

# รายงานประจำปี

บริษัท บ้านร็อคการ์เด้น จำกัด(มหาชน)



ANNUAL REPORT 2018

**BAAN ROCK GARDEN**  
PUBLIC COMPANY LIMITED



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## General Information

<b>Company Name</b>	:	<b>Baan Rock Garden Public Company Limited</b> <b>(“BROCK” or “The Company”)</b>
<b>Type of Business</b>	:	Real estate development, particularly townhouses, single detached houses and commercial buildings for sales
<b>Head Office</b>	:	601 Soi Ramkhamhaeng 39, Pracha-utit Rd. Wang Thonglang, Wang Thonglang, Bangkok 10310
<b>Registration Number</b>	:	PCL – 0107548000200
<b>Homepage</b>	:	<a href="http://www.rockgarden.co.th">http://www.rockgarden.co.th</a>
<b>Telephone</b>	:	662-934-7000
<b>Fax</b>	:	662-934-7186

## Other References

<b><u>The Securities Underwriter</u></b>	:	<b>Thailand Securities Depository Company Limited</b> The Stock Exchange of Thailand (Near The Chinese Embassy) 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
<b>Homepage</b>	:	<a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
<b>Telephone</b>	:	662-009-9378 - 9389
<b>Fax</b>	:	662-009-9476
<b><u>The Auditor</u></b>	:	<b>Miss.Waraporn Inttharaprasit</b> Certified Public Accountant (Thailand) No. 7881 CWWP Company Limited 128/334-335 Phayatai Plaza Building, 31 <sup>th</sup> Floor, Phayatai Road, Thungphayatai, Ratchatavee, Bangkok 10400 Thailand
<b>Telephone</b>	:	662-216-2265 , 662-216-2268-9 , 662-216-2279
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### Message from the Board of Directors

In 2018, the global economy relatively slowed down. In the U.S., the economy gradually rebounded in response to a stronger domestic demand, high consumer confidence index, reduction of personal and corporate income taxes, and higher government spending. On the European side, the economy grew at a slower pace due to lower confidence of the private sector, political instability in many countries and declining global trade volume which affected exports. The Japanese economy expanded under the drive of growing domestic demand after natural disasters. The supporting factors of the Japanese economy were a strong labor market and loose monetary policy. Private consumption also rose before the increase of consumption tax. However, Japanese exports slowed down in response to the decreasing global trade volume and trade war initiated by the U.S. In China, economic growth slowed down as a result of deflation. The Chinese banks tightened the credit granting standard in compliance with the monetary stability policy. Also, the Chinese economy was affected by trade restriction policy of the U.S. The Chinese government stimulated the economy through many measures, such as acceleration of infrastructure investment, tax reduction, increase of liquidity in monetary system by lowering the reserve ratio of commercial banks which promoted the economic growth to a certain level. The Malaysian economy slowed down due to deflation and less confidence amidst the international trade war initiated by the U.S. In some other countries, the governments limited fiscal stimulus packages.

As for Thailand, the overall Thai economy continuously expanded in 2018. The private consumption increased in almost all commodity sectors thanks to higher non-farm household income. On the contrary, farm household income declined as a result of the lower prices of agricultural products and high household debt. Private investment rose satisfactorily, especially for joint ventures of government and private sectors in infrastructure investment of the Eastern Economic Corridor (EEC). In addition, foreign companies of some industries relocated their export-oriented manufacturing base to Thailand. Thai government spending grew at slower pace due to many factors, such as the government's priority revision of the double track railway project (Phase 2) and delayed master plan which led to suspension of government debt incurrence in some projects. Another negative factor was the delayed land expropriation of the Bang Yai- Kanchanaburi Motorway Project. Exports declined in response to lower global trade volume. Moreover, Thailand's trade partners were affected by the trade war between the U.S. and China. The cycle of electronic products slowed down. At the same time, there were some positive factors, such as purchase orders and manufacturing bases moving to Thailand. The service sector expanded at a slower rate and recovered slower than expected, since less Chinese tourists came to Thailand due to the depreciation of the yuan and economic slowdown in China. However, in the big picture, the number of tourists of all nationalities constantly grew.

In 2018, the overall situation of the real estate market was improved in Bangkok and vicinity, main tourist destinations, and special economic zones. The demand in the market was mainly horizontal residences. The market grew in line with the expanding urbanization in the outskirts of Bangkok and tourist destination cities. The growth partly resulted from the constant demand of foreign customers. On the contrary, the real estate market in far provinces did not change considerably. The cost of real estate business became higher because of the rising prices of land and construction materials. Consequently, most entrepreneurs applied more technology to construction, such as precast construction and bathroom pod innovation, etc., to control cost. Many entrepreneurs carried out the construction phase by phase and started the interior

decoration only after receiving reservations from customers to minimize their loan amounts and interest. The land prices have skyrocketed. It became a main obstacle for entrepreneurs in real estate development, since they could not set attractive prices which matched local purchasing power. Numerous entrepreneurs suspended their investments. At the same time, many new local land-owning entrepreneurs emerged. Financial institutions granted more credit, since the entrepreneurs conducted a pre-financial health check before the deposit payment process to ensure that the customers would receive the loans from the bank. The government spending for utilities development in Bangkok and vicinity and the coming election were supporting factors for the real estate market.

At present, the economic competition is relatively aggressive. Household debt has decreased but is still relatively high. The debt repayment capacity of some household groups and small enterprises continues to diminish. In the economic system, the wealth and income distribution is in progress. In the real estate market, the purchasing power of prospective customers is gradually improving, but not strong yet. Local land-owning entrepreneurs are emerging as a result of higher land prices. The financial institution restrictions on credit granting requires the Company to adjust itself in terms of marketing and sales strategy. The Company needs to look for additional marketing and sales channels in accordance with sales timing and period to effectively reach out to the target groups. The Company will still create quality and standard techniques and technology to achieve modern residence design and development. We pay attention to all design details, contractor selection, quality control and pre-sale service to fulfill the customers' demands. The Company aims to maintain the profit rate with the level of the previous year and develop the personnel to effectively stay competitive with the current market. In 2019, the Company will continually follow the operational plan. We will look for alternative marketing and sales channels. The Company will carefully and cautiously operate the business to deliver quality products and services to the market in accordance with the customers' demands to preserve the Company's good image.

In the name of Baan Rock Garden Public Company Limited, the directors and executive committees would like to thank all shareholders, customers, trade partners, employees, financial institutions and involved persons who have always supported us. The Company will further operate the business under good governance to protect the utmost interests of all stakeholders.

(Mr. Virat Chinrapinporn)

Chairman of the Board

Baan Rock Garden Public Company Limited

**Report of the Chairman of the Audit Committee****To Shareholders**

The Audit Committee of Bann Rock Garden Public Company Limited consists of independent directors, who are experts with experience in terms of legal, accounting, and administration. During the year 2018, there were altogether 3 independent directors as follows.

- |                              |  |
|------------------------------|--|
| 1. Mr. Surapol Satimanont    | Director / Independent and Chairman of Audit Committee |
| 2. Mr. Wanchai Mekasut       | Director / Independent and Audit Committee             |
| 3. Mr. Preecha Jenthanavijit | Director / Independent and Audit Committee             |

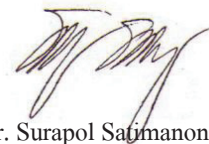
The Independent directors and Audit Committee of three persons are not the Company's management or employees and have qualifications as specified by securities and SET laws. Mr. Phisitsak Premprichayan is the Department Head of Corporate Accounting, is the Secretary to the Audit Committee.

In 2018, the Audit Committee arranged 5 meetings with the certified public accountant, the internal audit, management division, and the relevant chief executives to review the financial information and the linked transactions of the Company, to hear useful explanations and suggestions, and to improve the effectiveness of the internal controls to perform the duties and responsibilities according to the regulations of the stock market and supervise the operations according to the scope and the determined target, which can be concluded as follows:

1. Review the financial reliability of the Company each quarter and year by consulting with the auditor and executives in accounting and finance to ensure that the financial statement has been prepared according to the generally accepted accounting principles, with accuracy of the essence, for the benefit of investors and users of the financial statement.
2. Review the appropriateness of the internal control system and report the results of the internal audit by the independent internal auditor and the relevant management divisions, to be aware of the importance of the internal control system.
3. Review the risk management in various aspects of the organization holistically and propose the risk factors that affect the operation and the business plan for consideration to the Board of Directors.
4. Review the appropriateness and the adequacy of the regularity in doing related transactions or transactions that may conflict with the benefit occurring during the year, including the accurate and complete disclosure of such information to ensure its necessity and reasonableness before proposing to the Company's Board of Directors for further approval.

5. Selected and proposed appointment of external auditor for 2018 as well as determined remuneration for external auditor to Board of Directors in order to propose to shareholders' meeting for consideration and approval.
6. Reviewed that the Company complied with Securities and Exchange Commission Act, regulations and rules of Stock Exchange of Thailand, and other laws related to the business of the Company.
7. Supports good corporate governance, And Thailand's Private Sector Collective Action Coalition Against Corruption (Anti-Corruption Policy) by reviewed the Anti-Corruption Policy, monitored progress and practice guidelines.

The Audit Committee has considered with knowledge, adequate discretion, and according to the generally accepted accounting principles for the equal benefits of stakeholders. Also, the Audit Committee has adhered to the independency of the operations and also gave opinions and suggestions that will benefit the Company and all shareholders appropriately, which has received the good cooperation from the relevant individuals, executives, and other divisions of the Company.



(Mr. Surapol Saimanon)

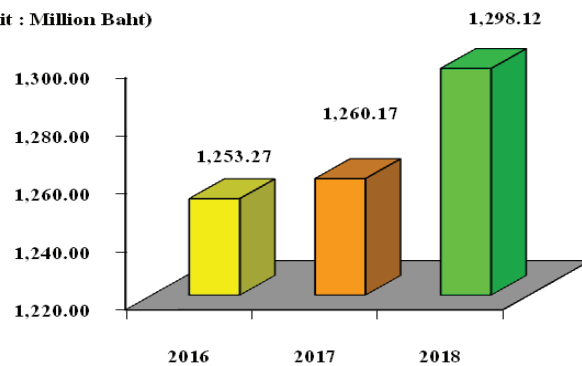
Chairman of the Audit Committee

10 February 2019

### Summary Financial Information

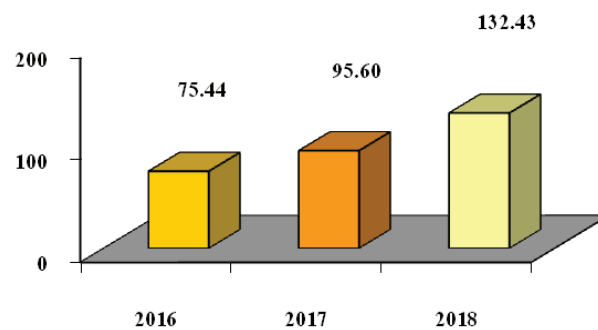
**Total Assets**

(Unit : Million Baht)



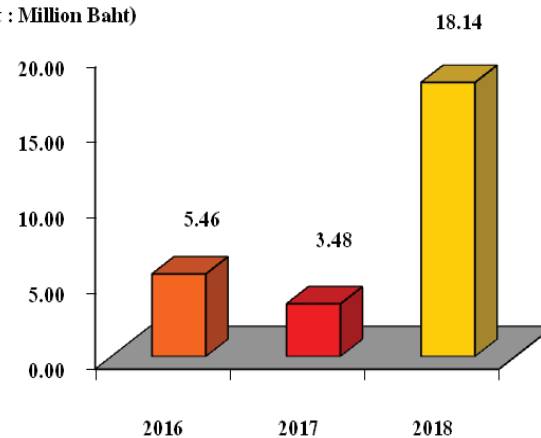
**Total Revenue**

(Unit : Million Baht)



**Net Profit**

(Unit : Million Baht)





## Summary Financial Information (Continued)

	Consolidated		Unit : Baht
	2018	2017	Change %
Total Revenue	132,427,653	95,599,217	38.52
Revenue from Sales	127,813,630	90,492,000	41.24
Cost of sales	76,977,281	57,183,359	34.61
Gross Profit	50,836,349	33,308,641	52.62
Net Profit (loss)	18,136,226	3,475,048	421.90
Total Assets	1,298,225,469	1,260,174,631	3.02
Total Liabilities	52,944,738	32,720,100	61.81
Total Shareholders' Equity	1,245,280,731	1,227,454,532	1.45
Issued and paid up share capital	1,025,000,181	1,024,999,930	-
<b>Per share data (Baht)</b>			
Net profit	0.018	0.003	666.67
Dividend	-	-	-
Book Value	1.21	1.20	0.83
<b>Finance Ratio</b>			
Profit Margin	39.77%	36.81%	8.04
Net Profit Margin	13.70%	3.64%	276.37
Return on Equity	1.46%	0.28%	421.43
Return on Asset	1.40%	0.28%	400.00
Debt to Equity Ratio	0.04	0.03	33.33

## Nature of Business

The Company has set the vision and mission through consideration from the Board of Directors. Which will be reviewed every 2 years to be used as a guideline for business operations and development for sustainable growth. By taking into account all groups of stakeholders. Also taking into account social and environmental responsibility.

### Vision

The Company operates its business by focusing on development residences to quality and responding to the customers' demands. We offer modern and technically-creative residences equipped with friendly to society and environment technology suitable to current circumstances. Including responsibility for stakeholders from business operations.

### Mission

1. The Company focus on the development of residences, environment and services. The residences shall be outstanding, be of quality and offer a standard quality of life.
2. The Company shall set reasonable prices which allow the Company to compete in the market, mainly based on its capital cost and location.
3. The Company shall operate the business with good management systems and flexible and ready for change under good governance principles.

### Company Background and Significant Developments

Baan Rock Garden Public Company Limited, ("Company" or "BROCK"), was formerly known as Chucheeep South Group, Co., Ltd. The Company was established on February 5, 1990, by the Silaprarat family, who had extensive experiences in land trading in Bangkok and other major cities of Thailand, such as Chiang Mai, as well as coastal provinces like Rayong and Phuket. They also conducted business on trading of allocated vacant land in Soi Vacharapol, Bangkok, known as the "Agricultural Garden" project.

Since the Silaprarat family has spot the increasing opportunity of the property development, they have decided to enter the real estate development business by using the same executive team from the Rock Garden Group, Co., Ltd.. This has demonstrated the capabilities and the extensive experiences in real estate and resort business.

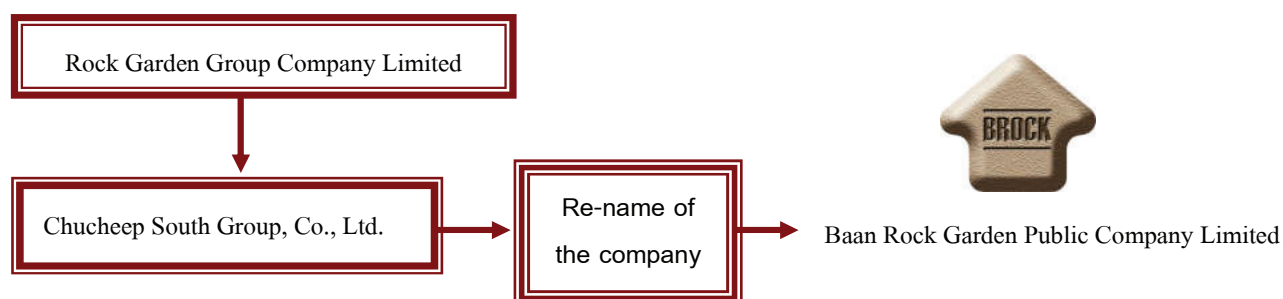


Chart : Re-organizational structure of the company

Following the corporate restructuring and the transfer of executives from Rock Garden Group Company Limited, the Company has since concentrated on operating in the real estate business. BROCK's primary objective is to efficiently utilize all the land in its possession in Bangkok and Phuket. The Company also continuously seeks to acquire allocated land with high potential for profitable development projects.

The Company fully outsources its project design, project construction and project marketing in order to effectively control its expenses, and to promote the performance of the executive and management team.

**The following information illustrated key developments of the Company during the past 5 years:**

January 2012	The Company rebranded Ban Rock Airport Project. Advertising teams were employed to design advertising media i.e. billboard, cutout, brochure, etc. The company therefore was able to compete with competitors.
March 2012	The Company renovated landscape of road to Ban Rock Airport Project.
May 2012	The Company hired Agency For Real Estate Affaris Co., Ltd., to conduct a feasibility Study of Baan Rock Airport Phase 3 Project.
October 2012	The Company relocated the sale office to the entrance to the side street of the Project.
May 2013	The company has increased its capital stocks from 1,000,000,000 Baht (one billion baht) to 1,025,000,000 (one thousand and twenty-five million baht) with paid capital of 1,024,999,930 (one thousand and twenty-four million, nine hundred and ninety-nine thousand, nine hundred and ninety-three baht) with the Department of Business Development Ministry of Commerce.
October 2014	The Company employed Nuzen Co., Ltd., design planning, architecture and landscape architecture of Baan Rock Garden Bypass 6 Phase 2 up to modern. The company therefore was able to compete with competitors.
March 2015	The Company sold shares Yamoo Property Development Co., Ltd. to Mrs.Naowanart Jamornmarn because the business has no actions and the cost unnecessarily high.
April 2015	The company has increased its capital stocks from 1,025,000,000 Baht (one thousand and twenty-five million baht) to 1,229,999,916 (One thousand two hundred twenty-nine million nine hundred ninety-nine thousand nine hundred and sixteen Baht) with paid capital of 1,024,999,930 (one thousand and twenty-four million, nine hundred and ninety-nine thousand, nine hundred and ninety-three baht) with the Department of Business Development Ministry of Commerce.
June 2015	The Company issued and allocated the Warrants to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering), at no cost, at the allocation ratio of every 5 existing shares for 1 unit of Warrants, pursuant to the resolutions of the Annual General Meeting of Shareholders No. 1/2015, held on 2 April 2015, details of which are set out as follows:

<b>Name of securities</b>	: Warrants to Purchase the Newly Issued Ordinary Shares.
<b>Securities Issuer</b>	: Baan Rock Garden Public Company Limited.
<b>Warrant trading symbol</b>	: BROCK-W1

<b>Secondary market</b>	: The Stock Exchange of Thailand “SET”
<b>Trading date</b>	: 16 June 2015
<b>Number of listed warrant</b>	: 204,969,911
<b>(unit : warrant)</b>	
<b>Exercise ratio</b>	: 1 unit of Warrants shall be entitled to purchase 1 newly issued ordinary share
<b>Exercise price</b>	: Baht 3.50 per share
<b>Term of Warrants</b>	: 3 years from the issuance date. The Company shall not extend the term of the Warrants after the issuance.
<b>Issuance date</b>	: 2 June 2015
<b>Expiration date</b>	: 1 June 2018
<b>Price per unit</b>	: Baht 0 (at no cost)
<b>The first Exercise Date</b>	: 30 September 2015
<b>The last Exercise Date</b>	: 1 June 2018

December 2015 Report on the Result of the Exercise of Rights to Purchase Ordinary Shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1

Period	Warrant Exercise (Unit)	Outstanding (Unit)
September 2015	0	204,969,911
December 2015	0	204,969,911

February 2016 The Board of Directors' Meeting No.1/2016, held on February 18, 2016. The Board of Directors for Baan Rock Garden Public Company Limited had approve for year 2015 dividend payment at 0.02 Baht per share. The dividend will be paid to the shareholders whose names appearing in the Company's Shareholders Registration Book as of the date on which such Shareholders Registration Book is to be closed for suspension of share transfer in order to determine the shareholders entitled to dividend. The dividend payment exceeds that specified in the Terms and Conditions of BROCK-W1 warrants according to Clause 5 (e), Cause of the Company shall adjustment of rights the new exercise price and new exercise ratio as follows:

<b>Exercise Price</b>	: Before 3.50 Baht per Share.
	<b>After 3.48 Baht per Share.</b>
<b>Exercise Ratio</b>	: Before 1 unit of Warrants shall be entitled to purchase 1 newly issued ordinary share.
	<b>After 1 unit of Warrants shall be entitled to purchase 1.0052 newly issued ordinary share.</b>

With become effective immediately from the first day on which the purchases of the Company's ordinary shares shall not be entitled to receive such dividend distribution (the first day on which the SET posts XD sign) is 1 March 2016.

April 2016 The company has increased its capital stocks from 1,229,999,916 (One thousand two hundred twenty-nine million nine hundred ninety-nine thousand nine hundred and sixteen Baht) to 1,231,099,916 (One thousand two hundred thirty-one million ninety-nine thousand nine hundred and sixteen Baht) with paid capital of 1,024,999,930 (one thousand and twenty-four million, nine hundred and ninety-nine thousand, nine hundred and ninety-three baht) with the Department of Business Development Ministry of Commerce.

December 2016 Report on the Result of the Exercise of Rights to Purchase Ordinary Shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1

Period	Warrant Exercise (Unit)	Outstanding (Unit)
March 2016	0	204,969,911
June 2016	0	204,969,911
September 2016	0	204,969,911
December 2016	0	204,969,911

January 2017 The company has hired a home design company for made to design house in the project. Rock Garden Airport Phase 3 to modernize and equalize its competitors. The design is designed as 2-storey detached houses 2 type and 1-storey duplexes 1 type.

February 2017 The company has started selling the project Rock Garden Airport Phase 3. The project comprises of 2-storey detached houses of type A 90 units, 2-storey detached houses type B 93 units and 1-storey duplexes houses 48 units. On 40-2-24.6 Rai.

July 2017 The Company was granted permission to allocate land no. 28/2560 on July 14, 2017 in Project Baan Suan Palm (Baan Rock Garden Airport Phase 3) with an area of approximately 40-2-24.6 rai, divided for sale of 231 units.

August 2017 - The company has gradually implemented the construction Project Baan Rock Garden Airport Phase 3.

December 2017 The company has received the building permits as follows:

- \* Building Permit No. 56/2017 on 2 August 2017 is a 2-storey detached houses type A 16 Units.
- \* Building Permit No. 57/2017 on 2 August 2017 is a 2-storey detached houses type B 16 Units.
- \* Building Permit No. 91/2017 on 1 November 2017 is a 1-storey duplexes houses 48 Units.
- \* Building Permit No. 103/2017 on 20 December 2017 is a 2-storey detached houses type A 11 Units.
- \* Building Permit No. 104/2017 on 20 December 2017 is a 2-storey detached houses type B 5 Units.

