reporting lines, etc.	✓	
3.2 Chief executive establishes reporting line in the Company with appropriateness as regards power, duties, responsibilities and communication of information taken into consideration.	✓	
3.3 There is appropriate determination, assignment and limitation of power, duties and responsibilities between and among the Board of Directors, chief executive, executives and employees.	✓	

4. The organization is committed to motivate, develop and retain competent employees.

Question	Yes	No
4.1 The Company has a policy and procedure to recruit, develop and retain personnel with appropriate knowledge and competence, and has in place a regular review process of such policy and procedure.	✓	
4.2 The Company has a process in place to evaluate performance, provision of incentives or rewards to employees who outperform, and dealing with those who underperform, as well as communicate such process to executives and employees for their awareness and acknowledgment.	✓	
4.3 The Company has a process in place to timely solve or cope with the situation where there is a lack of personnel with appropriate knowledge and competence.	✓	
4.4 The Company has in place a process to nominate, develop and retain all executives and employees, such as provision of mentoring and training.	✓	
4.5 The Company has in place a succession plan for significant positions.	✓	

5. The organization requires that all personnel have internal control duty and responsibility so as to achieve corporate objectives.

Question	Yes	No
5.1 The Board of Directors and the management establishes a compulsory process and communication requiring all personnel take internal control responsibility and, if necessary, make correction or improvement to the operation process thereof.	✓	
5.2 The Board of Directors and the management determine key performance indicators (KPI) and appropriate incentives and rewards, with performance in compliance with the code of conduct and the short- and long-term objectives of the Company also taken into account.	✓	
5.3 The Board of Directors and the management make consistent review of incentives and rewards with focus also on linking to achievement in performance of duties relating to internal control.	✓	
5.4 The Board of Directors and the management oversee to ensure there is no excessive pressure is put on individual personnel in their performance of duties.	✓	

Risk Assessment

6. The organization specifies relevant objectives clearly and adequately so that risks associated with achieving the objectives can be identified and assessed.

Question	Yes	No
6.1 The Company performs in accordance with the accounting standards generally accepted and suitable for its business nature at the moment, being able to substantiate all items in the financial reports and ensure that they are complete and accurate in representing the rights and obligations of the Company at appropriate value and disclosure of information of which is correct and complete.	✓	
6.2 The Company determines material information in the financial reports by taking into consideration such key factors as users of the financial reports, transaction size and business prospects.	✓	
6.3 The Company's financial reports truly reflect its operation activities.	✓	
6.4 The Board of Directors and the Risk Management Committee approve and communicate risk management policy to all executives and employees for their acknowledgment and practice until that it becomes an integral part of the corporate culture.	✓	

7. The organization identifies and analyzes all types of risks that may affect achievement of the objectives on a comprehensive basis and across the organization.

Question	Yes	No
7.1 The Company all types of risks that may have impact on business operation at organizational, business unit, departmental and functional levels.	✓	
7.2 The Company analyzes all types of risks that may arise from both internal and external factors, including strategic risk, operation, reporting, regulatory compliance and IT.	✓	
7.3 Executives of all levels take part in risk management.	✓	
7.4 The Company assesses the criticality of risks, considering the probability of the risk incident and potential impacts.	✓	
7.5 The Company has in place measures and action plans to manage risks, which may be in a manner of risk acceptance, risk reduction, risk avoidance, or risk sharing.	✓	

8. The organization considers potential fraud risk in risk assessment for achievement of the objectives of the organization.

Question	Yes	No
8.1 The Company assesses potential fraud risk, covering fraud committed in such a manner as false financial reporting, causing asset loss, corruption, management override of internal controls, changing important data in reports, wrongful acquisition and disposal of assets, etc.	✓	
8.2 The Company reviews operation targets with prudence, taking into account feasibility of the targets set forth and reasonableness of incentives or rewards in a way that would not induce employees to conduct inappropriately. For example, the Company should not set sales target that is unrealistically too high which may induce the employees to doctor the sales figures, etc.	✓	
8.3 The Audit Committee considers and enquires with the management regarding potential fraud risk and preventive/remedial measures taken.	✓	
8.4 The Company communicates to all employees the defined policy and procedure which are to be implemented by all employees.	✓	

9. The organization can identify and assess changes that may have impact on the internal control system.

Question	Yes	No
9.1 The Company assesses changes in external factors that may have impact on its business operation, internal control and financial reporting, and adequately works out measures to cope with such changes.	✓	
9.2 The Company assesses changes in business operation platform that may have impact on its business operation, internal control and financial reporting, and adequately works out measures to cope with such changes.	✓	
9.3 The Company assesses changes in leadership of the organization that may have impact on its business operation, internal control and financial reporting, and adequately works out measures to cope with such changes.	✓	

Control Activities

10. The organization has in place risk control measures to reduce risk of not fulfilling the organizational objectives to an acceptable level.