December 2017 Report on the Result of the Exercise of Rights to Purchase Ordinary Shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1

Period	Warrant Exercise (Unit)	Outstanding (Unit)
March 2017	0	204,969,911
June 2017	0	204,969,911
September 2017	0	204,969,911
December 2017	0	204,969,911



January – May 2018	The company has procured land for to make land allocation projects for sale to the general public.
March 2018	<p>Excellence Property and Development Company Limited had owns the land and buildings in project ASTON VILLE located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok. This project is a 2-storey townhouse with 285 units, clubhouse, swimming pool, corporate office, park and road within the project. Excellence Property and Development Company Limited has completed the construction of 2-storey townhouses 54 units already (transferring ownership to 32 units already), construction building a clubhouse, swimming pool, corporate office has been completed, and construction road is about 165 meters already. Construction of a bridge over the Lam Sai Canal already.</p> <p>Excellence Property and Development Company Limited has offered to sell the land and buildings, project ASTON VILLE to Baan Rock Garden Plc. Which consists of Land with 2 storey townhouse 22 units, vacant land 231 units, land with clubhouse and swimming pool and corporate office 1 unit, park 1 unit, road no.1 and garden 1 unit, road no.2 and garden 1 unit, total of 257 units. Initially, the company conducted a survey of the housing market in Nong Chok district Bangkok.</p>
10 April 2018	The company has made a memorandum of agreement to offer land and building in the project ASTON VILLE is located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok with Excellence Property and Development Company Limited price offered for sale 79,000,000 Baht (seventy nine million baht only) for the company to do Examine documents and information related to government agencies and private agencies and inspect assets related to the project ASTON VILLE for a period of 3 months.
May 2018	<p>The company has gradually implemented the construction Project Baan Rock Garden Airport Phase 3. The company has received the remaining building permits as follows:</p> <p>* Building Permit No. 31/2018 on 17 May 2018 is a 2-storey detached houses type A 63 Units.</p> <p>* Building Permit No. 32/2018 on 17 May 2018 is a 2-storey detached houses type B 72 Units.</p>
1 June 2018	The assign date for the last exercise of rights to purchase ordinary shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1.
11 June 2018	The company has increased its paid capital stocks from 1,024,999,930 (One thousand twenty-four million nine hundred ninety-nine thousand nine hundred thirty Baht) to 1,025,000,181 (One thousand twenty-five million one hundred and eighty-one Baht) with the Department of Business Development Ministry of Commerce.
June 2018	Report on the Result of the Exercise of Rights to Purchase Ordinary Shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1

Period	Warrant Exercise (Unit)	Outstanding (Unit)
March 2018	0	204,969,911
1 June 2018	250	204,969,911
(The last Exercise Date)		

1 June 2018	The company has made a request to extend the period with Excellence Property and Development Company Limited has been extended for another 1.5 months for the company to investigate all assets related to the project ASTON VILLE.
July 2018	The company has hired Sim Property Consultant Co., Ltd., which was property appraisal company listed in the capital market. Which hiring to evaluate property values Land allocation project, ASTON VILLE project, located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok.
9 August 2018	The Company has made an additional memorandum of agreement regarding the sale of land and buildings in the project ASTON VILLE with Excellence Property and Development Company Limited. By agreeing to change the selling price is in the amount of 72,000,000.- Baht (seventy two million baht only), effective until 1 September 2018.
17 August 2018	The company has purchased the land allocation project ASTON VILLE by contracting to buy and sell land with buildings, land allocation project ASTON VILLE located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok. Which consists of Land with 2-storey townhouse 22 units, vacant land 231 units, Land with clubhouse and swimming pool and corporate office 1 unit, Park 1 unit, Road No.1 and garden 1 unit, and Road No.2 and garden 1 unit, total of 257 units. With ready to receive the transfer of the license to allocate land No. 88/2557 on dated 25 August 2014. And ready to receive the transfer of the building permit No. 672/2561 on dated 10 September 2018. And documents of various agencies Various government documents Related to the land allocation project ASTON VILLE located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok. At the price of 72,000,000.- baht (seventy two million baht only) with Excellence Property and Development Company Limited.
20 August 2018	The company has started planning development the project purchased was the project ASTON VILLE, which is located at Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok. This project was renamed the project BR @ Arena. And on 20 September 2018, the company started to renovate the 2-storey townhouse 22 units and clear the area to support the construction of the house.
October 2018	The company started selling 2-storey townhouses in the project BR @ Arena.
14 November 2018	Excellence Property and Development Company Limited has registered the transfer of ownership of land and buildings of the project ASTON VILLE total 257 units to Baan Rock Garden Public Company Limited. Consists of Land with 2-storey townhouse 22 units, Vacant land 231 units, Clubhouse and swimming pool and corporate office 1 units, Park 1 unit, Road no.1 and garden 1 unit, and Road no.2 and garden 1 unit.
December 2018	Excellence Property and Development Company Limited has transferred the building permit No. 672/2561, on dated 10 September 2018 to Baan Rock Garden Public Company Limited.
December 2018	Land Allocation Board Bangkok Resolved in the meeting on 26 September 2018, allowing to Excel Property and Development Co., Ltd. to transfer the license to allocate land No. 88/2557 on dated 25 August 2014 for Baan Rock Garden Public Company Limited. By the Land Allocation Board Bangkok has issued a letter granting permission to transfer the license to allocate land No. 157/2561 on dated 3 December 2018 to Baan Rock Garden Public Company Limited.

## Overview of Company's Business

Baan Rock Garden Public Company Limited conducts its business in real estate sector, with focus on the development of single-attached houses, townhouses and commercial building. The Company primarily develops its real estate under the project title "Baan Rock Garden" in Bangkok and other major provinces that have displayed rapid economy growth and potential for further growth, such as Phuket, Samuthprakarn and Rayong. The Company's current projects comprise the following:

1. "Rock Garden Home 1" and "Rock Garden Home 2" projects. Both projects comprise 2-storey townhouses and 4.5-storey commercial buildings that the Company acquired from ROCK GROUP, the Company's associate company, in September 2003. They were the remaining 91 available units of the projects that ROCK GROUP hadn't previously sold.
2. "Baan Rock Garden Meng-Jai" project. This project was the Company's first development project, which was introduced to the market in February 2004. The project comprises 63 units of 3-storey semi-home-office townhouses, located on Prachautit Road, Bangkok.
3. "Baan Rock Garden Bypass" project. The Company's second development project is a large project, primarily located in the vicinity of Phuket Bypass Road, which is the province's major district. The project is divided into 6 development phases.

3.1) "Baan Rock Garden Bypass 1." The project comprises of 1-storey townhouses 91 units.

3.2) "Baan Rock Garden Bypass 2." The project comprises of 1-storey townhouses 99 units and 2.5-storey commercial building 15 units.

3.3) "Baan Rock Garden Bypass 3." The project comprises of 1-storey duplexes houses, 1-storey detached houses, 2-storey detached houses and home offices, the project is total 90 units.

3.4) "Baan Rock Garden Bypass 4." The project comprises of 1-storey duplexes houses, 1-storey detached houses, 2-storey detached houses and home offices, the project is total 82 units.

3.5) "Baan Rock Garden Bypass 5." The project comprises of 1-storey duplexes houses and 2-storey detached houses, the project is total 94 units.

3.6) "Baan Rock Garden Bypass 6." The project comprises of 2-storey detached houses.

The project is divided into 10 phase. As follows.

3.6.1) "Baan Rock Garden Bypass 6/1."

The project comprises of 2-storey detached houses, the project is total 49 units. For the year 2018, the Company has closed the sale of project Baan Rock Garden Bypass 6/1 is complete.

3.6.2) "Baan Rock Garden Bypass 6/2."

The company is planning the development of project Baan Rock Garden Bypass 6/2.

4. "Baan Rock Garden Airport" The project is located on Onnuch-Ladkrabang highway, Amphur Bangsolthong, Samuthprakarn province. The project is divided into 3 phases. Which at present are implemented as follows.

4.1) "Baan Rock Garden Airport, Phase 1."

The project comprises of 2-storey town houses 117 units and 2-storey duplexes houses 12 units, the project is total 129 units. The Company has closed the sale of Project Baan Rock Garden Airport Phase 1 on year 2014.

**4.2) “Baan Rock Garden Airport, Phase 2.”**

The project comprises of 2-storey detached houses 35 units and 2-storey duplexes houses 102 units, the project is total 137 units. For in year 2019, the company expects to accelerate to close the sale Project Baan Rock Garden Airport Phase 2.

**4.3) “Baan Rock Garden Airport, Phase 3 or BR @ AERO.”**

The project comprises of 2-storey detached houses of type A 90 units, 2-storey detached houses type B 93 units and 1-storey duplexes houses 48 units, the project is total 231 units. The company has developed project the following.

- 1) The beginning 2017, the company hired a house design company to design the house as mentioned.
- 2) The beginning 2017, the company started selling the project By using the name of the project BR @ Aero.
- 3) In the year 2017 - 2018, the Company received a building permits total of 231 units.
- 4) In the year 2017 - 2018, the company had gradually the construction houses of 121 units.
- 5) In the year 2018, the company has transferred ownership to customers 21 units.

**5. Project BR @ Arena**, located on Lam Sai Road, Khok Faet Subdistrict, Nong Chok District, Bangkok. The project comprises 2 storey townhouse 285 units, club house, swimming pool, corporate office, park and road within the project. Excellence Property and Development Company Limited has completed the construction of 2-storey townhouses 54 units (transferring ownership to customers 32 units). The construction a clubhouse, swimming pool, corporate office and road within the project is about 165 meters has been completed.

Which the company buys and receives the ownership transfer of all land and buildings, consisting of Land with 2-storey townhouse 22 units, Vacant land 231 units, Land with club house and swimming pool and corporate office 1 unit, Park 1 unit, Road no.1 and garden 1 unit, Road no.2 and garden 1 unit, total of 257 units from Excellence Property and Development Company Limited on 14 November 2018. And The Company has started open selling project BR @ Arena about October 2018.

**Future Projects****“Baan Rock Garden Bypass Phase 6 Project”**

The company has already completed 5 projects in Phuket which are the Baan Rock Garden Bypass 1 project, Baan Rock Garden Bypass 2 project, Baan Rock Garden Bypass 3 project, Baan Rock Garden Bypass 4 project and Baan Rock Garden Bypass 5 project. These projects with total areas of 57-1-81.3 rai (from the end of 2004 to 2007) are located on the bypass road in Phuket.

After the completion of the abovementioned projects, the company has started their future property development projects. These future projects include the Baan Rock Garden Bypass Phase 6 project with the areas on the bypass road of 235-1-18.5 rai (after deducting the areas of 25-1-25 rai where the electric poles are located, as such, the company has turned that into a public park). This project is located in a good location which is considered to be the main location in Phuket with its growth potential as it is located along the bypass road and close to the Central Festival Department Store and Tesco Lotus. The company’s objective is to continue its property development whereby the project shall offer 2 storey detached houses

with plot of land. The Baan Rock Garden Bypass 6 project has 10 phases with total 580 units. In 2009, the Company launched Baan Rock Garden Bypass 6 Phase 1 Project comprising 49 units (23-2-42.2 rai) and realized incomes on March 2010. The Company continued to develop facilities of Baan Rock Garden Bypass 6 Phase 1 and Phase 10 Project. Sources of capital were from operating cash flow and / or loans from financial institutions.

In year 2018, the company has closed the sale of Baan Rock Garden Bypass 6/1. And in 2019 the company is planning the development of project Baan Rock Garden Bypass 6/2 continuously.

#### **“Joint investment project with the foreign investors”**

The Company sold shares Yamoo Property Development Co., Ltd. to Mrs.Naowanart Jamornmarn because the business has no actions and the cost unnecessarily high. However Yamoo Property Development Co., Ltd remains the joint venture but don't any activity. whereby the joint investment between the Swedish investors and the Thais is at 50:50. There are 4 directors at this joint venture, comprising of Mr. Virat Chinprapinporn, Mrs. Naowanit Silaprarat and 2 Swedish investors. The authorized persons which are either Mr. Virat Chinprapinporn or Mrs. Naowanit Silaprarat shall sign with one of Swedish investors. Now the Company welcomes co-investment of both Thai and foreign investors who are interested to invest in the Company's lands on the areas more than 500 rai and is located at Amphur Thalang, Phuket.

#### **“Baan Rock Garden Project at Soi Watcharaphon”**

The company has the plot of land of 3-2-68.9 rai at Soi Watcharaphon whereby the company has planned to start its development project after the road construction linking Nimitmai Road and Rattanakosin Sompote Road via outer ring has completed. This new road shall pass at the front of the project. This project is to construct the commercial building which is the future project of the company. The appraisal value of this plot of land has increased as partial plot of lands in the area have been under acquisition so that the road can be expanded and this can be the intersection between the new road from Phaholyothin Road and Rattanakosin Sompote Road. As such, this has made the company's plot of land to be close to the abovementioned road. Besides the progress on the new road construction, the government has already paid for the land acquisition and shall start constructing the link from Rattanakosin Sompote Road to Phaholyothin Road.

#### **“Baan Rock Garden Baan Pae Project”**

This project has the area of 104 rai which is located on the Sukhumvit Road and close to the community. This plot of land is located along the hill side and close to the sea which makes it suitable for developing the residential areas. The company shall construct the commercial building, detached houses and hill side detached houses whereby this shall be the highlight of this project. The target customers of the company are the local who may want to own the weekend houses and the foreigners who are looking for houses. With the potential of Tumboon Baan Pae which is the most popular tourist attraction in Rayong, there are a lot of tourists visiting Tumboon Baan Pae each year. One of the popular tourist destinations is Koh Samet. Of that number, several tourists are looking for houses. As for the progress of this project, it is on the process of studying the project structure.



## Market and Competition Analysis

### OVERVIEW OF THE THAI ECONOMY IN 2018 AND THE OUTLOOK IN 2019

The real estate market situation in 2018 expanded both in terms of the demand and supply sides as a result of the expansion of the overall economy of the country with supporting factors from household spending which is likely to grow in line with the better adjustment of the income base and clearer picture of employment plus investment in major infrastructure of the government sector which has entered the construction stage, and continuous expansion in private investment, better improvement of the tourism sector, the expansion of the economy and the volume of global trade that can support the export sector continuously despite the slowdown in major economic countries, changes in the trade direction, production and international investment, measures to regulate housing loans of the Bank of Thailand that will become effective on April 1, 2019, and the slow decrease of household debt despite still being at a relatively high level. All of these factors have direct impacts on the continuous expansion of the overall picture of the real estate market, especially the high-rise residential area which still continues to grow well in the heart of Bangkok including the areas near the BTS route extension, whereas the horizontal residential areas are also growing in line with the expansion of both the suburb and urban zone of Bangkok and the main tourist cities, while the reason of the higher cost of real estate has basically come from the higher cost of land and construction material prices. Most business entrepreneurs have to adapt themselves through technology adoption and implementation to reduce cost, and adapt their construction management to drawdown loans and reduce interest expenses. In the financial loans sector, the financial institutions are still very cautious to grant or approve housing loans and still remain strict on the Project Finance loans scheme to small and medium enterprises, especially for projects in the areas of oversupply.

In 2018, although the real estate market continued to expand, supply was also very high, causing relative high competition coupled with higher cost of land and higher construction material prices. The financial institutions are still very careful and strict in granting loans. For the real estate market in Bangkok, the company has implemented integrated strategies through multiple public relations and marketing channels in order to penetrate more target customers, such as the internet channel, booth exhibition, public relations to target group, various special discount campaigns to motivate consumer decisions, monthly activities at the sales office, gift give-away items for customers who visit the project to stimulate their buying decision. For Baan Rock Garden Airport Phase 3 or BR Project @ AERO, the project is located near Suvarnabhumi airport (but is not in the vicinity of a noisy area). The project is also near the motorway and the Airport Link which is a very convenient location for travel. On top of that, the company has purchased and has just owned the land and building for ASTON VILLE project, located at Lam Sai Road, Khok Faet Sub-District, Nong Chok District, Bangkok, from Excel Property and Development Co., Ltd., and has changed the project name to BR @ Arena which is adjacent to the Bangkok Arena, near the schools and shopping zone, government offices – a very convenient location for traveling.

The real estate market situation in Phuket slightly expanded, especially for the horizontal housing sector according to the purchasing power of consumers of the fixed income group, government officials group, high-income group and general consumers in major tourist cities. In addition, the sale promotion campaign of the developers and the loan promotion campaigns of financial institutions is one of the factors that helped stimulate the consumers' purchasing decisions, who mostly purchase the property to live in, while purchases for rent or for speculation has decreased proportionately. However, financial institutions are still strict in granting housing loans plus the prices of major agricultural products remain at a low level is another factor affecting consumer confidence in the agricultural sector, including household debt which has reduced the farmers' purchasing power as well as the higher competition in the area which consists of both large and local developers. In 2018, the company successfully closed the sale of Baan Rock Garden Bypass 6 Phase 1 Project and is still planning with care to develop the Baan Rock Garden Bypass 6 Phase 2 Project as Phuket is still considered as the most important tourist province of the country. There are a large number of newcomers coming to work in Phuket, as well as high potential and quality travelers, investors, both Thai and foreigners who show their interest in and demand for housing in Phuket.

**THE OUTLOOK OF THE REAL ESTATE MARKET IN 2019 IS STILL SUPPORTED BY THE FOLLOWING POSITIVE FACTORS:**

1. The Bank of Thailand (BOT) has resolved to raise the policy rate from 1.50 percent per year to 1.75 percent per year. It is estimated that the Thai economy is likely to continue to grow in line with the domestic demand even though the external demand is slowing down. The general inflation and core inflation are likely to be close to the estimates. The overall financial condition is still relaxed and conducive to economic growth. Overall financial system stability is good but still needs to be monitored for risks that may accumulate vulnerability in the financial system in the future.
2. Investment in government infrastructure in 2019 began to move forward in many projects, including the groups that are under construction, such as the dual track railway Phase 1 and the MRT project in Bangkok including the other projects that have been approved and are expected to start construction in 2019, showing momentum in area development as the government is focusing on the development strategy, namely the EEC area which is currently in the tender process consisting of High-Speed Rail linking the three airports, Laem Chabang Port Project and Map Ta Phut Phase 3 Project as well as the Eastern Aviation City Project. In addition, there are also dual track rail Phase 2 Project for Denchai-Chiang Rai-Chiang Khong route – a new railway line that is expected to be the first route from all 9 routes, including the MRT Purple Line project (Tao Poon – Rat Burana) and the MRT Orange Line, Western Extension (Thailand Cultural Center – Bangkhunnon) which will be auctioned by the beginning of the year and is expected to start construction in the second half of 2019.

Under the conditions of the election and implementation of the new government, it will not affect the progress of various projects significantly including the process of selecting the winner of the tender for the projects that have already been approved according to the schedule laid down. As such, the government disbursement value

for the large infrastructure projects in 2019 will accelerate compared to the figures in 2018, as many projects are in the ongoing stage of disbursement, namely – all 7 routes under Dual Track Rail Phase 1, MRT Red Line which is still under disbursement for the civil works of Bang Sue Central Station. At the same time, there is another group of projects that are in progress to the stage of starting construction and disbursement, which will start in 2019 including the Dual Track Rail Phase 2 Denchai-Chiang Rai-Chiang Khong route, Eastern Aviation City Project, Rama 3 Expressway – Dao Khanong, and the 3rd Stage Expressway North Line, N2 extension.

#### **Negative factors affecting the Real Estate Market,**

1. The analysis of the significance of household debt to the financial system stability consists of the following 3 issues of risks :

The first issue: Although the proportion of household debt in general declined slowly from the beginning of 2016, and the rate of household debt growth had increased gradually, the household debt ratio remained high and household debt began to show signs of acceleration from the beginning of 2017 in all consumer loans, especially car hire purchase loans whereas the increase in household income was still not fully distributed. The middle and high-income households in the manufacturing and tourism sectors were the first group to recover while farmer incomes have gradually recovered and most of them are farmers who have low income but have high debt. In addition, the household debt to income ratio reduced in some regions only.

The second issue: The ability to pay off the debt in some groups of households has also deteriorated which is a group that needs to be monitored, reflected by the increase in NPL ratio of housing loans in the second quarter of 2018, and when it was divided by income group and occupation group, it was found that the monthly debt payment ratio per monthly income increased in some groups especially in the low-income households and farmer groups.

The third issue: Households are less able to cope with economic fluctuations, especially financial risk including the susceptible financial condition of households to changes in interest rates and more income due to the high debt in comparison with savings and the floating interest rate which has slightly increased.

2. The cost of real estate business is higher due mainly to the cost of land and construction materials. Most of the developers then adjusted their construction designs to require more technique and technology to increase efficiency in cost reduction, loss reduction, and wages reduction. In addition, many developers have also adapted their construction management by starting to divide the construction work into phases and will start the interior decoration only when there are bookings to drawdown the loans and interest expenses. In terms of stringent credit approval by the financial institutions, the refusal rate of housing loans decreased as most developers have screened only customers who have the potential to obtain the loan before placing a deposit. However, some developers see that financial institutions will remain strict in granting Project Finance loans to small and medium entrepreneurs, especially for projects in areas of oversupply. In such a time when the cost of land is high, it is an important hurdle for entrepreneurs, especially in the areas where speculation is based on large scale government projects such as EEC, resulting in difficult real estate development because developers are unable to set the prices appropriately to meet the

purchasing power in the target area. Such factors have made the developers decide to slow down their investment. However, the number of new local developers who own more land in the area has increased. The new developers are usually small and are not specialized in the real estate industry. The launch of new project increases in such a time when purchasing power is not yet strong may result in more intense competition and the situation of oversupply in the future.

### **The Company's market**

Baan Rock Garden, PLC is focusing on developing and selling housing and land to customer group with average income, with price ranging from Bt. 1.49 million Baht to 4 million Baht. The Company has a policy to standardize the quality of all its projects, under the brand "Baan Rock Garden," in order to build confidence in its products among all the customers. The Company's strategy to sustain and to expand its market share is as followed:

- 1) selecting convenient locations, by building projects in the vicinity of town centers and shopping malls.
- 2) Setting appropriate pricing for every project by considering general consumer behavior and purchasing power of people in the area, so they could make prompt decision upon acknowledging the prices.
- 3) Presenting all housing with standardized quality, built with high-quality and durable materials.
- 4) Constructing and transferring all houses in timely manner, which is the Company's most outstanding strength that has built its trustworthy image among the consumers.
- 5) Maintaining excellent relationship with customers through post-sales services, such as maintenance of the house structure, painting and ceiling, as well as setting up water and electricity system. The Company employs its own construction team specifically to offer such services.
- 6) Expanding the projects to other provinces with high potential.

### **1. Product Strategy**

The Company consider to develop the project in the area which has a chance in the economic great. According to The Company has set a policy to fully outsource its project development team, in order to help the Company to effectively control its expenses and to develop projects that meet the needs and objectives by hired professionals. As a result, the Company's projects are designed to appear modern and architecturally unique. The houses are designed to be spacious and airy, yet sufficiently functional, with openings for sunlight to reach the interior to emphasize the energy conservation concept. Furthermore, the Company also contracts external resources for all project constructions, by employing appropriate and effective selection process. It also sets the specifications of the suitable construction materials that the contractors must use for the projects. The construction will be thoroughly monitored and inspected by the Company's Project Construction Department, until the constructed unit is delivered to the Company, in order to ensure that the constructions are performed effectively in every step up until the rights transfer to the customers.

## 2. Pricing Strategy

The Company sets its product prices by employing the cost-plus-margin method. However, in the final stage of pricing, the Company also takes into consideration the market demand and competition conditions at the time. The performance of real estate industry largely depends on 1) interest rates; 2) consumer's purchasing power; and 3) the country's economic growth rate.

## Distribution channel

The company has greatly emphasized on sales persons at the sales office as their distribution channel to provide service to the retail customers who have walked in. Such sales persons at the sales office are the marketing officers whereby these positions have been outsourced. The company has hired 1 team of external parties to be responsible for the projects in Bangkok and another team to respond for the projects in Phuket. These marketing officers have great knowledge and expertise in the real estate market of those areas for a long time.

As for the marketing promotion, the marketing department of the company has worked with the marketing officers to arrange the promotion and several forms of advertisements e.g. internet , billboards, medias on the minibus, booths displayed in many places in order to reach to the buyers and find the buyers for the company. These 2 marketing teams sale in the project have remuneration from the sale.

## Impacts on environment

The Company has faced no conflict regarding environment handling in the past 3 years, as the Company has put high priority in managing the environmental impact. The Company has set strict policy on environment treatment, by setting up systematic and standardized public utilities, especially water treatment system, including each project's central water treatment facility. Moreover, the Company has always followed up on its policy to minimize impacts on environments and its policy to regularly inspect the conditions of project surroundings.



## Present Projects

Table Existing Projects: BROCK's Current Real Estate (Houses and Land) Projects

## 1) Samutprakan

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt. million)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2018)		Sold Units (As of Dec. 31, 2018)			
						Investment Paid	% Completion			Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)	Transferred	Units	Sales Value (Bt. mil.)	To be transferred
Baan Rock Garden Airport Phase 2	Onnuch-Lakabang Road	2-storey duplexes 2-storey detached Total	June 2007	March 2008	213.60	213.60	100.00	2.35-2.6 3.25-3.6	17-3-14	102 35 137	419.89	1 2 3	2.90 7.20 10.10	98 33 131	273.89 126.63 400.52	3 - 3	9.27 - 9.27
Baan Rock Garden Airport Phase 3 (BR @ AERO)	Bangsothong Samutprakan	1-storey duplexes 2-storey detached Total	June 2009	February 2017	438.10	311.79	70.00	1.89-2.40 2.99-3.70	40-2-24.6	48 183 231	707.07	30 160 190	512.00 72.00 584.00	5 18 23	11.46 62.25 73.71	13 5 18	30.39 18.97 49.36
Total										368	1,126.96	193	594.10	154	474.23	21	58.63

2) Phuket

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt. mil.)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2018)		Sold Units (As of Dec. 31, 2018)			
						Investment Paid	Completion %			Units	Sales Value (Bt.mil.)	Units	Sales Value (Bt. mil.)	Units Transferred	To be transferred	Sales Value (Bt.mil )	
Baan Rock Garden Bypass 4***	Phuket Bypass Road. (Baan Tung-Ka – Baan Sapum Road) near Chalermprakit	Duplexes 1-storey houses 2-storey houses 2.5-storey home office <b>Total</b>	May. 2005	Jul. 2006	93.94	93.94	100.00	1.49-3.2	11-2-38.3	52	166.89	-	-	52	84.70	-	
		6								-		6	14.86	-			
		9								-		9	26.23	-			
		15								-		14	38.20	-			
		<b>Total</b>								82		1	2.90	81	163.99	-	
Baan Rock Garden Bypass 6/1	Road) Amphur Muang Phuket	2-storey detached <b>Total</b>	Aug. 2008	Aug. 2009	175.28	175.28	100.00	4.29-5.20	29-2-10.22	49	219.49	-	-	49	219.49	-	
										49	219.49	-	-	49	219.49	-	
<b>338</b>											386.38	1	2.90	130	383.48	-	-

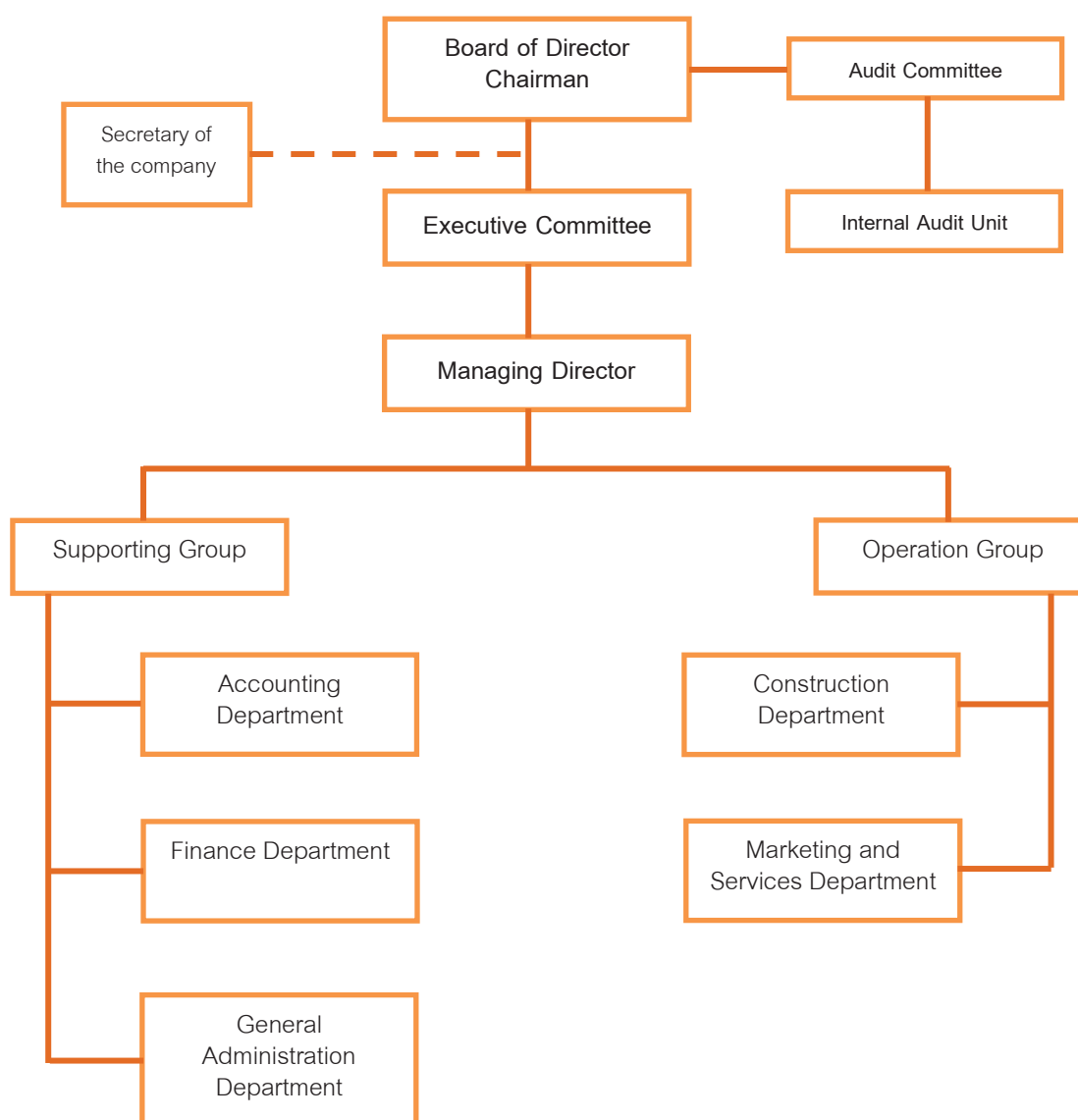
\*\*\* Baan Rock Garden Bypass 4 home office value 1 unit, it's location the office of Baan Rock Garden Pcl., Phuket

## 3) Bangkok

Projects	Locations	Property Types	Project Start Date	Opening Date	Investment Value (Bt. million)	Progress		Price Range (Bt.million)	Project Size (Rai)	Project Total		Remaining Units (As of Dec. 31, 2018)		Sold Units (As of Dec. 31, 2018)			
						Investment Paid	% Completion			Units	Sales Value (Bt. mil.)	Units	Sales Value (Bt. mil.)	Transferred		To be transferred	
BR @ ARENA	Lam Sai Road, Khok Faet Sub-district, Nong Chok District, Bangkok	2-storey town houses	Sep-2018	Nov-2018	294.67	79.57	10.00	1.69-2.5	20-0-28.9	253	507.40	248	496.00	-	-	5	11.40
		<b>Total</b>								253	507.40	248	496.00	-	-	5	11.40
<b>Total</b>																	

## Management Structure

## Corporate Structure of Baan Rock Garden Public Company Limited



## The Company's Directors Structure

The Company's Directors structure consists of 3 committees, namely

- The Board of Directors 6 Persons
- The Independent and Audit Committee 3 Persons
- The Executive Committee 3 Persons

**A) The Board of Directors**

2018, The Board of Directors comprise of the following 6 persons :

No.	Board Members	Positions
1.	Mr. Virat Chinprapinporn	Chairman of the Board of Director
2.	Mr. Surapol Satimanont	Director / Independent and Chairman of Audit Committee
3.	Mr. Wanchai Mekasut	Director / Independent and Audit Committee
4.	Mr. Preecha Jenthanavijit	Director / Independent and Audit Committee
5.	Mrs. Naowanit Silaprarat	Director and Managing Director
6.	Mrs. Naowarat Suthamjariya	Director
Ms.Jantamat Hankimhunt is Corporate Secretary to the Board of Director until 17 December 2014.		

The total number of Board Meetings and the number of Board Meetings each Director attended during the years 2017 and 2018

No.	Board Members	2017	2018
		Number of Meetings attended / total number	Number of Meetings attended / total number
1.	Mr. Virat Chinprapinporn	4 / 4	5 / 5
2.	Mr. Surapol Satimanont	4 / 4	5 / 5
3.	Mr. Wanchai Mekasut	4 / 4	5 / 5
4.	Mr. Preecha Jenthanavijit	4 / 4	5 / 5
5.	Mrs. Naowanit Silaprarat	4 / 4	5 / 5
6.	Mrs. Naowarat Suthamjariya	4 / 4	5 / 5

Remark :

- The Board of Directors Meeting No. 1/2018 held on Thursday 15 February 2018 unanimously approved to appoint Mr. Virat Chinprapinpor , Mr. Preecha Jenthanavijit and Mrs. Naowarat Suthamjariya which was the Directors to retire by rotation at this time. To serve as the Company's directors for another term. And The Board of Directors proposes to the Annual General Meeting of Shareholders No. 1/2018 held on Thursday 5 April 2018 had considered and unanimously resolved to appoint three persons to serve as directors for another term.

**Authorized Directors**

The Authorized Directors comprise

No.	Board Members	Positions
1.	Mr. Virat Chinprapinporn	Chairman of the Board
2.	Mrs. Naowanit Silaprarat	Director and Managing Director
3.	Mrs. Naowarat Suthamjariya	Director
4.	Mr. Preecha Jenthanavijit	Director / Independent and Audit Committee

Any two of the above may sign along with the Company's seal affixed.

The Company's Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company's interest.

**The duties and responsibilities of the Board of Directors**

1. Supervise and manage the Company's business operations according to the laws, objectives, articles of association of the Company and regulations of concerned agencies as well as the resolutions of the shareholders' meeting, and maintain the interest of the Company according to the business good governance principles. The Board of Directors must also disclose information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
2. Set out vision, mission, directions and strategies of the Company, consider and review such vision, mission and strategies regularly and grant approval every year to be in accordance with the Company's business plan.
3. Grant approval to important strategies and policies including the objectives, financial goals and plans of the Company; monitor and supervise to ensure that the Company's strategies and plans have been implemented.
4. Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.
5. Determination duties and responsibilities of the Executive and Management Committee clearly.
6. Organize the annual ordinary general meeting of shareholders within 4 months from the closing date of the accounting year of the Company, and organize the extraordinary meeting of shareholders when necessary.
7. Organize the meeting of the Board of Directors every quarter and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
8. The Board of Directors may appoint a number of Directors and/or Executives, as appropriate, to form an Executive Committee and assign them to manage the Company on their behalf. The Board of Directors will appoint one among the Executive Committee to be the Chief Executive Officer. The Board of Directors may only empower the Executive Committee to manage the Company within their scope of authority and responsibilities, as stated by the law, and they must clearly specify the scope of authority and responsibilities of the Executive Committee.
9. The Directors may not initiate a business that directly competes with the Company. They also may not become partners in any ordinary partnerships, general partners in any limited partnerships, or directors of any companies that pose direct competition to the Company.
10. Arrange for disclosure of correct, clear, transparent, reliable and high standard information.
11. Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company and the Board of Directors must arrange for an audit by the auditor before to be presented to the annual ordinary meeting of shareholders for approval.
12. Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.

13. The Board of Directors is responsible for the review and approval of the Company's periodical and annual financial statements, as well as ensuring that the financial statements are produced in accordance to the general accounting standard.
14. The Board of Directors must review the adequacy and appropriateness of the Company's internal control system and risk management procedures.
15. The Board of Directors must ensure that the Company's operation receive sufficient audition from the internal Auditor and external Certified Accountant.
16. The Board of Directors has the duty to propose remuneration for directors to be approved by the Annual Ordinary General Meeting of Shareholders.
17. The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.
18. The Company's directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.

To exercise their authority in the following Company's affairs, the Board of Directors must first receive the approval from the Board Meeting through the majority voting of attending Directors, and also from the Shareholder Meeting with the approval resolution produced by at least 75% of attending Shareholders with voices.

- (a) Sale or transfer of the entire or the significant portion of the Company's business to other parties.
- (b) Acquisition or transfer of other public or private company's business to become part of the Company's.
- (c) Amendments to the Company's Memorandum of Association or Articles of Association.
- (d) Increase or decrease of the Company's capitals, or issuance of debentures.
- (e) Corporate merger or dissolution.

#### **Secretary of the Board**

The Board of Director passed a resolution to appoint Miss. Jantamat Hankimhunt to hold secretary office according to the meeting resolution of Board of Directors no.4/2014 on 13 November, 2014, has acted as the Company Secretary since December 17, 2014 to oversee Board activities and assist the Board and the Company in complying with related laws and regulations and in promoting good corporate governance, to oversee the organization of shareholders and Board meetings in conformity with laws and the Company's Articles of Association and procedures, and to oversee the preparation and storage of meeting support documents and follow up to ensure compliance with the shareholders' and Board resolutions. The Company has defined the Secretary's role, duties and responsibilities in the Corporate Governance Policy Manual, as it envisions the importance and necessity of secretary role in the development of its corporate governance system. The Secretary can be reached at [Jantamat@rockgarden.co.th](mailto:Jantamat@rockgarden.co.th) , [investor@rockgarden.co.th](mailto:investor@rockgarden.co.th) or phone number 02-934-7171 ext. 216



**Required Qualifications and Experience for Company Secretary**

1. Being knowledgeable in and having an understanding of the laws and regulations concerning the company and regulatory body in relation to the law on public limited companies and the law on securities and stock exchange; passing a training course on company secretary duty performance.
2. Being knowledgeable and having an understanding of good corporate governance and corporate governance best practices.

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

1. To produce and keep
  - Record of Directors,
  - Notice of Board of Directors meeting, minutes of Board of Directors meeting and company's annual report,
  - Notices and minutes of all shareholders' meetings.
2. To keep all interest or conflicts of interest report reported by directors or any members of management team.
3. To perform any other action as determined by Capital Market Supervisory Board.

**B) The Executive Committee**

The Executive Committee comprises the following 3 executive members:

No.	Executive Members	Position
1.	Mr. Virat Chinprapinorn	Chief Executive Officer
2.	Mrs. Naowanit Silaprarat	Director and Managing Director
3.	Mr. Phisitsak Premprichayan	Department Head of Corporate Accounting
Mr. Phisitsak Premprichaya is the Department Head of Corporate Accounting until 13 November 2014.		

**Scope of Authority and Responsibilities of the Executive Committee**

1. The Executive Committee is responsible for the consideration of the annual budget allocation, proposed by the management team, before taking it to the Board of Directors for approval. The responsibilities also include the urgent review and approval of the amendments and the additions to the annual expense budget in the events of no scheduled Board Meeting. The executive decisions must, however, be informed to the Board of Directors in the soonest Board Meeting.
2. The Executive Committee is responsible for the consideration of the Company's policies, directions, strategies and management structure. The Executives must also set the guidelines for the operations that correspond to the circumstances of economy and market competition, as reported by the management team, before proposing them to the Board of Directors for approval.
3. The Executive Committee must ensure that the Company effectively operates in accordance with the policies and operational guidelines.
4. The Executive Committee has the authority to appoint the Managing Director, and to discharge personnel below the position of the Managing Director from their positions.

5. The Executive Committee is responsible for the allocation of gratuity, after the approval from the Board of Directors, to the employees, workers or anyone who act on the Company's best interest.
6. The Executive Committee is authorized, following the approval from the Board, to endorse the Company's financial transactions, such as account opening, loans, pledges, mortgages, as well as land trading and registration of land ownership, providing the transactions are in line with the Company's objective, and performed to promote the Company's benefits.
7. The Executive Committee is responsible for carrying out any other assignments the Board of Directors entrusts it with. Nevertheless, the empowerment of the Board of Directors to the Executive Committee must be within the legal scope of authority and responsibilities of the Executive Committee.

The Executive Committee is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's significant assets, as defined in the regulations of the Stock Exchange of Thailand, as well as the above transactions involving other listed companies, the Executive Committee must first obtain approval from the Shareholders in a Shareholder Meeting, or by any other mean possible, according to the regulations of the Stock Exchange of Thailand.

### C) The Independent and audit Committee

#### The Independent and audit Committee consists of the following 3 Directors

No.	Executive Members	Position
1.	Mr. Surapol Satimanont	Director / Independent and Chairman of Audit Committee
2.	Mr. Wanchai Mekasut	Director / Independent and Audit Committee
3.	Mr. Preecha Jenthanavijit	Director / Independent and Audit Committee
Mr. Phisitsak Premprichayan is the Department Head of Corporate Accounting, is the Secretary to the Audit Committee until 13 November 2014.		

#### The total number of Independent and audit Committee Meetings and the number of Committee Meetings each Member of the Committee attended during the years 2017 and 2018

No.	Board Members	2017	2018
		Number of Meetings attended / total number	Number of Meetings attended / total number
1.	Mr. Surapol Satimanont	4 / 4	4 / 4
2.	Mr. Wanchai Mekasut	4 / 4	4 / 4
3.	Mr. Preecha Jenthanavijit	4 / 4	4 / 4

The Audit Committee is an independent party elected to join the Board of the Directors, with responsibilities to examine the financial information proposed to Shareholders and other related parties, to investigate the internal control system, to conduct internal audit processes, and to communicate with the Company's external auditor.

#### Scope of Authority and Responsibilities of the Independent and audit Committee

1. The Audit Committee is responsible for investigating, in concert with the Company's external auditor, whether the Company's financial reports are accurately produced, with adequate disclosure. The Committee may voice its opinion to the Auditor, as well as review and investigate any transactions it sees fit.
2. The Audit Committee is responsible for investigating, in concert with the Company's external auditor and internal auditor, whether the Company's internal control and internal audit processes are appropriately in place and effectively performed.
3. The Audit Committee is to determine the scope of the investigation and the audit plans for the external auditor and internal auditor that are in accord, when investigating the financial transactions.
4. The Audit Committee is responsible for the selection and proposal of the Company's auditor and his compensation to the Board of Directors. The decision for appointment must come from the Shareholder Meeting.
5. The Audit Committee must consider the disclosure of corporate information regarding to related-party transactions or transactions inducing conflicts of interest with all due accuracy and completeness.
6. The Audit Committee is responsible for investigating whether the activities of the Company conform to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
7. The Audit Committee is responsible for other matters assigned to it by the Board of Directors and agreed by the Audit Committee itself. Examples include the reviews of financial management and risk management policies, the reviews of the Company's operation in accordance with the executive business ethics and the review, in concert with the Company's executive, of significant transactions that, as enforced by the laws, must be presented to the public, such as the executive reports and analyses.
8. The Audit Committee must organize a report on the activities of the Audit Committee, signed by the Chairman of the Audit Committee, which must be included in the Company's Annual Report. The contents of the report include the following:
  - (a) The Committee's opinions on the process of producing and information disclosure in the Company's financial reports, as to whether it is accurate, complete and reliable.
  - (b) The Committee's opinions on the adequacy of the Company's internal control system.
  - (c) The Committee's rationale for its confidence, such that it's appropriate to continue to appoint the current Company's auditor for another period.
  - (d) The Committee's opinions on the conformance of the Company's operations to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.

- (e) Any other matters that the Committee considers appropriate to inform the Shareholders and general investors, which do not exceed the scope of authority and responsibilities of the Committee assigned by the Board of Directors.