Question	Yes	No
10.1 The Company's control measures are appropriate to address relevant risk and for its characteristics, such as its business environment, work complexity and nature, scope of operation and other specific nature.	✓	
10.2 The Company establishes written internal control measures that cover all work processes, such as policy and procedure on financial transactions, procurement and general administration, and defines the scope of authority and responsibilities as well as hierarchy of approval authority, in a clear and prudent manner in order to prevent fraud, i.e. determining amount limit and authorized person to give approval at each management level, procurement process including selection of vendors, recording the details of procurement decisions, material, equipment and tool disbursement and utilization process, as detailed below:	✓	
10.2.1 Compilation of information regarding major shareholders, directors, executives and related persons thereof, as well as connected persons, to allow for proper monitoring and review of related party transactions or transactions which may lead to conflict of interest, and keeping such information updated at all times.		

10.2.2 In case that the Company has approved transactions or entered into contracts with concerned parties which have long-term binding on the Company, such as contracts concerning buying and selling of goods or provision of loans or guarantees, the Company has ensured compliance with the agreed terms and conditions throughout the specified binding period, e.g. following up on debt repayment as scheduled or review of the appropriateness of the agreement.

10.3 The Company defines internal control is implemented in multiple ways as considered appropriate, i.e. manual control and automated control, as well as preventive control and follow-up control. ✓

10.4 The Company requires internal control is in place at all levels in the organization, such as group of companies level, business unit level, function line level, departmental level, sectional level, or along the process. ✓

10.5 The Company clearly segregates duties and responsibilities of the following three functions to allow for proper checks and balances:

(1) Approval ✓

(2) Recording of accounting items and information

(3) Keeping and maintenance of property

11. The organization selects and develops general control activities with technology to help fulfill objectives

Question	Yes	No
11.1 The Company defines association between use of IT in operation process and general control of the IT system.	✓	
11.2 The Company determines appropriate IT infrastructure control.	✓	
11.3 The Company determines appropriate IT security control.	✓	
11.4 The Company determines control of IT acquisition, development and maintenance.	✓	

12. The organization deploys control activities through policy specifying the expectation and the procedure so that the policy can be translated into action.

Question	Yes	No
12.1 The Company establishes strict policy in monitoring transactions of major shareholders, directors, executives or related persons of such individuals by requiring all transactions to undergo the approval process in place, such as those stated in the Company articles of association, SET and SEC requirements, etc., to prevent the above mentioned individuals seeking opportunities or using benefits of the Company for personal gains.	✓	
12.2 The Company has a policy of considering and approving transactions made by those having no beneficial interest in such transactions.	✓	
12.3 The Company ensures that approval of transactions are carried out in the best interests of the Company and treated as though the transactions are done on an arm's length basis.	✓	
12.4 The Company has in place a process to monitor the operations of its subsidiary or associated companies, and determines directions for adoption by the persons appointed by the Company as a member of the Board or the management of the subsidiary or associated companies. (Not applicable in case of no equity investment in subsidiary/associated companies)	✓	
12.5 The Company lays down the management and employees' duties and responsibilities in translating the policy and procedure into action.	✓	
12.6 The Company's policy and procedure are translated into action in an appropriate period of time by competent personnel including process to correct operation errors.	✓	
12.7 The Company regularly reviews the policy and procedure to ensure appropriateness.	✓	

Information & Communication

13. The organization uses quality, relevant information to ensure its internal control can be carried out as specified.

Question	Yes	No
13.1 The Company requires that quality and relevant information from both internal and external sources is used in operation.	✓	
13.2 The Company considers cost and benefit to be generated as well as volume and accuracy of the information.	✓	
13.3 The Company ensures that the Board of Directors has adequate critical information for decision making. Critical information includes details, reasons, impacts on the business and options of the matters proposed for consideration.	✓	
13.4 The Company ensures that meeting notices or related documents containing necessary and sufficient information in making consideration have been received by each member of the Board of Directors prior to the date of the meeting by at least the minimum period required by law.	✓	
13.5 The Company ensures that all necessary details are taken in the Board of Directors' meeting minutes to allow for use as evidence in inspection of the appropriateness of the functioning of each of the Board of Directors afterwards. Such details include recordings of the inquiries raised by the directors, the opinions or observations of the directors on matters considered, opinions of the directors who disagree with the proposed matters provided with reasons, etc.	✓	
13.6 The Company has undertaken as follows:		
13.6.1 Keeping important documentations in a complete and categorized manner.	✓	
13.6.2 In the case where the auditor or the internal auditor reports internal control errors or deficiencies, the Company has completely corrected such errors or deficiencies.		

14. The organization communicates information internally including internal control objectives and responsibility necessary for internal control to be carried out as planned.