## **Nomination the company's Directors , Audit , Independent**

### **A) The Company's Directors**

The Company does not set up a Nomination Committee for the purpose of Board Member selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision and reliability. The Company's Articles of Association state that one third of the Director positions must become vacant each year in the annual Shareholder General Meeting. In order to re-elect the Directors, whose terms have expired, the proposal must be approved in the Shareholder Meeting. The Articles also state the guidelines for the Shareholder Meeting to nominate the Company's Directors.

### **Criteria the appointment the Company's Directors**

1. The Board of Directors shall compose of at least five Directors, and at least half must be of Thai nationality. Persons appointed to the Board of Directors must possess qualifications as stated in article 68 of The Public Company Act of 1992 and guidelines as set forth by the Securities and Exchange Commission. The qualifications of each candidate are reviewed including their experiences, knowledge and capability for the business, and present the name list to the shareholders' meeting for the final selection.
2. At least one third of the Company's Board of Directors must be independent board members.
3. At every annual general shareholders' meeting, one third of the Directors has to retire. If the number of Directors cannot be divided exactly by three the number closest to one third shall be retired.
4. The election of Directors will be voted at the shareholders' meeting under the following conditions and procedures:
  - 4.1 The number of individual's vote equals to the number of shares s/he is holding.
  - 4.2 Each individual's vote can be cast to vote for one or more nominees but the vote cannot be divided to preferred nominees.
  - 4.3 After the vote, the nominated persons shall be ranked in descending order from the highest number of votes received to the lowest and shall be appointed as Directors in that order. The number of newly elected Directors must equal to the number of the vacating Directors. If two or more Directors are eligible for the same seat and earn the same number of votes, the Chairman has the power to make the final decision as to who will be elected.
5. In case of vacancy on the Board of Directors other than through retirement by rotation, the Board of Directors shall elect any person who is qualified and is not subject to prohibition under laws governing public companies as a substitute Director at the next Board meeting by a vote not less than three

- quarters of the number of Directors remaining, unless the remaining term of the said director is less than two months. The substitute director shall hold the position only for the remaining term of the director he replaces.
6. A resolution may be passed at the shareholders' meeting to remove directors from office prior to retirement by rotation, by a vote not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half the number shares held by shareholders attending the meeting and having the right to vote.
  7. According to Item 18 of the Regulation of the company, it is stated that in every Annual General Meeting of shareholders, one-third of the directors should be released from the post. If the number of the directors could not be equally divided into three parts, the number of directors left the post would be the nearest figure of one-third. For the first year and the second year after the registration of the company, directors would be released from the post by a luck draw. After that, directors with the longest period on the post shall be released from the post and such directors may be re-elected to the office.

#### **Qualifications the Company's Directors**

1. Each board member shall possess knowledge and capability, vision, honesty and integrity. Each member must possess high ethical standards, must possess a clean and transparent record of previous responsibilities and must have sufficient time to make meaningful contributions to the Company.
2. Each board member must possess the qualities and must not have been disqualified in relation to the guidelines set forth for publicly listed companies and/or any other applicable laws and regulations
3. Board members may serve as a board member for other Companies as long as such positions will not hamper the board member from fulfilling his/her duties as a member of the Company's board.
4. Board members must not operate, be partner in or be a shareholder in any business entity that operates in the same industry as that of the Company or is a competitor of the Company unless such position is disclosed to shareholders at the shareholders' meeting prior to the appointment to the Company's board.
5. The qualification of an independent director is similar to that of a member of the Audit Committee which complies with the Stock Exchange of Thailand's guidelines regarding the qualifications and responsibilities of members of the Audit Committee. The independent director's responsibility is to ensure that the interests of all shareholders are upheld. The independent directors are also to be allowed to freely provide thoughts and comments at Board meetings.
6. The Company provides for shareholders to nominate the names of directors advance.

#### **B) The Independent and audit Committee**

The Board of Directors is responsible for nominating at least 3 Directors to join the Audit Committee. The Committee members will be selected from the Company's Independent Directors with appropriate qualities, as guided by the laws pertaining to securities and stock exchanges, including the announcement, rules and regulations of the Stock

Exchange of Thailand, mandating the qualities and scope of authority of the Audit Committee. In addition, at least one of the Audit Committee members must have background in accounting and finance.

In addition, the Audit Committee is appointed by the resolution from the Shareholder Meeting, with 2-year term. The Committee's member whose term of office has ended may be reinstated.

**Selection criteria of Independent Director and Audit Committee Director**

- 1) Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
- 2) Hold shares of not more than 1 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director and audit committee director.
- 3) Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 4) Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
- 5) Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director and audit committee director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission.
- 6) Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director and audit committee director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 7) Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent director and audit committee director, executives, or managing partners of such

- professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 8) Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
  - 9) Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
  - 10) The Independent Director and Audit Committee Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

### Setting up remuneration

#### A) Remunerations of the Company's Directors and Audit Committee Director

The Company attaches importance to good corporate governance system, it therefore has set a transparent policy to compensate all the Directors with remunerations and other benefits that are fair for their responsibilities and contributions.

The Chairman of the Board authorized the remunerations to be paid to the Company's Directors and Audit Committee in 2018 to be no greater than 1.5 million Baht, to be same the 2017. The Remuneration has determined from the remuneration generally paid in the same industry and expansion of the business.

The directors' remunerations and Audit Committee have not been set by the Remuneration Committee since the company has not had the Remuneration Committee. The Remuneration Committee were approved by the Board of Directors.

The remuneration of Directors and Audit Committee must be approved by the shareholders at all times. The shareholders' meeting approved by at least two-third of the number of shareholders present and vote at the meeting.

**Remunerations of the Company's Directors**

Board Members	Positions	Remunerations (Baht per year)	
		2017	2018
Mr. Virat Chinprapinporn	Chairman of the Board	60,000	75,000
Mr. Surapol Satimanont	Director / Independent and Chairman of Audit Committee	60,000	75,000
Mr. Wanchai Mekasut	Director / Independent and Audit Committee	60,000	75,000
Mr. Preecha Jenthanavijit	Director / Independent and Audit Committee	60,000	75,000
Mrs. Naowanit Silaparat	Director and Managing Director	60,000	75,000
Mrs. Naowarat Suthamjariya	Director	60,000	75,000



**Remunerations of Audit Committee Director**

Board Members	Positions	Remunerations (Baht per year)	
		2017	2018
Mr. Surapol Satimanont	Director / Independent and Chairman of Audit Committee	60,000	60,000
Mr. Wanchai Mekasut	Director / Independent and Audit Committee	60,000	60,000
Mr. Preecha Jenthanavijit	Director / Independent and Audit Committee	60,000	60,000

**Note:** The Directors of company and the Members of the Audit Committee were paid 15,000 Baht for every meeting they attended.

**B) Remunerations to management, managing officers, and staff****Monetary remunerations**

The company has set the criteria on the remunerations which include salary, living expenses, wages, allowances, provident fund and bonus. The company has compared its remuneration structure with those of the companies in the same industry and has developed the key performance indicators so that the remunerations can be fair and transparent including being good incentives.

**Non-monetary remunerations**

The company has placed great emphasis on the human resource of the company. As such, the company has developed and encouraged the bond and good attitude of the staff toward the company. The company has offered the staff the accident insurance for those with operational risks, medical care (annual check up), provident fund, accommodation and public utility for those who work in the provincial areas.

**C) Policy on dividend payment**

The Company and its subsidiaries follow a policy that limits the rate of annual dividend payment to many more 30% of the Company's net profit. Less corporate income tax. The consideration factors for dividend payment must include the Company's performance and financial position, its liquidity, expansion plan and other factors relevant to the Company's management. The dividend payment must be approved by the resolution of the shareholder's meeting, as appropriately agreed by the Board of Directors.

### Self-Assessment of the Board

An self-assessment process has implemented for the Board of Directors. The assessment evaluates the performance of the Board of Directors, which enables to review the problems and obstacles encountered along with the progress made in the past year. Reflection of the review is used as reference and guideline for developing and modifying strategies and policies for the coming year.

In 2018, the Company arranged for all the directors to conduct 2 topics performance assessments, as follows:-

- 1) Self Assessment for the board of directors as a whole
- 2) Self Assessment of the board of directors and of committee members on an individual basis

### Assessment Process and Criteria

The Board's Self-Evaluation Form is a form used to evaluate the performance of the board of directors as a whole and individual basis. The evaluation guideline was adapted and adjusted from the Stock Exchange of Thailand to suit the characteristics and structure of the board. The evaluation result has an important role to develop the efficient and effective performance and operation of the board. Topics of evaluation are:

<u>Scores</u>	<u>Grade</u>
Over 90%	Excellent
Over 80%	Very good
Over 70%	Good
Over 60%	Fair
Below 60%	Improvement needed

Assessment results of each committee can be summarized as follows:-

- 1) Self Assessment for the board of directors as a whole, consisting of 6 sections, namely:-
  1. Board structure and qualifications
  2. Roles, duties and responsibilities of the board
  3. The board meeting
  4. Duties of directors
  5. Relationship with management
  6. Director's self improvement and management training

The summary of self assessment for the board of directors as a whole in 6 topics showed that most activities were good / the best appropriately. The average point at the excellent level, equivalent to 92.85%

- 2) Self Assessment of the board of directors and of committee members on an individual basis, consisting of 3 sections, namely:-
  1. Board structure and qualifications
  2. The board meeting
  3. Roles, duties and responsibilities of the board

The summary of self assessment of the board of directors and of committee members on an individual basis in 3 topics showed that most activities were the best /the best appropriately. The average point at the excellent level, equivalent to 97.62%

**Procedure**

The Company secretary submits the evaluation form for all directors to evaluate themselves at the end of each year. The secretary will also collect and report the summary of results to the board meeting for consideration, acknowledgement and discussion every year.

**Board Board Meetings**

The Board of Directors has set a guideline for holding at least 6 meetings annually and calls for an extraordinary meeting when necessary. All members of the Board are required to attend meetings except in cases of emergency. The Chairperson and the Managing Director are responsible for determining the appropriate agendas and its sequence while allowing other Board Members to submit other agendas for consideration. The agenda of each Board meeting is clear and the Company sends agendas and related documents to the Board seven days prior to the meeting date so that Board members have sufficient time to study the issues beforehand. Additional information on each agenda can be sought from the Company's Secretariat.

The Chairman emphasizes due care and careful judgment and provides sufficient time for the thorough discussion and consideration of matters. The Company Secretary is charged with issuing invitations and supporting Board members with all necessary documentation in preparation for Board meetings. The minutes to all Board meetings are prepared by the Company Secretary, which must be approved by the Board of Directors prior to safekeeping and for future reference by stakeholders.

In 2018, the Board of Directors met in ordinary Board meeting total 4 times and special meeting 1 times. Attendance record of Board members is disclosed in the "Management Structure".

## Profile of Executive Directors and Management Team

**Name - Last name** : Mr. Virat Chinprapinporn  
**Age** : 59 Years  
**Position** : President Director / Authorized signatory  
**% of Shareholding** : 21.01 %  
**Relationship** : Husband of Mrs.Naowanit Silaprarat  
**Education** :  
 - M.B.A. in Marketing of City University, USA  
 - Director Accreditation Program DCP 40/2004  
 by Thai Institute Of Directors (IOD)



**Position in other listed companies** : 1  
**Position in non - listed companies** : 13

**Working Experience :**

2016 – Present	Director	Phukao Huachang Pang-nga Co.,Ltd.
2016 – Present	Director	N.V. Real Estate Co.,Ltd.
2011 – Present	Director	Nicena Propety Co.,Ltd.
2007 – Present	Director	Yamu Property Development Co.,Ltd.
2003 – Present	Director	Ratchada Power Plus Co.,Ltd.
2003 – Present	Director	Car 2 Buy Co.,Ltd.
2002 – Present	President & Chief Executive Office	Ratchthani Leasing PLC.
1994 – Present	Director	Kuylin Pang-nga Co.,Ltd.
1993 – Present	Director	Chaleamcheep Co.,Ltd.
1993 – Present	Director	Aom Noi Hattasat Co.,Ltd.
1992 – Present	Director	Phowatchara Co.,Ltd.
1990 – Present	President	Baan Rock Garden PLC.
1989 – Present	Director	Chucheep Housing Land Co.,Ltd.
1987 – Present	Director	City Wood Co.,Ltd.
1987 – Present	Director	City and Associate Co.,Ltd.

**Name - Last name** : Mr. Surapon Satimanont  
**Age** : 58 Years  
**Position** : Director / Independent / Chairman of Audit Committee  
**% of Shareholding** : 0.80 %  
**Relationship** : No  
**Education** :



- MA. (Business) Webster University, U.S.A
- LL.M. , Howard University ,U.S.A
- LL.M. , Southern Methodist University , U.S.A
- LL.B. Ramkhamhaeng University
- Director Certification Program DAP and DCP 40 / 2004 by Thai Institute Of Directors (IOD)
- Anti-Corruption for Executive 2014, For Directors and Executives in the Thanachart Group.

**Position in other listed companies** : 3

**Position in non - listed companies** : 4

**Working Experience** :

- 2018 – Present Director, Audit Committee, J S S R Company Limited
- 2018 – Present Director, S & Manon Company Limited.
- 2017 – Present Director, Audit Committee, Hybrid Energy Company Limited.
- 2015 - Present Director, Independent Director,  
Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
- 2015 - Present Director, Amethyst Asia Focused Fund
- 2007 - Present Director, Audit Committee, 2S Metal Public Company Limited
- 2005 – Present Director, Audit Committee, Baan Rock Garden Public Company Limited
- 2002 – Present Director, Audit Committee, Ratchthani Leasing Public Company Limited

**Name - Last name** : Mr. Wanchai Mekasut  
**Age** : 64 Years  
**Position** : Director / Independent /  
 Audit Committee

**% of Shareholding** : No

**Relationship** : No

**Education** :

- Bachelor of Business Administration, Assumption\
- Director Accreditation Program DAP 97/2009  
by Thai Institute Of Directors (IOD)



**Position in other listed companies** : No

**Position in non - listed companies** : 2

**Working Experience** :

- |                |  |
|----------------|--|
| 2009 – Present | Director / Audit Committee<br>Baan Rock Garden PLC.                                |
| 1999 – Present | Authorized signatory Executive Vice President<br>Khaoyoi Furnitech Co.,Ltd.        |
| 1994 – Present | Director and authorized signatory & Executive<br>Vice President Furni Thai Co.,Ltd |

**Name - Last name** : Mr. Preecha Jenthanavijit

**Age** : 57 Years

**Position** : Director / Independent /  
Audit Committee / Authorized signatory

**% of Shareholding** : No

**Relationship** : No

**Education** :

- Bachelor of Law  
Ramkhamhaeng University
- Barrister at Law
- Director Accreditation Program DAP 40/2005  
by Thai Institute Of Directors (IOD)



**Position in other listed companies** : No

**Position in non - listed companies** : No

**Working Experience** :

2011 – Present	Audit Committee Baan Rock Garden PLC.
2005 – Present	Director Baan Rock Garden PLC.



**Name - Last name** : Mrs. Naowanij Sillaprarat

**Age** : 58 Years

**Position** : Director / Managing Director /  
Authorized signatory

**% of Shareholding** : 8.17 %

**Relationship** : Wife of Mr. Virat Chinprapinporn

**Education** :

- Bachelor of Economics  
University of the Thai Chamber of Commerce
- Bachelor of Law Kasem Bundit University
- Master of Faculty of Political Science Ramkhamhaeng University
- Director Accreditation Program DCP 54/2005  
by Thai Institute Of Directors (IOD)



**Position in other listed companies** : No

**Position in non - listed companies** : 10

**Working Experience** :

2019 – Present	Director	Baan Suan Cheng Doi Co.,Ltd.
2007 – Present	Director	Yamu Property Development Co.,Ltd
1991 – Present	Director	Rock garden Beach Co.,Ltd
1991 – Present	Director	Kuylin Pang-nga Co.,Ltd
1990 – Present	Director and authorized signatory & Managing Director	Baan Rock Garden PLC.
1990 – Present	Director	Phukao Huachang Pang-nga Co.,Ltd
1990 – Present	Director	C & CN Group Co.,Ltd
1989 – Present	Director	Chuchee Northern Group Co.,Ltd
1989 – Present	Director	CS Real Estate Co.,Ltd
1988 – Present	Director	Chuchee Housing Land Co.,Ltd
1987 – Present	Director	Rock Garden Group Co.,Ltd

**Name - Last name** : Mrs. Naowarat Suthamjariya

**Age** : 56 Years

**Position** : Director / Authorized signatory

**% of Shareholding** : 7.96%

**Relationship** : Sister of Mrs. Naowanit Silaprarat

**Education** :

- Master of Business Administration in International Business  
Schiller International University UK
- Master of International Management in Hotel and Tourism Management  
Schiller International University UK
- Director Accreditation Program DAP 40/2005  
by Thai Institute Of Directors (IOD)



**Position in other listed companies** : No

**Position in non - listed companies** : 2

**Working Experience** :

1990 – Present	Director	Baan Rock Garden PLC.
1990 – Present	Director	C & CN Group Co.,Ltd
1987 – Present	Director	Rock Garden Group Co.,Ltd.

**Name - Last name** : Mr.Phisitsak Premprichayan  
**Age** : 43 Years  
**Position** : Department Head of Corporate Accounting  
**% of Shareholding** : No  
**Relationship** : No  
**Education** :  
     - Mater Of MBA (Business Law)  
        Ramkhamhaeng University  
     - Bachelor of Management Administration (Account)  
        Ramkhamhaeng University

**Position in other listed companies** : No  
**Position in non - listed companies** : No  
**Working Experience** :

11/2014 – Present	Department Head of Corporate Accounting Baan Rock Garden PLC.
2007 – Present	Senior Internal Audit Baan Rock Garden PLC.

**Name - Last name** : Miss Sittima Chanjirapong  
**Age** : 57 Years  
**Position** : Department Head of Corporate Finance  
**% of Shareholding** : No  
**Relationship** : No  
**Education** : Bachelor of Faculty of Business Administration  
Ramkhamhaeng University

**Position in other listed companies** : No

**Position in non - listed companies** : No

**Working Experience :**

2007 – Present	Department Head of Corporate Finance Baan Rock Garden PLC.
2005 – 2007	Purchasing Manager Baan Rock Garden PLC.
2004 – 2005	Purchasing Manager Baan Rock Garden Co.,Ltd.
2000 – 2003	Finance Manager Rock Garden Group Co.,Ltd

**Name - Last name** : Miss Jantamat Hankimhunt

**Age** : 51 Years

**Position** : Department Head of Corporate Marketing & Service

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Economics  
Ramkhamhaeng University

**Position in other listed companies** : No

**Position in non - listed companies** : No

**Working Experience :**

12/2014 – Present	Department Head of Corporate Marketing & Service Baan Rock Garden Plc.
2011 – 2013	Department Head of Corporate Administration & Marketing Baan Rock Garden Plc.
2008 – 2010	Assistant Corporate Accounting & Administration Chaba Cabana Beach Resort Co.,Ltd
2006 – 2008	Department Head of Marketing & Service Baan Rock Garden Plc.
1996 – 2006	Acting: Corporate Document M.I.S. Compute Tech Mico Sytem Co.,Ltd

## The Company's Securities And Shareholders

## 1. Ordinary Shares

	2015	2016	2017	2018
Authorized capital				
• Value (Baht)	1,229,999,916	1,231,099,916	1,231,099,916	1,231,099,916
• No. of Share (Shares)	1,229,999,916	1,231,099,916	1,231,099,916	1,231,099,916
Paid-up capital				
• Value (Baht)	1,024,999,930	1,024,999,930	1,024,999,930	1,025,000,181
• No. of Share (Shares)	1,024,999,930	1,024,999,930	1,024,999,930	1,025,000,181
- Par value (Baht / Shares)	1.00	1.00	1.00	1.00

\* On 11 April 2013 The company has registered the capital increase with the Ministry of Commerce 1,025,000,000 Baht (1,025,000,000 ordinary shares at 1.00 baht par) from the amount of 1,000,000,000 Baht to of 1,025,000,000 Baht or increase of 25,000,000 Baht to support the payment of dividend by allocating shares to shareholders whom have name on book closing date of the transfer of shares entitled to participate at the AGM 1/2013 and the right to receive dividends on 7 March 2013 and to collect a list under section 225 of the Securities and Exchange Act. Payable by the Register of Shareholders on 8 March 2013.

\* On 7 May 2013 The company has registered the paid-up capital increase with the Ministry of Commerce 1,024,999,930 Baht (1,024,999,930 ordinary shares at 1.00 baht par) from the amount of 1,000,000,000 Baht to of 1,024,999,930 Baht or increase of 24,999,930 Baht. As a result of the payment of dividend by allocating shares to shareholders whom have name on book closing date of the transfer of shares entitled to participate at the AGM 1/2013 and the right to receive dividends on 7 March 2013 and to collect a list under section 225 of the Securities and Exchange Act. Payable by the Register of Shareholders on 8 March 2013.

\* On 8 April 2015 The company has registered the capital decrease with the Ministry of Commerce 1,024,999,930 Baht (1,024,999,930 ordinary shares at 1.00 baht par) from the amount of 1,025,000,000 Baht to of 1,024,999,930 Baht or decrease of 70 Baht by cancelling 70 authorized but unissued shares at the par value of Baht 1 per share to support the issuance and allocation of BROCK-W1 Warrants in the number of up to 204,999,986 units to be allocated to the existing shareholders of the Company pro rata to their respective shareholding (Rights Offering). The Company therefore is required to increase the registered capital of the Company to accommodate the exercise of BROCK-W1 Warrants and to comply with Section 136 of the Public Company Limited Act B.E. 2535 (1992) (as amended), the Company would be required to decrease its registered capital of the Company.

\* On 9 April 2015 The company has registered the capital increase with the Ministry of Commerce 1,229,999,916 Baht (1,229,999,916 ordinary shares at 1.00 baht par) from the amount of 1,024,999,930 Baht to of 1,229,999,916 Baht or increase of 204,999,986 Baht to support the issuance and allocation of BROCK-W1 Warrants in the number of up to 204,999,986 units to be allocated to the existing shareholders of the Company pro rata to their respective shareholding (Rights Offering).

\* On 25 April 2016 The company has registered the capital increase with the Ministry of Commerce 1,231,099,916 Baht (1,231,099,916 ordinary shares at 1.00 baht par) from the amount of 1,229,999,916 Baht to of 1,231,099,916 Baht or increase of 1,100,000 Baht to support the adjustment of the dividend exceeds that specified in the Terms and Conditions of the BROCK-W1 Warrants with a par value of 1.00 baht per share.

\* On 11 June 2018 The company has registered the paid-up capital increase with the Ministry of Commerce 1,025,000,181 Baht (1,025,000,181 ordinary shares at 1.00 baht par) from the amount of 1,025,999,930 Baht to of 1,025,000,181 Baht or increase of 251 Baht. As a result of the exercise to purchase the newly issued ordinary shares of Baan Rock Garden Public Company Limited according the last warrants (BROCK-W1) on 1 June 2018, amounting to 250 units, by converted into 251 ordinary shares with a par value of 1.00 baht per share. Exercise ratio of BROCK-W1 warrants 1 unit has the right to purchase new ordinary 1.0052 shares. The exercise price is 3.48 baht per 1 share and has started trading on the SET on 19 June 2018.

## 2. Shareholders

### Major Shareholders

As of 31 December 2018, the company's registered capital totaled 1,231,099,916 Baht (1,231,099,916 ordinary shares at 1.00 Baht par) while the paid-up capital totaled 1,025,000,181 Baht (1,025,000,181 ordinary shares at 1.00 Baht par) The book closing date on 5 March 2018, the lists of 10 major shareholders are as follows:

No.	Name of the person/ company	No. of shares (shares)	% of total shares
1	Mr.Virat Chinrapinporn	215,371,052	21.012%
2	Mr.Sompong Chonkadeedamrongkul	122,300,200	11.932%
3	Mrs.Nongnoi Silaparat	118,467,091	11.558%
4	Mrs.Naowanij Silaparat	83,719,950	8.168%
5	Mrs.Naowaratlalit Kasetsuwan	82,972,293	8.095%
6	Ms.Naowaruji Brennan	81,800,000	7.980%
7	Ms.Naowarat Suthamjariya	78,882,000	7.696%
8	Mrs.Naowanart Jamornmarn	57,379,893	5.598%
9	Ms.Kanittha Chonkadeedamrongkul	16,700,000	1.629%
10	Ms.Nantaya Chonkadeedamrongkul	16,700,000	1.629%
<b>Total holding shares</b>		<b>874,292,479</b>	<b>85.297%</b>
<b>Total all stock</b>		<b>1,025,000,181</b>	

## 3. Other Securities

### 3.1 Warrants

**(A) The warrants to purchase the newly issued ordinary shares of the Company No.1 (BROCK-W1), Issued to the existing shareholders of the Company pro rata to their respective shareholding (Rights Offering),  
at no cost**



\*\*The Company issued and allocated the Warrants to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering), at no cost, at the allocation ratio of every 5 existing shares for 1 unit of Warrants, pursuant to the resolutions of the Annual General Meeting of Shareholders No. 1/2015, held on 2 April 2015, details of which are set out as follows:

<b>Name of securities</b>	:	Warrants to Purchase the Newly Issued Ordinary Shares.
<b>Securities Issuer</b>	:	Baan Rock Garden Public Company Limited.
<b>Warrant trading symbol</b>	:	BROCK-W1
<b>Secondary market</b>	:	The Stock Exchange of Thailand "SET"
<b>Trading date</b>	:	16 June 2015
<b>Number of listed warrant</b>	:	204,969,911
<b>(unit : warrant)</b>		
<b>Exercise ratio</b>	:	1 unit of Warrants shall be entitled to purchase 1 newly issued ordinary share
<b>Exercise price</b>	:	Baht 3.50 per share
<b>Term of Warrants</b>	:	3 years from the issuance date. The Company shall not extend the term of the Warrants after the issuance.
<b>Exercise date</b>	:	The last business day of March , June , September , December after the issuance date.
<b>Issuance date</b>	:	2 June 2015
<b>Expiration date</b>	:	1 June 2018
<b>Price per unit</b>	:	Baht 0 (at no cost)
<b>The first Exercise Date</b>	:	30 September 2015
<b>The last Exercise Date</b>	:	1 June 2018

\*\* The Board of Directors' Meeting No.1/2016, held on February 18, 2016. The Board of Directors for Baan Rock Garden Public Company Limited had approve for year 2015 dividend payment at 0.02 Baht per share. The dividend will be paid to the shareholders whose names appearing in the Company's Shareholders Registration Book as of the date on which such Shareholders Registration Book is to be closed for suspension of share transfer in order to determine the shareholders entitled to dividend. The dividend payment exceeds that specified in the Terms and Conditions of BROCK-W1 warrants according to Clause 5 (e), Cause of the Company shall adjustment of rights the new exercise price and new exercise ratio as follows:

<b>Exercise Price</b>	:	Before	3.50	Baht per Share.
		After	3.48	Baht per Share.

<b>Exercise Ratio</b>	:	Before	1 unit of Warrants shall be entitled to purchase 1 newly issued ordinary share.
		<b>After</b>	<b>1 unit of Warrants shall be entitled to purchase 1.0052 newly issued ordinary share.</b>

With become effective immediately from the first day on which the purchases of the Company's ordinary shares shall not be entitled to receive such dividend distribution (the first day on which the SET posts XD sign) is 1 March 2016.

Report on the Result of the Exercise of Rights to Purchase Ordinary Shares of Baan Rock Garden Public Company Limited under the Warrants BROCK-W1

- \*\* In September 2015, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In December 2015, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In March 2016, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In June 2016, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In September 2016, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In December 2016, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In March 2017, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In June 2017, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In September 2017, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In December 2017, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* In March 2018, no warrant was exercised, leaving the outstanding number at 204,969,911 units.
- \*\* On 1 June 2018 (The Last Exercise Date), have exercised 2 persons, number of exercised 250 units, leaving the outstanding number at 204,969,661 units.

Period	Warrant Exercise (Unit)	Outstanding (Unit)
September 2015	0	204,969,911
December 2015	0	204,969,911
March 2016	0	204,969,911
June 2016	0	204,969,911
September 2016	0	204,969,911
December 2016	0	204,969,911
March 2017	0	204,969,911
June 2017	0	204,969,911
September 2017	0	204,969,911
December 2017	0	204,969,911
March 2018	0	204,969,911
1 June 2018 (The Last Exercise Date)	250	204,969,661

#### 4. Policy on dividend payment

The Company had a policy to payment of annual dividend to the rate of not less than 30% of the Company's net profit. Less corporate income tax. The consideration factors for dividend payment must include the Company's performance and financial position, its liquidity, expansion plan and other factors relevant to the Company's management. The dividend payment must be approved by the resolution of the shareholder's meeting, as appropriately agreed by the Board of Directors.

#### Comparison of the dividend rate of the proposed year and previous year

Details of dividend payment	ปี 2016 (proposed year 2017)	ปี 2017 (proposed year 2018)	ปี 2018 (proposed year 2019)
1. Retained Earnings to Unappropriated (Baht)	146,587,963.17	149,832,049.62	166,657,376.01
2. Net profit (Baht)	5,456,207.99	3,475,048.05	18,136,226.39
3. Total number of shares eligible for the annual dividend (Shares)	1,024,999,930	1,024,999,930	1,025,000,181
4. Annual dividend paid per share (Baht: Share)	-	-	0.02
5. Total dividends (Baht)	-	-	20,500,003.62
6. Benefits to other forms	-	-	-
7. Proportion of dividend to net profit	-	-	113.03%
8. Proportion of retained earnings to unappropriated	-	-	12.30%

## Corporate Social Responsibility

Baan Rock Garden Public Company Limited is committed to code of conduct, good governance and social responsibilities.

The Company therefore emphasizes on “Corporate Social Responsibility”, as its main policy, together with business operation. The Company supported non-profit organizations and launched projects and activities benefiting the public.

### Community

Baan Rock Garden Public Company Limited, with the collaboration of Wang Thong Lang Police Station, donated gifts as prizes and gifts for children on the Child Day annually held at sport arena of Wang Thong Lang Police Station.



### Education

Baan Rock Garden PCL has recognized problems of visual impaired youth and children. To promote their learning, the Company grants scholarships, sport equipment and teaching materials to teachers and students of Thammik Wittaya School, Khaoyoi District, Petchaburi Province.

## Environment

Baan Rock Garden PCL, has activities to benefit the society and the environment at Baan Pong Krai Community Moo 5 Baan Pong Krai Pong Yaeng, Mae Rim, Chiang Mai. It is a place to Vanda Coerulea conservation, the native plant species in the Baan Pong Krai community. The company cooperates with community leaders and community members, release Vanda Coerulea return to the forest. The company aims to raise awareness of the conservation of the native plant species of the community, and understand the benefits of conservation of the native plants species, as well as the campaign and promote or disseminate sustainable tourism.



## Volunteer Spirit

- **Blessing to His Majesty the King**

To express the royalty to His Majesty the King, this activity is a part of the celebrations in honor of His Majesty the King's birthday anniversary and the Father's Day.

- **Energy Saving and Resource Reservation Campaign**

The Company promoted staff awareness on energy saving and resource reservation starting from internal initiatives such as reuse, reduction, recycle. The Company also encouraged staff behaviors on energy saving i.e. water energy or electricity energy by turning off after use.



- **Management and Staff Participation in Social Sharing Activities**

Participation in Social Sharing Activities is part of the Company's corporate social responsibility policy. The management and staff participated in donation money, computer equipment, books, clothing, electrical equipment, and the use of good condition to The Mirror Foundation, Child Protection Foundation, World Vision Foundation of Thailand, Association of Persons with Physical Disability International etc. In addition the Company also participating in children's day event of the village Rock Garden Airport Phase 1, which has set up a legal entity village already.



## Corporate Governance Policy

Baan Rock Garden Public Company Limited provides priority that good corporate governance is the major factor that enables the organization to have efficient operation and supports sustainable growth. The Board of Directors set out the “Corporate Governance Policy Handbook”, therefore, was drafted by Corporate Governance Committee which guided by the SET CG principle, and approved by the Board of Directors on 18 February 2016.

This policy was set in accordance with the SET CG principle which is divided into 5 categories;

### Section 1 Rights of shareholders

The Board of Directors recognizes the right of shareholders own the company, controlling it by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Therefore, the Board of Directors encourage shareholders to exercise their rights as basic shareholder rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the company 3) obtain relevant and adequate information on the company in a timely manner and on a regular basis. And Shareholders should be fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item should be provided in advance of the meeting. Shareholders should be able to query directors both in the meeting and by sending their questions in advance. They should also be allowed to propose agenda items and vote by proxy. Other than, The board of directors recognize shareholders rights and avoid any action that violates those rights. The guidelines are as follows:

- 1) The Company has appointed Thailand Securities Depository Co., Ltd. to perform the duty as its securities registrar to provide convenience to shareholders regarding securities registration matters of the Company.
- 2) The Company define publicly disclose policies to encourage all shareholders, including institutional ones, to attend the company’s shareholders meeting.
- 3) The Company has to hold an AGM within four months of the end of its accounting period. And The Company may call for an EGM if, after an AGM has been held, there is another matter that requires the shareholders approval.
- 4) Notice of AGM The Company details on the agenda in its entirety. As follows:
  - 4.1) To consider and appoint of directors was listed full name, age, educational background, career history, a director of the company. Including attendance in recent years and the number of years that he served as the director of the company.
  - 4.2) To consider and appoint of auditors was listed named auditor, affiliated companies, licensed auditor and the services of an auditor. Clearly
  - 4.3) To consider of dividend payment has informed the company's dividend policy. The rate proposed dividend With reasons and supporting information.
  - 4.4) In the Notice of AGM was listed objectives and reasons of each agenda, include Board of Directors’ opinion on each agenda item. Clearly

- 5) On the meeting date, the Company would have registration officers ready 2 hours before the meeting and until the end of the meeting to provide convenience to shareholders and proxies who attend the meeting. In addition, there has been an application of registration for the Annual General Meeting and voting results display beginning from the preparation of information for the members attending the meeting, printing of voting ballots and compiling of voting results according to the agendas and minutes of the meeting to facilitate the shareholders' meeting.

Before the meeting begins, the chairman would inform the meeting clearly of the voting and vote counting procedures for each agenda under the articles of association, as well as the requirement that the voting ballots be used for every agenda in order for the shareholders to exercise their voting rights as may be deemed appropriate for each agenda.

Explanation on voting procedures and vote counting are as follows :

- 5.1) One share shall be counted one vote and the majority of votes shall be deemed resolution. In case of an equality of votes, the Chairman shall be entitled to a casting vote distinguishing from that he has in the capacity of shareholder.
- 5.2) Shareholders attending the Meeting in person can cast votes as they wish on the ballots handed to them at the time of registration. The proxy appointed by the shareholder can also cast votes as directed by the grantor specified in the Proxy Form, and deliver to the staff to be recorded together with the votes that the shareholders have in advance given proxy to the independent directors proposed by Company.
- 5.3) The chairman will inform the Meeting of all voting results in each agenda. The votes as counted will include all votes per directions of all shareholders that appointed proxies. Each agenda will use the latest number of shares under possession of shareholders present in the Meeting.

For the selection of directors, the vote would be cast individually to enable shareholders to elect the preferred directors, whereby the Company would nominate names to be voted one by one. For transparency of this agenda, every shareholder who either votes for, against or abstains, was required to vote by using ballots, which would be collected by the officers after all the votes have been cast. Each director who is elected must receive more than half of the entire votes cast by shareholders who attend the meeting and have the right to vote.

The Company attendees would also be given an opportunity to raise questions or to give opinions with reasonable time for discussion. The issues of the questions and answers would be recorded in the minutes of the meeting in order to inform the shareholders who had not attended the meeting, and the chairman would conduct the meeting according to the agendas and would not add any agenda without notifying the shareholders in advance.

In the meeting, the Chairman explained before the meeting began how to vote and how to count the votes, as well as the requirement to use voting ballots for every agenda. The chairman also asked for concurring opinion that for those who attended the meeting later, they would be considered as forming a quorum and given voting rights from the beginning agenda. To proceed with the meeting, the Chairman presented matters



in the order of agendas and gave time for questions of each agenda. For other matters apart from the agendas, there was question time in the latter part, of which every shareholder had equal rights and was given reasonable time.

- 6) The meeting of shareholders will be facilitated by the Company, ensuring that it does not contain any complicated procedure or limit the opportunity of those who wish to study the information of the Company. In addition, the Company shall not perform in any way that creates barriers to or hinders effective communication among shareholders. The Company shall take into account the convenience of the participants by not organizing the meeting on traditional holidays or holidays of commercial banks. Also, it shall conduct the meeting during appropriate period, that is, during 8.30 - 17.00 hours and the venue to be which is in the area of Bangkok.
- 7) The Company had disclosed the resolutions of the ordinary shareholders' meeting with result of the vote in a letter to the Director and Manager of the Stock Exchange of Thailand and on the Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within 1 day after completion of the meeting, as well as the minute of the meeting with the votes for each agenda and important questions or suggestions fully recorded. The minutes of the meeting had been forwarded to the Stock Exchange of Thailand (SET), the SET's Board of Governors and relevant agencies within 14 days from the date of the meeting, and also disseminated via the Company's website for distribution to interest shareholders.
- 8) In order for the shareholders to review meeting details within a reasonable time and to ensure equality for both Thai and foreign shareholders concerning access to the information, the Company has implemented a policy on distributing minutes of the shareholders' meeting in a comprehensive manner. Each agenda contains important information as follows:
  - 8.1) Recorded explained the voting procedure. Prompted by way of voting and vote counting. The ballot includes how to display the score to shareholders prior to the meeting.
  - 8.2) Recorded questions answers to opportunity for shareholders to ask questions. Or offer comments on the agenda of the meeting to allow shareholders who did not attend the meeting to get to know.
  - 8.3) Recorded resolved to approve meeting, and recorded number of votes in each agenda clearly. Include agree, disagree, abstaining and bad card votes on every agenda.
  - 8.4) Recorded the name and position of director attendance and the directors did not attendance in order to monitor the participation of directors in meetings of shareholders each.

The Company published resolved to approve meeting of shareholders on the news system of the SET and the company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within the next business day, and the company published minute of AGM of Shareholders complete on the company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within 14 day since of the AGM. Shareholders can review the data without having to wait until the next meeting.
- 9) The Company requires all directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.

- 10) The Company has disclosed business-related information on the news system of the Stock Exchange of Thailand while also posting important information and current updates on its website ([www.rockgarden.co.th](http://www.rockgarden.co.th)). Such an effort is considered the protection of shareholders' rights beyond their legal rights.
- 11) The Company has been considered remuneration's directors by taking into account the remuneration of similar groups of industry and expansion of the business. The Company has also proposed all forms of remuneration, i.e., monthly allowance, gratuity and meeting allowance, which will be proposed to the shareholders for approval at every annual ordinary shareholder's meeting. Neither cash nor other assets will be offered to the directors unless it is the remuneration as per the rights and entitlements on a normal basis for the position as directors of the Company (For details, see "Remuneration for Directors and Executives"). The remuneration payment shall be in accordance with the Public Limited Companies Act, Section 90, which stipulates that "the remuneration payment to directors must be in accordance with the resolutions of the general meeting of shareholders that consists of not less than two-third of the total votes of the shareholders present at the meeting. The Company has publicized such a policy on its website ([www.supalai.com](http://www.supalai.com)) for the acknowledgement of both shareholders and the general public.
- 12) The Company has set out agendas for the appointment of auditors and determination of audit fees for shareholders to approve at the general meeting of shareholders on an annual basis. Details on the proposed auditors and audit fees will be provided sufficiently to shareholders for consideration.

## Section 2 Equitable Treatment of Shareholders

The Company has complied with shareholders equally by placing emphasis on equality of both major and small shareholders, and attaching importance to their fundamental rights and encouraging them to exercise their rights as given by law. Information is provided completely and equally to make the shareholders feel confident in making investments. Though shareholders are unable to attend the meeting because of any inconvenience, they are entitled to appoint a proxy to attend the meeting. For such purposes, the Company has publicized guidelines on the website of the Company ([www.rockgarden.co.th](http://www.rockgarden.co.th)) to inform the shareholders and the general public.

- 1) The Company facilitates the shareholders who are foreigners, the Company has prepared all relevant documents in two languages i.e. English and Thai for Thai and foreign shareholders such as in Thailand and overseas, such as the notice of the meeting, proxy instrument, minutes of the meeting, annual report etc., and developed the Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) in two languages.
- 2) The Company has set out criteria in proposing agenda and nomination of persons for appointment as directors. This is to encourage small shareholders to participate in overseeing the Company and to select qualified directors, who can perform their duties effectively for the best interests of shareholders and all groups of stakeholders. The Company has published the criteria on both its [www.rockgarden.co.th](http://www.rockgarden.co.th) website under heading "Investor Relation" (<http://www.rockgarden.co.th/investor.html>) and that of the Stock Exchange of Thailand in order for shareholders to nominate persons to be elected as directors, propose agendas and inquire about the Company.

- 3) The shareholders have the opportunity to ask any questions on each agenda by contacting Miss Jantamat Harnkimhunt, secretary of the company, via her E-mail address: [jantamat@rockgarden.co.th](mailto:jantamat@rockgarden.co.th), or reaching her at 02-9347171 ext. 216 in advance 14 days before the commencement of the meeting whereby this should not be more than 7 days. Moreover, the shareholders could raise questions or express their opinions on any agenda during the meeting. The questions raised and the answers including the suggestions shall be recorded in the minute whereby this shall be published on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) in the form of video clip approximately 14 days after the commencement of the meeting. The company shall announce this information to the shareholders either directly or through the Stock Exchange of Thailand.
- 4) In the Annual General Meeting of Shareholder, with the important of the voting rights of the shareholders, the company has sent shareholders the invitation letter and the meeting document 21 days before the commencement of the meeting whereby these letters shall be sent by Thailand Securities Depository Co., Ltd., the company's registrar. Moreover, the company has published the invitation letter and the meeting documents on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) approximately 30 days before the commencement of the meeting in order for the shareholders to study in advance. The annual report has also been published on the company's website approximately 14 days before the commencement of the meeting. The invitation letter to shareholders detailing its entirety, with the date, time, venue and all agenda items, with assign objective reasons and the Board of Directors on each agenda clearly.

In order to provide shareholders have been informed of the matter to be considered at the meeting and factors to be considered in deciding to attend. The shareholders have been informed decision prior to the meeting. The company avoid adding any other, which will be voted on at the meeting, that is not predefined in the AGM, this constitutes unfair to shareholders who did not attend the meeting.

- 5) At shareholders meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.
- 6) The Company proposes the names of all of its independent directors as an option for proxies. A shareholder may choose to be represented by any one of them. The proxy forms are also in line with the forms recommended by the Commerce Ministry, with the formats that allow the shareholders to dictate the direction of his votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.
- 7) The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting rooms so that they may be counted and added to the votes cast in advance in the proxy forms before announcing the result of the voting in the meeting room.
- 8) Directors and executives are required to submit the list of their first securities holding and report on changes of securities holding including those of their spouses and minor children, as well as related persons. The submission and report shall be conducted in accordance with Section 59 of the Securities and Exchange Act

1992 (B.E. 2535) within 3 working days from the date of buying, selling, transferring or receiving the transfer of the securities. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.

- 9) The Company determines directors and executives report on the change of securities holding to the Securities and Exchange Commission Thailand and submit the copy of the report to the Company on the same day they submit the report to the Securities and Exchange Commission Thailand.
- 10) The Company determines directors and executives know essential inside information that has influence on securities price must not buy or sell the Company's securities for one month prior to the disclosure of financial statement to the public and they shall not disclose such essential information to other people.
- 11) The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell. They shall not persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others. In addition, they shall not engage in any business that competes with the Company as well as its related businesses even though their businesses do not cause the Company to lose benefits.

### Section 3 Role of stakeholders

The Company attaches importance to the rights of every group of stakeholders, both internal and external such as shareholders, employees, trading partners, competitors, government agencies including the responsibilities toward the society and the environment. The Company has also set the Code of Conduct as ethical guidelines for business operations by taking into consideration the principle of fairness, human rights, legal respect, intellectual property rights.

#### 1) Human Rights Principles

The Company regards human rights principle as common practice by taking into consideration human dignity, freedom and equality of individuals, and shall not do any act and nor encourage the violation of human rights. The Company shall not be involved with any agency, organization or individual that violates human rights in every case. The Company has provided a better understanding of human rights to employees in performing their duties, and has not supported any activity that violates human rights and all employees shall not do any act in the manner of sexual harassment, flirting, possessing pornographic pictures, using sexual language or touching the employees of the Company or outsiders who contact the Company.