Question	Yes	No
14.1 The Company has in place efficient internal communication process and appropriate communication channel to support internal control operation.	✓	
14.2 The Company ensures that significant information is reported regularly to the Board of Directors and the Board of Directors has access to the information needed in performing their duties or reviewing various items as required, such as by designating a person to be the center of contact in providing information besides the information given by the management, and contacting and asking information from the auditor/internal auditor regarding the meetings held between the Board of Directors and the management as requested by the Board, and organizing meetings between the Board of Directors and the management besides the Board of Directors' meeting, etc.	✓	
14.3 The Company has provided specific/confidential communication channel for various parties within the organization to safely report information/whistle blowing concerning frauds within the Company (whistle-blower hotline).	✓	

15. The organization externally communicates matters that may have impact on internal control.

Question	Yes	No
15.1 The Company has in place efficient communication process with external stakeholders and appropriate communication channel to support internal control, such as designating officers or work unit to handle investor relations, complaint center, etc.	✓	
15.2 The Company has provided specific/confidential communication channel for various stakeholders outside the organization to safely report information/whistle blowing concerning frauds to the Company (whistle-blower hotline).	✓	

Monitoring Activities

16. The organization conducts monitoring and evaluation of internal control operation to ensure efficiency, completeness and appropriateness.

Question	Yes	No
16.1 The Company has established process in monitoring compliance with business ethics and regulation which prohibits the management and employees from conducting actions that may lead to conflict of interests, such as requiring each work unit to monitor such compliance and reporting it to their supervisors or assigning internal audit work unit to follow up performance and report the result to the Audit Committee, etc.	✓	
16.2 The Company has set up a process in auditing compliance with the defined internal control system through self-assessment and/or independent assessment by internal auditor.	✓	
16.3 Monitoring and evaluation frequency is appropriate for changes in the Company.	✓	
16.4 Monitoring and evaluation of internal control system is conducted by persons with expertise and competence.	✓	
16.5 The Company sets guideline for reporting of internal audit result to be made directly to the Audit Committee.	✓	
16.6 The Company encourages internal auditor to perform duties in accordance with International Standards for the Professional Practice of Internal Auditing (IIA).	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to the persons in charge including top management and committee as applicable.

Question	Yes	No
17.1 The Company evaluates and communicates internal control deficiencies and rectifies such deficiencies in a timely manner if the operation performance outcome significantly differs from the specified targets..	✓	
17.2 The Company has in place a policy on reporting as follows:		
17.2.1 The management must immediately report to the Board of Directors in the event of discovering or suspecting incidents which are considered a serious case of fraud or violation to legal provisions or other suspicious actions that may significantly damage the reputation and financial position of the Company.	✓	
17.2.2 Major deficiencies together with solution guidelines thereof (although solution has started) must be reported to the Board of Directors/Audit Committee for consideration within an appropriate period.		
17.2.3 Improvement progress on major deficiencies must be reported to the Board of Directors/Audit Committee.		

Audit Committee's Report 2016

To Shareholders of Prinsiri Public Company Limited

The Audit Committee is composed of three independent directors, with Mrs. Anchalee Pipatanasern as the Chairperson and Mr. Witaya Danthamrongkul and Ms. Monpaka Vongsa as Audit Committee members. Each member is independent and is not an employee of the Company.

In 2016, the Audit Committee held four meetings with attendance by all the members at every meeting. Its operation was reported to the Board of Directors on a quarterly basis. Salient points were as follows:

1. Review quarterly and annual financial statements for 2016 and ensure adequate disclosure of information by coordinating with the external auditor, internal auditors and executives in charge to prepare the financial statements before submitting them to relevant regulators. The Audit Committee's opinion has been in line with the auditor in that the financial statements are considered accurate and on which the auditor has given an unqualified opinion.
2. Review the appropriateness of the Company's internal control and internal audit system.
3. Consult on and consider the audit scope and audit plan of the internal auditors and the external auditor to ensure relevance to each other as regards financial auditing.
4. Consider and recommend to the Board of Directors appointment of DIA International Auditing Office, represented by Mr.Nopparoek Pissanu Wong and/or Ms. Somjintana Pholhirunrat and/or Ms. Supaporn Mungchit, as the Company's auditor for 2017, and determination of audit fee, before submission to the shareholders' meeting.
5. Hold specific meeting with the auditor and without the attendance by the management on a quarterly basis to get the auditor's observations on deficiencies that need to be monitored.
6. Review the Company's business operation to ensure compliance with the securities and exchange law, the regulations of the stock exchange, or other laws relevant to the Company's business.
7. Review the Audit Committee charter to the Board of Directors for updatedness and appropriateness in line with the Company's business environment.
8. Consider disclosure of information in connected transactions to ensure correctness and completeness.
9. Carry out other tasks as assigned by the Board of Directors.

In conclusion, the Audit Committee has concurred with the auditor that the Company's financial statements for 2016 have been prepared in accordance with the financial reporting standards. The Company has had adequate disclosure of information, efficient internal control system in overall without any material deficiency, and compliance with relevant laws and rules. The management is committed to business operation with business ethics. Internal audit results have been reported directly to the Audit Committee, and remedy of the issues observed has been followed up on a consistent basis.

(Mrs. Anchalee Pipatanasern)
Chairperson of Audit Committee
March 23, 2017

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