The Company recognizes the importance of human rights and freedoms with non-discrimination by promoting equality of disadvantaged and disabled people, as well as the impartiality of opportunity between women and men. There is neither gender and racist discrimination, and there is no child labors in the Company.

## 2) Principle of Law Compliance

The Company recognizes the importance of law, and applies laws along with morality, ethics and integrity and business operations must be under the regulatory laws, therefore, there shall be no fraud or illegal act or making use of the gap of laws in its operation.

## 3) Intellectual Property

The Company shall not install and use unlicensed computer software in the Company, shall not demand, accept or use business information acquired illegally or immorally, and shall not to infringe the copyrights, patents and trademarks of others.

## 4) Role of Stakeholders

The Company divides stakeholders into groups which are shareholders, customers, employees, trading partners, competitors, communities, the society, environment, and related government agencies. The Company has realized that the supports from these stakeholders help to enhance its competitiveness and profitability which are instrumental in its long-term success.

### 4.1) Shareholders

The Company places emphasis on the quality and sustainable business growth. Thus, it has conducted business with integrity, transparency, aiming to provide good services for customers' satisfaction, which will result in value adding and maximum returns to its shareholders in the long run. The Company complies with a policy on equal treatment of both major and small shareholders by respecting their rights, and treat all of them equally, while operating business with honesty, integrity and transparency, while disclosing information to shareholders appropriately, completely with standards under legal framework, ethical principles and good corporate governance practice.

### 4.2) Customers

The Company has committed to comply with the policy on treatment of customers, with such policy in order to focus on the development of customer's satisfaction and confidence and is committed to treat customers with integrity, honesty and fairness on the basis of a fair return to both parties, while delivering a quality product at a fair price. The Company also controls and ensures that its product has the quality that is up to the standards and requirements of the Consumer Protection Act or other relevant laws, and also provides effective after-sales service to the customers.

The Company has taken good care of and acted responsibly toward its customers. It has produced quality and standard products, maintained their confidentiality and set up a unit exclusively to deal with them. The company has also listened to recommendations and opinions provided by its customers. As such, the customer relations unit has been established in order to provide the after sales service to the company's customers.

**4.3) Employees**

The Company is fully aware that employees at all levels are valuable resource of the Company, which is a factor for success and achievement of the goals of the Company. Accordingly, it shall provide care and fair treatment in terms of opportunity, returns, appointment, transfer and trainings for the employees as well as encouraging them to show their potential in order to be part of a sustainable development of the organization. The Company is well aware of the importance of all employees regardless of which section or department they are working in without any discrimination, and focuses on creating a good working environment, safety, with appropriate remuneration for their work. Such remuneration has been considered to be paid at similar rates of the same group of industry and according to the operational results of the Company, and the Company is fully aware that employees are valuable assets. Therefore, it always emphasizes development of knowledge and ability for all employees in order for them to grow sustainably along with the organization.

The Company has treated its employees fairly and paid them appropriately. Moreover, the company has offered various kinds of fringe benefits. These include the uniforms to all employees whereby the patterns shall be changed every 2 years, accident insurance for employees with operations risk, annual check-up, provident fund, accommodation with facilities for employees who work in provincial areas. For the human resource development, the company has trained several employees in order to enhance their knowledge and capability. The trainings include the use of some computer software, joint –seminar with the Stock Exchange of Thailand, Finance and Accounting training, etc.

**4.4) For Trading Partners**

The Company has committed to comply with the policy on Treatment of Trading Partners, it has the policy to treat its contractors, trading partners, vendors equally with fairness, by taking into account the best interests of the Company, while focusing on fair returns to both parties by avoiding situations that cause a conflict of interest. It shall also comply with contractual obligations by providing accurate information and correct reports. Any negotiation to solve problems and find solutions shall be based on the business relationship. The Company has supported the construction contractors on a continual basis to boost the morale and to encourage them to create quality work products.

**4.5) Competitors**

The Company's the business operations shall be conducted under the free and fair competition framework and shall not seek trade secret of the competitors by fraudulent, dishonest, inappropriate, immoral or illegal acts, regarding its competitors, the Company shall not do any act to cause damage to the reputation of the competitors by accusing, defaming or using any tactics without grounds; and shall not do any act to violate intellectual property rights and copyrighted works of others or competitors; and shall not conduct monopoly with its trading partners or suppliers. The Company has never had any dispute regarding trading competitors.

#### 4.6) Community, Society, Environment

The Company has committed to operate business while giving back to the society on a regular basis. The Company recognizes the importance to the creation of good environment for the community, focus on the provision of knowledge because knowledge can be a base for developing and improving the quality of life for personal and family benefits as well as the benefits for the society in general.

The Company focuses on raising awareness of the employees to make the most effective, in order to achieve effective utilization of resources. In addition, The Company is committed to comply with all the laws relating to environmental protection and all the laws relating to health and safety, and therefore requires that all employees do the same.

The Company acts responsibly toward the environment of communities and the society by complying with any environmental law in order to avoid impacts towards the company, its community and any relating parties. The company has also paid great attention to the current environmental situation. Therefore, the company has regularly organized the activities to stop global warming annually.

#### 4.7) Related Government Agencies

The Company has complied with the laws and strictly reported on such compliance, be it the tax payment and other expenses according to the regulations and rules prescribed by the state sector, and provided cooperation and support in implementing the state policies for the benefits of the country.

Regarding the stakeholders' contributions, the stakeholders can file the complaints; give any clue on the misbehavior of the company's employees or behaviors that could bring a disgrace to the company by sending the letter to the Managing Director at 601 Soi Ramkhamhange 39, Prachauthit Road, Wangtonglang District, Bangkok 10310. After received the letter, the company shall consider only the complaint letter or suggestion made by the stakeholders who have provided their name, contact address, telephone number and E-mail address (if any) and have relation with the company. This information shall be kept confidential.

If the company has conducted the inspection and found some evident, the company shall proceed according to the laws and relevant rules and regulation, including report to the Board for justice and transparency so that all departments have been informed.

### Section 4 Disclosure and Transparency

The Company has a policy to disclose the information to the investors and all groups of stakeholders on an equally basis by disclosing accurate, complete and transparent information in a timely manner. So that stakeholders take decisions, and a mechanism to monitor the implementation of the company, emphasize of the disclosure, and try to add a channel to provide information at all times. The details are as follows:

- 1) The Board of Directors of the Company has duty to treat all shareholders equally by ensuring that the disclosure, both financial and non-financial information, is made correctly, fully, adequately, reliably and in a

timely manner in order for the shareholders to receive information on an equitable basis as required by laws, relevant organizations and government agencies. The Company publishes its important information on the website of the Company ([www.rockgarden.co.th](http://www.rockgarden.co.th)), the website of the Stock Exchange of Thailand (SET) and of the Security and Exchange Commission (SEC) according to the criteria laid down by the SET and SEC.

- 2) The company has established the investor relations unit (Tel: 02-9347171 ext. 216 or E-mail address: [pornyamon@rockgarden.co.th](mailto:pornyamon@rockgarden.co.th) , [jantamat@rockgarden.co.th](mailto:jantamat@rockgarden.co.th) , [jantamat.brock@gmail.com](mailto:jantamat.brock@gmail.com) as a communication channel for the shareholders, investors and persons who are interested to learn more about the company can make inquiries regarding the company. The information that has been made public and informed to stakeholders is made available at the Company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) and updates are made regularly to ensure users can have convenient access to timely news and information in their best interests.
- 3) The Company disclosure of key information, by done via various channels on consistency basis to enable its shareholders and stakeholders to be informed entirely. The channels for dissemination are as follows:
  - 3.1 The Stock Exchange of Thailand
    - \* Annual Report
    - \* Financial Statement
    - \* Operational Results Report on a quarterly basis
    - \* Resolution of the Board and others
  - 3.2 The Securities and Exchange Commission
  - 3.3 Ministry of Commerce
  - 3.4 Newspaper
  - 3.5 Investor Relation (contact 02-934-7171 Ext.216 or e-mail address : [pornyamon@rockgarden.co.th](mailto:pornyamon@rockgarden.co.th) , [jantamat@rockgarden.co.th](mailto:jantamat@rockgarden.co.th) , [jantamat.brock@gmail.com](mailto:jantamat.brock@gmail.com))
  - 3.6 The Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th))
  - 3.7 Document delivery notify shareholders by mail
- 4) Directors and executives submit the list of their securities holding including those of their spouses, children who are minors and related persons and report on changes of the list to the Office of the Securities and Exchange Commission within 3 day from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act 1992. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public and forward the report on selling and buying of Company's shares to the Company Secretary to keep as evidence.
- 5) The Company has committed to comply with the policy on Vested Interest, set requirements that the directors and executives report to the Company on their own or their related person's vested interest relating to the management of business of the Company pursuant to Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4) B.E. 2551 (2008). Such report shall constitute



information to support the Company's operations according to the requirement regarding related party transaction , which are transactions that may cause conflict of interest and lead to the siphoning of interest of the Company as follow:

- 5.1 The directors and the executives are required to report to the company their own stake, or those of their related persons in case of stake related to the management of business of the company filling in Form for Reporting on Stake of Directors and Executives as follows:
- \* First report: It should be done by the 15th of the following month from the on which there is transaction of stake.
  - \* Report on changes of information on stake: It should be made without delay, that is, within 3 business days from the date on which the information has changed by specifying the orderly number of such change.
- 5.2 The directors and executives shall submit report form of having their own stake or those of their related persons to the Company's Secretary for acknowledgement immediately or within the specified date. The Board of Directors has required that the basic reporting form "Report of Interest" of the Listed Companies Association.
- 5.3 The Company Secretary shall do as follows:
- \* Submit a copy of the report on stake according to Section 89/14 to the Chief Executive Officer of the Company and the Chairman of the Audit Committee within 7 business days from the date on which the Company receives such report.
  - \* Maintain reports on stake reported to the Company by directors and executives.
  - \* Disclose the information on stake of directors and executives in the annual report (Form 56-2) and the annual registration statement (Form 56-1).

## Section 5 Board Responsibilities

The Company is well aware of the importance of board Responsibilities with corporate governance for the best interests of the company. The board have leadership, vision, knowledge, ability, experiences and independence in making decisions for the best interests of the company and all shareholders.

### 1) Leadership and Visions

The Company has set the vision and mission through consideration from the Board of Directors. Which will be reviewed every 2 years to be used as a guideline for business operations and development for sustainable growth. By taking into account all groups of stakeholders. Also taking into account social and environmental responsibility.

**Vision**

The Company operates its business by focusing on development residences to quality and responding to the customers' demands. We offer modern and technically-creative residences equipped with friendly to society and environment technology suitable to current circumstances. Including responsibility for stakeholders from business operations.

**Mission**

1. The Company focus on the development of residences, environment and services. The residences shall be outstanding, be of quality and offer a standard quality of life.
2. The Company shall set reasonable prices which allow the Company to compete in the market, mainly based on its capital cost and location.
3. The Company shall operate the business with good management systems and flexible and ready for change under good governance principles.

**2) Nomination the company's Directors , Audit , Independent****2.1) The Company's Directors**

The Company does not set up a Nomination Committee for the purpose of Board Member selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision and reliability. The Company's Articles of Association state that one third of the Director positions must become vacant each year in the annual Shareholder General Meeting. In order to re-elect the Directors, whose terms have expired, the proposal must be approved in the Shareholder Meeting. The Articles also state the guidelines for the Shareholder Meeting to nominate the Company's Directors.

**Criteria the appointment the Company's Directors**

1. The Board of Directors shall compose of at least five Directors, and at least half must be of Thai nationality. Persons appointed to the Board of Directors must possess qualifications as stated in article 68 of The Public Company Act of 1992 and guidelines as set forth by the Securities and Exchange Commission. The qualifications of each candidate are reviewed including their experiences, knowledge and capability for the business, and present the name list to the shareholders' meeting for the final selection.
2. At least one third of the Company's Board of Directors must be independent board members.
3. At every annual general shareholders' meeting, one third of the Directors has to retire. If the number of Directors cannot be divided exactly by three the number closest to one third shall be retired.
4. The election of Directors will be voted at the shareholders' meeting under the following conditions and procedures:

- 4.1 The number of individual's vote equals to the number of shares s/he is holding.
- 4.2 Each individual's vote can be cast to vote for one or more nominees but the vote cannot be divided to preferred nominees.
- 4.3 After the vote, the nominated persons shall be ranked in descending order from the highest number of votes received to the lowest and shall be appointed as Directors in that order. The number of newly elected Directors must equal to the number of the vacating Directors. If two or more Directors are eligible for the same seat and earn the same number of votes, the Chairman has the power to make the final decision as to who will be elected.
5. In case of vacancy on the Board of Directors other than through retirement by rotation, the Board of Directors shall elect any person who is qualified and is not subject to prohibition under laws governing public companies as a substitute Director at the next Board meeting by a vote not less than three quarters of the number of Directors remaining, unless the remaining term of the said director is less than two months. The substitute director shall hold the position only for the remaining term of the director he replaces.
6. A resolution may be passed at the shareholders' meeting to remove directors from office prior to retirement by rotation, by a vote not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half the number shares held by shareholders attending the meeting and having the right to vote.
7. According to Item 18 of the Regulation of the company, it is stated that in every Annual General Meeting of shareholders, one-third of the directors should be released from the post. If the number of the directors could not be equally divided into three parts, the number of directors left the post would be the nearest figure of one-third. For the first year and the second year after the registration of the company, directors would be released from the post by a luck draw. After that, directors with the longest period on the post shall be released from the post and such directors may be re-elected to the office.

#### **Qualifications the Company's Directors**

1. Each board member shall possess knowledge and capability, vision, honesty and integrity. Each member must possess high ethical standards, must possess a clean and transparent record of previous responsibilities and must have sufficient time to make meaningful contributions to the Company.
2. Each board member must possess the qualities and must not have been disqualified in relation to the guidelines set forth for publicly listed companies and/or any other applicable laws and regulations
3. Board members may serve as a board member for other Companies as long as such positions will not hamper the board member from fulfilling his/her duties as a member of the Company's board.
4. Board members must not operate, be partner in or be a shareholder in any business entity that operates in the same industry as that of the Company or is a competitor of the Company unless such position is disclosed to shareholders at the shareholders' meeting prior to the appointment to the Company's board.

5. The qualification of an independent director is similar to that of a member of the Audit Committee which complies with the Stock Exchange of Thailand's guidelines regarding the qualifications and responsibilities of members of the Audit Committee. The independent director's responsibility is to ensure that the interests of all shareholders are upheld. The independent directors are also to be allowed to freely provide thoughts and comments at Board meetings.
6. The Company provides for shareholders to nominate the names of directors advance.

## 2.2) The Audit Committee

The Board of Directors is responsible for nominating at least 3 Directors to join the Audit Committee. The Committee members will be selected from the Company's Independent Directors with appropriate qualities, as guided by the laws pertaining to securities and stock exchanges, including the announcement, rules and regulations of the Stock Exchange of Thailand, mandating the qualities and scope of authority of the Audit Committee. In addition, at least one of the Audit Committee members must have background in accounting and finance.

In addition, the Audit Committee is appointed by the resolution from the Shareholder Meeting, with 2-year term. The Committee's member whose term of office has ended may be reinstated.

### Selection criteria of Independent Director and Audit Committee Director

- 1) Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
- 2) Hold shares of not more than 1 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director and audit committee director.
- 3) Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 4) Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
- 5) Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director and audit committee director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having

been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission.

- 6) Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director and audit committee director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 7) Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent director and audit committee director, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 8) Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
- 9) Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
- 10) The Independent Director and Audit Committee Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

### 3) The Company's Directors Structure

With the understanding of the importance of Policies on Corporate Governance, the Company's Board of Directors has set the policies focusing on the transparency of business operation, investigation and disclosure of information to the public and shareholders on a regular basis. We also give the attention to the internal control and auditing system including the effort to closely manage and control and the risks by taking into consideration the ethics of fair business operation to the customers, shareholders and stakeholders. The structure of the Company's directors is as follows:

- |                                       |   |         |
|---------------------------------------|---|---------|
| • The Board of Directors              | 6 | Persons |
| • The Independent and Audit Committee | 3 | Persons |
| • The Executive Committee             | 3 | Persons |

The Board of Director has been elected by the company whereby each director shall have the term of 2 years. In order to enhance the management efficiency, the check and balance has been clearly put in place. As such, no employee shall

have solely authority to sign or make decision. Moreover, a clear line of authority and segregation of function have been established. The structure of the management has been written in the annual report in order to be accordance with the good corporate governance of the Stock Exchange of Thailand. For more detail, please see “Management Structure”.

### 3.1) The Board of Directors

The Company’s Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company’s interest.

#### The duties and responsibilities of the Board of Directors

1. Supervise and manage the Company’s business operations according to the laws, objectives, articles of association of the Company and regulations of concerned agencies as well as the resolutions of the shareholders’ meeting, and maintain the interest of the Company according to the business good governance principles. The Board of Directors must also disclose information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
2. Set out vision, mission, directions and strategies of the Company, consider and review such vision, mission and strategies regularly and grant approval every year to be in accordance with the Company’s business plan.
3. Grant approval to important strategies and policies including the objectives, financial goals and plans of the Company; monitor and supervise to ensure that the Company’s strategies and plans have been implemented.
4. Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.
5. Determination duties and responsibilities of the Executive and Management Committee clearly.
6. Organize the annual ordinary general meeting of shareholders within 4 months from the closing date of the accounting year of the Company, and organize the extraordinary meeting of shareholders when necessary.
7. Organize the meeting of the Board of Directors every quarter and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
8. The Board of Directors may appoint a number of Directors and/or Executives, as appropriate, to form an Executive Committee and assign them to manage the Company on their behalf. The Board of Directors will appoint one among the Executive Committee to be the Chief Executive Officer. The Board of Directors may only empower the Executive Committee to manage the Company within their scope of authority and responsibilities, as stated by the law, and they must clearly specify the scope of authority and responsibilities of the Executive Committee.

9. The Directors may not initiate a business that directly competes with the Company. They also may not become partners in any ordinary partnerships, general partners in any limited partnerships, or directors of any companies that pose direct competition to the Company.
10. Arrange for disclosure of correct, clear, transparent, reliable and high standard information.
11. Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company and the Board of Directors must arrange for an audit by the auditor before to be presented to the annual ordinary meeting of shareholders for approval.
12. Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.
13. The Board of Directors is responsible for the review and approval of the Company's periodical and annual financial statements, as well as ensuring that the financial statements are produced in accordance to the general accounting standard.
14. The Board of Directors must review the adequacy and appropriateness of the Company's internal control system and risk management procedures.
15. The Board of Directors must ensure that the Company's operation receive sufficient audition from the internal Auditor and external Certified Accountant.
16. The Board of Directors has the duty to propose remuneration for directors to be approved by the Annual Ordinary General Meeting of Shareholders.
17. The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.
18. The Company's directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.

To exercise their authority in the following Company's affairs, the Board of Directors must first receive the approval from the Board Meeting through the majority voting of attending Directors, and also from the Shareholder Meeting with the approval resolution produced by at least 75% of attending Shareholders with voices.

- (a) Sale or transfer of the entire or the significant portion of the Company's business to other parties.
- (b) Acquisition or transfer of other public or private company's business to become part of the Company's.
- (c) Amendments to the Company's Memorandum of Association or Articles of Association.
- (d) Increase or decrease of the Company's capitals, or issuance of debentures.
- (e) Corporate merger or dissolution.

#### **Secretary of the Board**

The Board of Director passed a resolution to appoint Miss.Jantamat Hankimhunt to hold secretary office according to the meeting resolution of Board of Directors no.4/2014 on 13 November, 2014, has acted as

the Company Secretary since December 17, 2014 to oversee Board activities and assist the Board and the Company in complying with related laws and regulations and in promoting good corporate governance, to oversee the organization of shareholders and Board meetings in conformity with laws and the Company's Articles of Association and procedures, and to oversee the preparation and storage of meeting support documents and follow up to ensure compliance with the shareholders' and Board resolutions. The Company has defined the Secretary's role, duties and responsibilities in the Corporate Governance Policy Manual, as it envisions the importance and necessity of secretary role in the development of its corporate governance system. The Secretary can be reached at [Jantamat@rockgarden.co.th](mailto:Jantamat@rockgarden.co.th), [investor@rockgarden.co.th](mailto:investor@rockgarden.co.th) or phone number 02-934-7171 ext. 216

#### **Required Qualifications and Experience for Company Secretary**

1. Being knowledgeable in and having an understanding of the laws and regulations concerning the company and regulatory body in relation to the law on public limited companies and the law on securities and stock exchange; passing a training course on company secretary duty performance.
2. Being knowledgeable and having an understanding of good corporate governance and corporate governance best practices.

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

1. To produce and keep
  - Record of Directors,
  - Notice of Board of Directors meeting, minutes of Board of Directors meeting and company's annual report,
  - Notices and minutes of all shareholders' meetings.
2. To keep all interest or conflicts of interest report reported by directors or any members of management team.
3. To perform any other action as determined by Capital Market Supervisory Board.

#### **3.2) The Executive Committee**

##### **Scope of Authority and Responsibilities of the Executive Committee**

1. The Executive Committee is responsible for the consideration of the annual budget allocation, proposed by the management team, before taking it to the Board of Directors for approval. The responsibilities also include the urgent review and approval of the amendments and the additions to the annual expense budget in the events of no scheduled Board Meeting. The executive decisions must, however, be informed to the Board of Directors in the soonest Board Meeting.
2. The Executive Committee is responsible for the consideration of the Company's policies, directions, strategies and management structure. The Executives must also set the guidelines for the operations that correspond to the circumstances of economy and market competition, as reported by the management team, before proposing them to the Board of Directors for approval.



3. The Executive Committee must ensure that the Company effectively operates in accordance with the policies and operational guidelines.
4. The Executive Committee has the authority to appoint the Managing Director, and to discharge personnel below the position of the Managing Director from their positions.
5. The Executive Committee is responsible for the allocation of gratuity, after the approval from the Board of Directors, to the employees, workers or anyone who act on the Company's best interest.
6. The Executive Committee is authorized, following the approval from the Board, to endorse the Company's financial transactions, such as account opening, loans, pledges, mortgages, as well as land trading and registration of land ownership, providing the transactions are in line with the Company's objective, and performed to promote the Company's benefits.
7. The Executive Committee is responsible for carrying out any other assignments the Board of Directors entrusts it with. Nevertheless, the empowerment of the Board of Directors to the Executive Committee must be within the legal scope of authority and responsibilities of the Executive Committee.

The Executive Committee is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's significant assets, as defined in the regulations of the Stock Exchange of Thailand, as well as the above transactions involving other listed companies, the Executive Committee must first obtain approval from the Shareholders in a Shareholder Meeting, or by any other mean possible, according to the regulations of the Stock Exchange of Thailand.

### **3.3) The Audit Committee**

The Audit Committee is an independent party elected to join the Board of the Directors, with responsibilities to examine the financial information proposed to Shareholders and other related parties, to investigate the internal control system, to conduct internal audit processes, and to communicate with the Company's external auditor.

#### **Scope of Authority and Responsibilities of the Audit Committee**

1. The Audit Committee is responsible for investigating, in concert with the Company's external auditor, whether the Company's financial reports are accurately produced, with adequate disclosure. The Committee may voice its opinion to the Auditor, as well as review and investigate any transactions it sees fit.

2. The Audit Committee is responsible for investigating, in concert with the Company's external auditor and internal auditor, whether the Company's internal control and internal audit processes are appropriately in place and effectively performed.
3. The Audit Committee is to determine the scope of the investigation and the audit plans for the external auditor and internal auditor that are in accord, when investigating the financial transactions.
4. The Audit Committee is responsible for the selection and proposal of the Company's auditor and his compensation to the Board of Directors. The decision for appointment must come from the Shareholder Meeting.
5. The Audit Committee must consider the disclosure of corporate information regarding to related-party transactions or transactions inducing conflicts of interest with all due accuracy and completeness.
6. The Audit Committee is responsible for investigating whether the activities of the Company conform to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
7. The Audit Committee is responsible for other matters assigned to it by the Board of Directors and agreed by the Audit Committee itself. Examples include the reviews of financial management and risk management policies, the reviews of the Company's operation in accordance with the executive business ethics and the review, in concert with the Company's executive, of significant transactions that, as enforced by the laws, must be presented to the public, such as the executive reports and analyses.
8. The Audit Committee must organize a report on the activities of the Audit Committee, signed by the Chairman of the Audit Committee, which must be included in the Company's Annual Report. The contents of the report include the following:
  - (a) The Committee's opinions on the process of producing and information disclosure in the Company's financial reports, as to whether it is accurate, complete and reliable.
  - (b) The Committee's opinions on the adequacy of the Company's internal control system.
  - (c) The Committee's rationale for its confidence, such that it's appropriate to continue to appoint the current Company's auditor for another period.
  - (d) The Committee's opinions on the conformance of the Company's operations to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
  - (e) Any other matters that the Committee considers appropriate to inform the Shareholders and general investors, which do not exceed the scope of authority and responsibilities of the Committee assigned by the Board of Directors.

#### 4) Setting up remuneration

##### 4.1) Remunerations of the Company's Directors and Audit Committee Director

The Company attaches importance to good corporate governance system, it therefore has set a transparent policy to compensate all the Directors with remunerations and other benefits that are fair for their responsibilities and contributions.

The Chairman of the Board authorized the remunerations to be paid to the Company's Directors and Audit Committee in 2018 to be no greater than 1.5 million Baht, to be same the 2017. The Remuneration has determined from the remuneration generally paid in the same industry and expansion of the business.

The directors' remunerations and Audit Committee have not been set by the Remuneration Committee since the company has not had the Remuneration Committee. The Remuneration Committee were approved by the Board of Directors.

The remuneration of Directors and Audit Committee must be approved by the shareholders at all times. The shareholders' meeting approved by at least two-third of the number of shareholders present and vote at the meeting.

##### 4.2) Remunerations to management, managing officers, and staff

###### Monetary remunerations

The company has set the criteria on the remunerations which include salary, living expenses, wages, allowances, provident fund and bonus. The company has compared its remuneration structure with those of the companies in the same industry and has developed the key performance indicators so that the remunerations can be fair and transparent including being good incentives.

###### Non-monetary remunerations

The company has placed great emphasis on the human resource of the company. As such, the company has developed and encouraged the bond and good attitude of the staff toward the company. The company has offered the staff the accident insurance for those with operational risks, medical care (annual check up), provident fund, accommodation and public utility for those who work in the provincial areas.

#### 5) Self-Assessment of the Board

An self-assessment process has implemented for the Board of Directors. The assessment evaluates the performance of the Board of Directors, which enables to review the problems and obstacles encountered along with the progress made in the past year. Reflection of the review is used as reference and guideline for developing and modifying strategies and policies for the coming year.

In 2018, the Company arranged for all the directors to conduct 2 topics performance assessments, as follows:-

- 1) Self Assessment for the board of directors as a whole
- 2) Self Assessment of the board of directors and of committee members on an individual basis

#### **Assessment Process and Criteria**

The Board's Self-Evaluation Form is a form used to evaluate the performance of the board of directors as a whole and individual basis. The evaluation guideline was adapted and adjusted from the Stock Exchange of Thailand to suit the characteristics and structure of the board. The evaluation result has an important role to develop the efficient and effective performance and operation of the board. Topics of evaluation are:

<b><u>Scores</u></b>	<b><u>Grade</u></b>
Over 90%	Excellent
Over 80%	Very good
Over 70%	Good
Over 60%	Fair
Below 60%	Improvement needed

Assessment results of each committee can be summarized as follows:-

- 1) Self Assessment for the board of directors as a whole, consisting of 6 sections, namely:-
  1. Board structure and qualifications
  2. Roles, duties and responsibilities of the board
  3. The board meeting
  4. Duties of directors
  5. Relationship with management
  6. Director's self improvement and management training

The summary of self assessment for the board of directors as a whole in 6 topics showed that most activities were good / the best appropriately. The average point at the excellent level, equivalent to 92.85%

- 2) Self Assessment of the board of directors and of committee members on an individual basis, consisting of 3 sections, namely:-
  1. Board structure and qualifications
  2. The board meeting
  3. Roles, duties and responsibilities of the board

The summary of self assessment of the board of directors and of committee members on an individual basis in 3 topics showed that most activities were the best /the best appropriately. The average point at the excellent level, equivalent to 97.62%

**Procedure**

The Company secretary submits the evaluation form for all directors to evaluate themselves at the end of each year. The secretary will also collect and report the summary of results to the board meeting for consideration, acknowledgement and discussion every year.

**6) Board Board Meetings**

The Board of Directors has set a guideline for holding at least 4 meetings annually and calls for an extraordinary meeting when necessary. All members of the Board are required to attend meetings except in cases of emergency. The Chairperson and the Managing Director are responsible for determining the appropriate agendas and its sequence while allowing other Board Members to submit other agendas for consideration. The agenda of each Board meeting is clear and the Company sends agendas and related documents to the Board seven days prior to the meeting date so that Board members have sufficient time to study the issues beforehand. Additional information on each agenda can be sought from the Company's Secretariat.

The Chairman emphasizes due care and careful judgment and provides sufficient time for the thorough discussion and consideration of matters. The Company Secretary is charged with issuing invitations and supporting Board members with all necessary documentation in preparation for Board meetings. The minutes to all Board meetings are prepared by the Company Secretary, which must be approved by the Board of Directors prior to safekeeping and for future reference by stakeholders.

In 2018, the Board of Directors met in ordinary Board meeting total 4 times and special meeting 1 times. Attendance record of Board members is disclosed in the "Management Structure".

**7) Training and Development for Directors and the Management**

It is a company's policy to encourage all members of the Board to undertake some training courses from Thai Institute of Directors (IOD) which are relating to their positions and responsibilities in order to enhance their knowledge and capability to efficiently govern the company. For the directors who have just been elected, each director shall be informed of the information of the company, rules and regulations, business model of the company, which is relevant to their duties. Moreover, various trainings shall be provided to such directors in order to continually enhance their knowledge. The training information shall be published on 56-1 and the annual report. For more details, please see "Directors' profile"

**8) Conflicts of Interests**

The Company has the policy to eliminate the conflicts of interest by allowing the audit committee to consider and approve the transactions. The audit committee will bring all issues to the Board of Directors' meeting for consideration where the stakeholders of the particular issue will be required not to vote for justice and best company's benefit purposes. The Company always operates the business according to the rules of the Stock Exchange of Thailand, and discloses details, value, contracts and other necessities in the annual report and Form 56-1. For the usage of inside information, the Company's policy indicates

that the management must follow Section 59 of Stock & Stock Market Act, B.E.1992 and are not allowed to use inside information for personal benefits

#### **9) Business Ethics**

The Company's Board of Directors and management promote the employee's honesty and responsibility to the stakeholders, shareholders and all parties concerned. This is important in order to build an organizational culture with social responsibility. The Company has required that the executive board conform the Best Code of Practices based on SET's guidelines.

**Business Codes of Conduct and Ethics****➤ Conflicts of Interests**

All staffs shall avoid any actions or any activities that could benefit themselves or other persons and could lead them to do or make any decisions that conflict the interests of the customers, the company and the shareholders.

**➤ The benefit of the customer is always the first priority of all staffs**

The company has the policy that the benefits of the customers are the first priority. As such, this is the reason that the company has gained the respects of the customers and continued to grow with sustainability.

**➤ Relationships with external business organizations and institutions**

The company does not encourage the staffs to involve in the business of the external business organizations in a way that this could cause any conflicts of interests or deteriorate the reputation and respect of the company.

Therefore, the company has imposed the policy that all staffs shall avoid any actions that may cause a conflict of interest with the company.

**➤ Awareness of the company's assets**

The company has the policy to ensure that it has the effective internal controls in managing their assets by using the accounting control and register control. Such controls are adopted in order to ensure that any transactions to be withdrawn or disbursed shall have an approval according to the specified procedures and authorization limit (with a clear authorization and delegation). The staffs expenses e.g. travel, transportation and entertainment expenses in all levels shall also be controlled. Internal controls are to compliment the work conducted by the Certified Public Accountant and Audit Committee.

The company's assets to be controlled include office equipments, computers, machinery, information, strategic plan, product innovations, company's policy and customer list, etc.

The company has the policy that all staffs should be responsible in maintaining the assets of the company or of the customers with cautiousness and these assets shall be kept in the safe place. The staffs are not permitted to use the assets or information or strategic plan or product innovations or customer list or office equipments for their own benefits unless they have an approval from the authorized person.

**► Relationships with government agencies**

The company has the policy to encourage and promote the relationships with the government agencies in order to exchange opinions or provide cooperation in business operations that are in accordance with the rules and regulations of the laws, including promoting or supporting any activities of the government agencies.

#### ➤ Any actions with benefits in return

The company does not encourage the staffs of the company to make any payments or contributions considering as bribery or make payments to obtain some benefits to their business or to obtain faster services from the government officers, related persons or any government agencies. This may be considered as illegal or fraud.

#### ➤ Relationships between the staffs and the company

The company has the employment policy where all applicants shall be treated equally with no racial, religious, age and gender discriminations. The salary raise, bonus and any internal promotion shall be based on the performance of that person.

In case that the company has recruited any person who is blood-related, or direct or indirect relatives for the management or staff position, the employer or the person who makes the employment decision shall disclose their relationships in writing to the company.

The company has emphasized on the confidentiality of the staffs' information. It has the policy that personal private information of the staff which includes medical records, salary, incomes and fringe benefits, shall be safely stored, the same as the information of the company's customers. The abovementioned information of the staffs shall only be used as deemed necessary or requested by any related government agency.

The company has emphasized not only on the relationships with their customers or other parties but also on the relationships with their staffs. When recruiting the staffs, generally the company shall consider the loyalty, ethic, roles and responsibility and corporate social responsibility. The company has continued to provide the staffs by improving their fringe benefits, enhancing their healthy workplaces and working environment including good co-workers

#### ➤ Individual judgment

When conducting any business, it is impossible to clearly specify all circumstances that relate to the code of conducts that shall be faced by the staffs. This manual is to remind and encourage the staffs responsibility on the code of conducts in order to avoid certain actions in some situations. Staffs shall use their own judgments and commonsense in making decision on any matters that have not been mentioned. To ensure that whether any decisions made are in accordance with the ethical rules, we should ask ourselves the following questions.

- Whether or not such actions have improved the reputation of the company.
- Whether or not such actions are illegal.
- Whether or not such actions are in accordance with the policy of the company.
- Whether or not such actions have caused anyone any financial risk or induced an increase in inappropriate benefits.
- Whether or not you may lose face or feel embarrassed if your boss, colleagues, family and friends have known the whole story.



- Whether or not such actions shall clearly be specified as inappropriate actions or behaviors.
- How the other persons view this action after the disclosure.
- Whether or not these actions are in accordance with your ethic and whether you feel uncomfortable with these actions.

The company encourages each staff to conduct according to this code of business conduct and any business actions are performed with rational decision making. If we could do and respect towards what we have held onto, it is certain that the company shall gain loyalty and trust from all staffs.

## DIRECTOR AND STAFF CODE OF CONDUCT

### ➤ Introduction

This code of conduct includes the foundation principle of the responsibilities of all directors and staffs of the Baan Rock Garden Public Company Limited.

Under the strong competition, in order for the company to remain the leader with its continuous success, the company does not emphasize only on the success outcomes but also on the approach/ process in order to achieve the success. The company shall not proceed or perform any actions that are illegal or against the code of conduct to achieve its success.

To sustain the business success of the company, this shall rely on the actions of all directors and staffs who are responsible for any actions specified in the rules and regulations of the company.

For a clear clarification and better understanding, under this code of conduct “we” shall refer to all directors and staffs and “the company” shall refer to Baan Rock Garden Public Company Limited and its business operations.

### ➤ Core Value

The Board of Directors has approved this code of conduct to be used by directors and staffs in performing any business operations of the company. There are 7 core values which can be summarized as follows:

#### 1. Integrity

We determine to do the right things and conduct our business with loyalty and honest under the laws and regulations of the company. We shall adopt this code of conduct in all our decision making and activities of the company. We shall operate our business with integrity and consider the inherent risks that may affect the organization.

**2. Trust**

We have paid great respect to our colleagues, customers, partners, shareholders and government officers. We have treated such persons the same way as we would like them to treat us. We are confident that everyone shall work hard on their abilities and work their best on the foundation of trust.

**3. Confidentiality**

We shall protect the confidentiality of our business operations whereby this information shall be treated as our own information.

**4. Professional**

We shall always operate with skills, knowledge, capabilities and as professional.

**5. Human Resources**

We shall recruit the persons with knowledge and experiences that are in accordance with the need of the company. Any promotion and income shall be based on the performance of the staffs. We have faith and confident in everyone as we believe that everyone is the precious assets of the company.

**6. Leadership**

We use leadership to drive the company to achieve its success and have a clear vision including encouraging the staffs to have the leaderships, improving their knowledge and competency, and removing obstacles to staff developments.

**7. Compliance with rules and regulations**

We expect that any decisions made or business operations conducted by the staffs shall comply with the laws, relevant rules and regulations. Moreover, the staffs shall have moral behavior.

**➤ Code of Conduct Policy**

The company's policy is to legally conduct any businesses and have corporate social responsibility. The company expects that all staffs are aware of the company's policy and shall comply with the company's policy and any laws relating to their responsibilities. Moreover, the staffs shall follow all suggestions specified in this code of business conduct.

### ➤ Human Resources

The company has complied with the laws and regulations of recruitment and emphasized on its policy where everyone shall be equally entitled for the recruitment opportunity starting from candidate selection, hiring, recruitment, training, competency development, rotation, promotion and fringe benefits.

The human resource policy and plans are developed in order to help the company to achieve its business goal. All employees at any chain of command shall comply with this policy and we encourage the positive work atmosphere where different opinions are welcomed and everyone has respected one another.

### ➤ Environment, Health and Safety

When conducting any business and making any decisions, it is the company's responsibility to consider the environmental protections and to ensure that the products and business of the company are in accordance with the rules and regulations or any other standards.

We shall be alert for the safety and environmental situations. Moreover, we shall acknowledge of any laws of safety, health and environment, including the policies specified by the company as there are always amendments on the laws of safety, health and environment.

### ➤ Conflict of Interests

The main concept of "conflict of interest" is that all staffs shall avoid any activities, investments or other forms of benefits that may have a negative impact on the loyalty and good reputation of the company or the staffs.

Conflicts of interests may have occurred if the staffs:

1. personally grow increasingly wealthy due to the access of confidential information.
2. are hired to work for other organization whereby this work could affect their work and responsibility at the company.
3. accept any gifts or rewards from other persons without the permission from the company due to the services they have provided which is a company's business or to use their position to influence other persons to conduct in their own interests.
4. purchase or sell the shares of the company or subsidiaries or affiliated companies by using the inside information that has not been publicly disclosed.
5. disclose an inside information that has not been publicly disclosed to other persons.

### ➤ Confidential Business Information

We shall strictly conform to the policy, rules and regulations, including any guidelines set by the company on information security. We shall not disclose or use any information that is belonging to the company or the other's information received by the company as specified under the confidentiality agreement. Exceptions shall be

applied as deemed necessary or only after the receipt of written approval from the company. The information of the company shall not be used or kept in the place where unauthorized persons may have seen or accessed.

➤ Gathering business information of the competitors, production and technical information

We shall comply with the guideline on gathering business information of the competitors, production and technical information. These guidelines have specified the proper procedures for the staffs who gather and use the information of business competition as the representative of the company. The company shall not adopt any illegal methods (e.g. stealing, bribery) or any methods that are against the code of conduct in order to access the information of the business competitor.

➤ Financial Integrity

Any accounting records of the company shall be reported to the management of the company, shareholders, creditors and other government agencies. As such, any accounting records of the company and reports of these accounting records shall be kept and presented according to the laws being enforced. The details of the assets, liabilities or obligations, incomes and expenses shall be true and correctly displayed.

We hold a joint responsibility to ensure that there is no records of incorrect information or distorted information on our accounting system of the company. All transactions shall have the document and details attached, including correctly recording the accounting transaction under the actual accounting period. We shall always comply with the Generally Accepted Accounting Principles and internal control system specified by the company.

➤ Activities and political involvement

The company has the foundation policy that it shall not contribute the money or human resources of the company for political support to any candidate politician or any political parties unless such support is approved by the laws or the support is generally for democracy.

The company has the policy that staffs shall not use the company's facilities or resources for political campaign or political fund raising or certain political party.

The company prohibits the immediate superior and staffs in all levels to give the order or persuade the staffs and the subordinates to participate in any political activities.

The decision made by the staff to participate in political activities during their own private time or contribute their own money or other assets for political campaign or political activities, such actions shall be recognized as the personal decision made by that staff.

➤ Report on the staff code of conduct violations

The company shall take the staff code of conduct violation very seriously. The staffs who violate this code of conduct shall be entitled to the disciplinary punishment whereby they may be terminated from the employment.

Therefore, the staffs shall immediately report to their immediate superior when there is a violation or supposed to be a violation of this code of conduct.

The immediate superior is responsible for monitoring that the staffs act in accordance with this staff code of conduct and shall report to the Audit Committee, including recording any staff code of conduct violations.

➤ Recommendation

This code of conduct may not be able to specify any behavior actions in all situations. However, the company strongly believes and respects the decision made by each staff that after carefully considered, this decision is the right call and appropriate to the situation.

In case the staff cannot specify an appropriate action, the staffs should answer the following questions and if they have answered “yes” to these questions, they could proceed.

- Whether or not your actions are legal and in accordance with the rules and regulations of the company.
- Whether or not "this action is the right call" and you feel "this action is right".
- Whether or not this action is in accordance with the public's opinions.
- Whether or not this action can build up the confidence of the company as the moral company.

## Anti-Corruption Policy

Baan Rock Garden Public Company Limited "The Company" has operate business with integrity and fairness with all groups as well as abide to laws and Code of Business Ethics that are transparent and the principles of good corporate governance and be responsible for society and environment and be responsible for the best interests of its stakeholders. The Company shall be able to develop and become sustainable organization as a result, the company participates in "Private Sector Collective Action Coalition against Corruption" in order to express intention and commitment of the company on anticorruption in all kinds.

The business operations of the company may risk in corruption and deliberately corruption. The company has carefully considered and treated. The Company agreed to establish "Anti-Corruption Policy" written up for to be clear guidelines on business operations and the development of corporate sustainability.

### Definition

Corruption means bribery, exploitation of position and responsibilities and/or using information given or received from performing corporate affairs to offer, promise, give, agree to give, demand or accept money, assets or other inappropriate benefits from the government officers, government agencies and private sectors or responsible units/persons whether direct or indirect action, including any action that conflicts with the Company's business ethnics. Exception shall be applied in case of laws, regulations, statements , standards, customers or business transactions enable to do so.

### Anti-Corruption Policy

All directors, executives, and employees of the company are prohibited from performing any action or accepting or providing any support, fraud and corruption in all kinds directly or indirectly to related individuals or organizations including offering, promising, soliciting, demanding, giving or accepting bribes, or having any behavior implying to fraud or corruption. Covers to every business and every relevant department, the Anti-Corruption Policy shall be reviewed regularly, including a possible revision of such policy and implementation provision in order to accord with business changes, regulations, standards and applicable laws.

### Duty and Responsibility

1. The Board of Directors is responsibilities establish and govern policies to have an efficient system promoting anticorruption in order to ensure that all company's personnel realize and emphasize on anti-corruption. The company behaves as the good model by expressing honesty and commitment on anticorruption in all kinds. The company builds and fosters organizational culture on good corporate governance in order to prevent and suppress fraud. The company supports some independent organizations to perform their operation on anticorruption including Audit Committee.
2. The Audit Committee is responsibilities verify Anti-Corruption Policy established by executives to be appropriate with business model, environment, and organizational culture of the company. Revision of financial and accounting reports, internal audit function and risk management promoting corruption that may pose

potential risks to Company's financial stability and operations that are compliant with global standards in terms of conciseness, appropriateness and efficiency. The Audit Committee is also responsible for setting up a corruption reporting center for possible corruption clues and complaints against employee, investigating all informed trace of fraud, corruption and other improper practices, as well as proposing the on-going issues to the Board of Directors for amendment and punishment.

3. Top Executives shall behave themselves according to and promote ethics and conduct as the models of employees, establish system, promote and support AntiCorruption Policy for communicating to employees and related persons in all departments, revise appropriateness of systems and measures in order to be in accordance with business changes, regulations, standards and applicable laws.
4. Internal Audit Director is responsibilities for auditing and reviewing business transactions whether they are to comply with internal audit policies, guidelines, rules, regulations and applicable laws in order to ensure the appropriateness and adequacy of the internal controls for probable risks in corruption. This shall be directly reported to the Audit Committee.
5. Employees shall comply with policies, rules, regulations, and orders of the company on anticorruption as well as ethics and conduct of employees. Support and give cooperation on preventing and suppressing fraud and corruption. Build organizational culture with no corruption as well as value compliance according to principles of integrity and ethics.

### Practices guideline

1. All directors, executives, and employees of the company shall comply with Anti-Corruption Policy, Code of Business Ethics, Director and Employee Code of Conduct, and Good Corporate Governance Policy, related regulations and Practice manual of the company, as well as other practices defined by the company.
2. Top Executives and Employees shall avoid any action or behavior to be constructed as receiving or offering bribe to anyone, directly or indirectly, for personal benefits. They shall not be negligent or ignorant in any suspicious incidence of fraud, corruption or other malpractices involved directly to the Company and shall timely report to the supervisor or a responsible unit/personnel and shall cooperate in investigation. In case that the persons have doubts or questions, they must consult with the supervisor or a person responsible for monitoring ethical conducts of the Company through various channels provided.
3. The company shall give fair treatment and protect employees who deny or inform any fraud or corruption related to the company and such employees shall be protected without any punishment, unfair transfer or persecution. In addition, the company shall appoint some personnel to investigate all informed traces.
4. A person who commits fraud, corruption and other improper practices is equivalent to misconduct in the Company Code of Conduct. This means such person is needed to consider discipline followed by the Company standards. Conviction on laws may be applied in case such action violates the applicable laws.
5. Provision or acceptance of any grant-in-aid shall be in accordance with company's policies and shall be correct and transparent with evidences and recorded accounts. Such grant-in-aid shall be controlled and audited in order

to ensure that such grant-in-aid is not fraud or corruption. The procedures of approval and spending of grant-in-aid shall be consistent with internal controls process.

6. The Company shall donate to charity in the form of monetary contributions or support in other forms as a part of Corporate Social Responsibility's activities as well as an opportunity to publicize and reinforce good image of the company without any purpose on business reward.
7. The Company concerns the importance of dissemination, knowledge sharing, and communications with other people who involve or affect the Company so that those parties shall conform effectively to the anti-corruption guideline.
8. The Company strives to create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors.

### Operational Provisions

1. This Anti-Corruption Policy shall cover the process of human resource management commenced from recruitment to personnel selection, promotion, training and development, performance evaluation, and rewards. All superiors in all levels shall communicate and make understanding with their subordinates to comply with these practices and control this compliance to be performed efficiently.
2. Any action performed upon Anti-Corruption Policy shall be under provisions defined in Code of Business Ethics, Director and Employee Code of Conduct, Good Corporate Governance Policy, Internal Controls and Risk Management, No Gift Policy, and other work regulations defined by the company.

### Risk Management and Assessment

For clearly illustrate the operation highly prone to corruption, the Board of Directors, the Management Team and Employee in all levels be through and careful when engaging in the following matters :

1. Gifts, hospitality and other expenses must be done in the manner inconsistent with those specified in the policies provided.
2. Expenses for business entertainment and other payment as required by business agreement are permissible, but such payment must be reasonable and traceable.
3. Charitable contribution or aid must be done in alignment with guideline set forth as follows :
  - The use of money or assets of the Company for charity donations must be openly conducted on behalf of the Company only. The donation must be made for any social contribution and non-profit organization, such as foundations, public charitable organizations, temples, hospitals, medical centers and so on. In this regard, reliable and traceable receipts must be issued and the donation procedure must be reviewed and approved subject to the Company's regulations.
  - Personal donation shall be done. In this regard, the procedure must not have involvement with or cause doubts that fall in to fraud or corruption with an aim for any benefit.
  - The use of money or assets of the Company for sponsorships must be openly conducted on behalf of the Company only, and be approved by authorized persons of the Company. The sponsorships must be



provided for business purpose to enhance image or reputation of the Company. In this regard, reliable and traceable donation receipts which clearly specify the objective and receiver must be issued.

4. The procurement process must strictly comply with the company's procedure, as well as being transparent and traceable.

The Anti-Corruption Policy has been in effect on 9 November 2016 with the consideration and approval of the Board of Director on the 5/2016 meeting held on 9 November 2016.

## Revenue Structure

The records highlight the Company's revenues, classified by project development, from 2016 to 2018 as follows:

**Table: Revenue Structure of BROCK and Subsidiaries, Classified by Project Development**

Revenue Types	Generating Projects	2016		2017		2018	
		Total		Total		Total	
		Revenues (Bt. mil.)	%	Revenues (Bt. mil.)	%	Revenues (Bt.mil.)	%
1 Revenues from development projects							
1.1 Sales of 2 storey houses ( 3 units in 2017 and 3 units in 2018)	Baan Rock Garden Bypass 6 Phase 1	-	-	13.00	13.60	11.60	8.76
1.2 Sales of semi-detached houses and 2 storey houses (21 units in 2016 ,23 units in 2017 and 17 units in 2018)	Baan Rock Garden Airport 2	61.85	81.99	77.49	81.06	53.05	40.06
1.3 Sales of semi-detached houses and storey houses (19 units in 2018)	Baan Rock Garden Airport 3	-	-	-	-	63.16	47.69
2. Other Revenues		13.59	18.01	5.11	5.34	4.62	3.49
<b>Total Revenues</b>		<b>75.44</b>	<b>100.00</b>	<b>95.60</b>	<b>100.00</b>	<b>132.43</b>	<b>100.00</b>

## Risk Factors

The company realizes the importance of the risk factors in the real estate business. Therefore, the goal of risk management is to limit the risks within a scope that is manageable and with minimum effect on the business or zero effect to the future business operations as follows:

### 1. The risk from selecting land for development

In the past year of business operations, the company purchased land or selected new projects to undertake which may cause a risk of making a wrong decision to purchase the land, such as -

- The land composition is insufficient for obtaining permission for land allocation or the land may affect the community during construction. Preventive action should be taken to avoid such risk from taking place. For example, investigate the history of the land, check the land with the related government agencies, and hire external independent land appraisal companies to carry out surveys and evaluate the price.

- The risk of purchasing land more expensive than it should be. The decision to purchase land or undertaking new projects involves the consideration of many elements. This includes the market environment when purchasing and selling land nearby. Checking the land appraisal price from the related government agencies and hiring external independent appraisers to conduct a feasibility study of the project to reduce the risk of project development in terms of selling at a loss or failing to meet the objectives of the plan.

### 2. The risk from competition of nearby real estate businesses

At present, the real estate business is highly competitive. Many new projects are coming up around the project resulting in more comparison and decision making of consumers. To reduce this risk, the Company has adjusted its strategy of products and offers new and modern style homes, high quality building materials for house construction, fully furnished and interior decorated homes, quality sanitary ware, etc. In addition, the price, which is the main factor when competing with others, is also taken into consideration to motivate customers to make decisions more easily.

### 3. Risks from building pre-sale homes

In order to run the real estate development business of building homes for sale under a horizontal policy for pre-sale detached house, twin house, and townhouse, with the objective to increase the confidence of consumers, the Company needs to spend a large amount of investment before recognizing revenue, or receive money from customers first. Therefore, the Company has capital risks, including from changes in the behavior of consumers. Also, the market conditions in housing demand may affect the economic factors of the consumer's decision. The Company is aware of these risks and has studied the behavior of the consumers in the location of the project and also the design of the house in order to design according to the demand of interested customers with a reasonable price that they can afford and encourages them to make a buying decision. In the process before starting a project, a market study is conducted to reduce as much as possible the risks of achieving the estimated sales volume, to eliminate the liquidity risks of the Company as well as to effectively manage the investment fund

the Company spends as best as possible. The Company plans to build houses carefully and systematically as another way to reduce the risks and also build houses according to the determined budget, in order to reach the target sales volume recognition each quarter. Moreover, the Company has a transparent and careful process to reduce liquidity risk and to also bring in investment cash immediately if faced with a liquidity problem. As a result, when considering the Company's ability to operate as well as our financing ability, the risk of receiving financial impact is low.

#### **4. Inventory**

The Company has allocated the houses for sale according to the estimated sales volume determined by the Company, which is monitored closely. However, the sales process may face unexpected economic conditions, which will impact sales and cause the unsold houses to become part of the inventory, deviating from the plan. However, the Company has a process and is always careful about this by adjusting the plan to reflect actual sales and by developing projects in separate phases for more effective construction management. Apart from conducting sales according to the target, the actual sales volume must be considered in order to be consistent and in the same direction to reduce the inventory. Also, adjustments to the marketing strategy will be made to stimulate sales volume by releasing inventory to match the customers' needs or to motivate the customers' decision in other ways to minimize impact to inventory the least.

#### **5. Risks from depending on contractors and labor in construction**

The Company does not have its own contractor. Therefore, the Company has risks in relying on the construction contractors and labor, such as contractors cannot do the construction according to plan and the Company cannot deliver the house to the purchaser on time. However, the Company has reduced such risks by having a bidding process based on the Company's Bill of Materials (B.O.M) as the template for selecting a contractor. The construction department of the Company will determine the cost appraisal of the construction and allow interested contractors to attend a fair bidding. Then, the construction department of the Company will examine the details of the wages and construction materials (B.O.M) proposed by the contractors to consider if the construction cost is appropriate for the various projects of the Company. Hence, contracts are made with all contractors in which penalties are stipulated if the construction is delayed and contractors are liable for recovering the damages. Moreover, the Company collects construction guarantees from contractors to ensure the quality of the construction. In case contractors abandon the work, the Company will use the guarantee or withhold contractor wages to hire a new contractor to complete the construction.

Moreover, the Company spreads risk from depending on one contractor by expanding the hiring of more contractors and considering the employment of each contractor with appropriate workload and ability to do the construction so that contractor meets the specified construction quality. Also, tasks are divided so that contractors have better liquidity, which allows the Company to deliver houses to buyers according to plan.

#### **6. The competency and potential of the contractor**

Under the business management of the company, we employ only selected independent contractors to construct all the projects to prevent the risk of non-standard construction or delayed work due to limited construction team in construction. In the event that the company needs products that are ready for sale and in a situation that the project has a high demand from

many consumers at the same time, in order to reduce the risk in this matter, the company has examined the history of every contractor who joins the project, their financial status history, various work project experience before entering the project, as well as if the company has its own supervisors who have long expertise in construction projects as an inspector for each stage of the work. At each payment of the wages, regular inspection on the quality of the work is made to ensure that all work meet the standards and the progress of the construction is according to the original plan set out by the Company.

#### **7. Risks associated with the Company's cash flow**

The expansion of our business in recent years was expanded by using funds from shareholders or borrowing from related parties with and without interest charge and was subject to a conservative investment management policy, carried out by management in the initial stage of the real estate development. Anyway, the company's expansion in the future which includes "Baan Rock Garden Airport 3" project and "Baan Rock Garden Arena-Nong Chok" project, which required substantial capital of same, as well. Such investments may make the company vulnerable in terms of financial cost and impact on the consequence of Company's liquidity due to the possibility that the company will use loans from financial institutions in addition to source of funds derived from cash flow from company's operation to invest in such various projects. The company may also have a higher burden of interest on the loan, derived from any debt burden incurred in the future.

However, in consideration of the company's financial structure, as well as amount of cash flow from operation, it will be sufficient to pay the obligations that may arise. In addition, in terms of financing from financial institutions, the company still have a good contact with some local financial institutions on a regular basis in providing credit to customers in various projects of the company. Moreover, the company also has assets that can be used as collateral for the loan in the form of land during.

### Details of Related Transaction

#### Details of Related Transaction at the end of December 31, 2017 and December 31, 2018

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2017	Dec 31, 2018		
A) Baan Rock Garden, Plc., Ltd. (BROCK) and Rock Garden Group, Co., Ltd. (ROCK GROUP)	<ul style="list-style-type: none"> <li>- ROCK GROUP is an associate company of BROCK and its subsidiaries, with common Executives and Major Shareholders.</li> <li>- Common Executives and Major Shareholders:</li> <li>1. Mr. Virat Chimpapinorn: Holding 122,500 shares of ROCK GROUP (0.61% of paid-up registered capital)</li> <li>2. Mrs. Naovani Sthaparat: Holding 16,377,500 shares of ROCK GROUP (80.88% of paid-up registered capital)</li> <li>3. Mrs. Naovarat Suthamjaraya: Holding 500,000 shares of ROCK GROUP (2.47% of paid-up registered capital)</li> </ul>	1. Office rental 1.1 Office rental for Head Office	1.32	0.90	<ul style="list-style-type: none"> <li>- BROCK is currently renting 2-floor space from ROCK GROUP, spanning 440 square meters, at 170 Baht per-square-meter rental rate per month . The contract lasts 3 year, starting May 1, 2016 until April 30, 2019.</li> <li>-Oct 17cancel 1 floor spanning 250 square meters According to the attachment at the end of the contract 20 Oct 17</li> <li>- BROCK pays ROCK GROUP for service charge spanning 690 square meters, at 85.60 Baht per-square meter rental rate per month . This service is including water, security guard, and other services.</li> </ul>	<ul style="list-style-type: none"> <li>- The current rental rate of 170 Baht per square meter per month that the Company pays ROCK GROUP is comparable to the rental of nearby office buildings.</li> <li>- The service charge rate of 85.60 Baht per square meter per month is comparable to the rate charged by other office buildings in the same area.</li> <li>- Because rockgroup of building improve ments</li> <li>- the fee is based on actual usage and rate charged by other office buildings in the same area</li> </ul>
		1.2 Service charge 1.3 Electricity charge	0.67 0.22	0.45 0.06	<ul style="list-style-type: none"> <li>- ROCK GROUP installed an electrical meter and charged the fee is based on actual usage.</li> </ul>	<ul style="list-style-type: none"> <li>* The Audit Committee considers the rental and the service charge rational. Furthermore, after the installation of the electrical meters, so that the Company can pay per actual usage just as other tenants do, the Audit Committee also determines that the electrical charge is reasonable.</li> </ul>

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2017	Dec 31, 2018		
B) Baan Rock Garden, Plc., Ltd. (BROCK) and Mrs. Naowant Silaparat	-Mrs. Naowant Silaparat concerned company of BROCK by Executive Director	- Office rental for Temporary Office	0.08	0.48	-BROCK is currently renting from Mrs. Naowant Silaparat For a temporary office. The building is a 3 storey building. Spanning 230 square meters, price 40,000 per month, (Contract begins 1 Nov. 18-30 Oct 19.)	- Because rockgroup of building improve ments. rates include office equipment. Comparison is not different.  * The Audit Committee considers the rental charge rational. Furthermore, so that the Company can pay per actual usage just as other tenants do, the Audit Committee also determines that the charge is reasonable

Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2017	Dec 31, 2018		
C) Baan Rock Garden, Plc., Ltd. (BROCK) and Executives/ Shareholders/ Other persons with potential conflict of interest	The person with potential conflict of interest is hereby identified as Mr. Virat Chirapaporn.	1. Estimated accrued interest on this loan	6.62	6.62	- BROCK was not to pay for the cost of this fund in cash. Instead, a vacant land of equal value had to be transferred to the lender by November 30, 2006. Hence the Company must transfer its land of 5 rai in size, located in T. Koh-Kaew, A. Muang, Phuket, valued at 6.62 million Baht, to person with potential conflict. The land was equal in value to the loan interest rate of 2.21% and 3.93% per year.	- The Company required such loan from Mr. Saksom Jamornmarn and Mrs. Nongnoi Silaparat to use as its working capital. The transaction was considered to be beneficial to the Company's financial status, as the cost of fund was equivalent to an interest rate of 2.21% and 3.93% per year. October 5, 2010 Mr. Saksom Jamornmarn and Mrs. Nongnoi Silaparat get make a book transfer the right in right of real estate ownership modifies aforementioned to Mr. Virat Chirapaporn. The loan was paid in full amount as of December 31, 2013. And end of December 31, 2014 The Company has not transferred the land to the lender.
						* The Audit Committee perceived that the loan transaction provided the Company with financial advantage, compared to loans that the Company would, otherwise, have borrowed from elsewhere. The transfer of its land as repayment had no effect on sales of the Company's projects. Hence the transaction was necessary and sensible.



Related Parties (Person / Juristic Person) with Potential Conflicts	Nature of Relationship	Transactions / Agreement	(Million Baht)		Pricing and Conditions	Necessity and Rational of Transactions
			Dec 31, 2017	Dec 31, 2018		
D. between Baan Rock Garden PCL. and Ratchhani Leasing PCL.	- Ratchhani Leasing PCL. is the related company and have the same directors and management which can be summarized as follows: 1. Mr. Virat Chinprapipon, holding 6,300,000 shares of Ratchhani PCL or accounting of 0.21% of paid-up registered capitals 2. Mr. Surapol Satimanont, holding 10,773,976 shares of Ratchhani PCL or accounting of 0.36% of paid-up registered capitals	1. short-term investment	220.00	113.00	- This is the short-term deposits in the form of promissory notes with conditions to pay back at call and interest rate of December 31, 2017 : 1.95% per annum (December 31, 2016 : 1.95% per annum) as returns whereby this is the same condition that Ratchhani Leasing PCL. offers to their general customers. Therefore, this transaction is considered to be general transaction of the company.	- Such short-term investment is the deposit in the form of promissory notes with conditions to pay back at call and interest rate of 1.95% per annum (December 31, 2016 : 1.95% per annum). This investment is to manage cash on hand for its maximum benefit under the recession economy with higher returns than the market rate (currently, market interest rate is approximately 0.80-1.20% per annum). If the company needs to use this investment, the company can call back anytime. Moreover, since Ratchhani Leasing PCL. has strong financial status, this causes the interest payment and repayment to be at low risk.
						* The Audit Committee has approved this transaction by stating that such transaction is a treasury transaction with financial institution whereby it has low risk and good returns which is reasonable and benefit the company.

## Management Discussion and Analysis (MD&A)

### **Business performance overview**

In the year 2016 the real estate business is in a period of economic expansion. However, there are several negative factors affecting the consumer, such as economic conditions and the impact on household debt due 2015. Include affected natural droughts, agricultural crops damaged, affect agricultural output, which is the main export product of Thailand. The government has launched measures to help, stimulant economic growth, especially the real estate stimulus measure, by reducing the transfer fee from 2% to 0.01% and mortgage fee from 1% to 0.01% for six-month period beginning 29 October 2015 to 28 April 2016, but such measures are of short duration. But such measure are of short duration, it also does not affect the current situation is much more competition in the real estate business with the launch of new products to meet the customer more so in recent years, the company's revenue recognition. the house has 21 units from Baan Rock Garden Airport 2.

For the year 2017 it is interesting to the real estate sector that tend to grow. The positive factors will be good for the market. For example, the public sector investment has continued to grow, Promoting investment for integrated economic and social development, The AEC is still available to foreigners. And buy real estate in thailand, In the sector of exports and services is growing. Private consumption has improved One part comes from the expense of the first installment of auto loans that will end this year. This positive factor will result in increased purchasing power. Good for the real estate sector. In the past year, the company recognized 26 units, from project baan rock garden bypass 6 phase 1 and project baan rock garden airport phase 2.

For the year 2018 In the real estate sector Has an important part in driving the economy There is a lot of money circulating in the system. Increased employment and income Along with linking with other industries including such as Construction business, Construction material business, Financial institution business , Electrical appliance business, Furniture and decoration, here are a large number of businesses in the real estate system that compete in the same business category in the same target group. such as Consumers who want to live In the management of the company in 2018 Developing the Baan Rock Garden Airport 2 project , Baan Rock Garden Airport Phase 3 Project and Rock Garden House Project Arena - Nong Chok As a result, in 2018 the operating results were as follows.As a result, in 2018 the operating results were as follows.

**Revenues**

The Company had the sales revenue of 61.85 million Baht, 90.49 million Baht and 127.81 million Baht in 2016, 2017 and 2018, respectively. The sales revenues from housing projects could be summarized as follows:

Sales Volume of Projects	2016		2017		2018	
	Units	Bt. Million	Units	Bt. Million	Units	Bt. Million
Baan Rock Garden Bypass 6 Phase 1	-	-	3	13.00-	3	11.60
Baan Rock Garden Airport 2	21	61.85	23	77.49	17	53.05
Baan Rock Garden Airport 3					19	63.16
<b>Total</b>	<b>21</b>	<b>61.85</b>	<b>26</b>	<b>90.49</b>	<b>39</b>	<b>127.81</b>

In 2016, the Company had the sales revenue of 61.85 Million Baht, decreasing from year 2015 by approximately 8.49 Million Baht or 12.08%. The revenue was mainly generated from Baan Rock Garden Airport phase 2

For 2017, the Company had the sales revenue of 90.49 Million Baht, increase from year 2016 by approximately 28.64 Million Baht or 46.31%. The revenue was mainly generated from Baan Rock Garden Airport phase 2. and project baan rock garden bypass 6 phase 1

For 2018, the Company had the sales revenue of 127.81 Million Baht, increase from year 2017 by approximately 37.32 Million Baht or 41.24%. The revenue was mainly generated from Baan Rock Garden Airport phase 2. , project baan rock garden bypass 6 phase and Baan Rock Garden Airport phase 3.

In 2016, the Company had other incomes of 13.59 Million Baht, comprising of interest incomes of approximately 5.77 Million Baht. and other incomes of 5.38 Million Baht.

For 2017, the Company had other incomes of 5.66 Million Baht, comprising of interest incomes of approximately 4.38 Million Baht. and other incomes of 1.28 Million Baht.

For 2018, the Company had other incomes of 4.61 Million Baht, comprising of interest incomes of approximately 4.07 Million Baht. and other incomes of 0.54 Million Baht.

**Cost of sales and expenses****Cost of Sales**

The costs of sales are summarized in the table below.

(Unit: million Baht)

Projects	2016	2017	2018
<b>Baan Rock Garden Bypass 6 Phase 1 :</b>			
Cost of land	-	0.56	0.47
Cost of project development	-	4.80	4.22
Cost of allocation of public properties in the project	-	1.16	0.99
<b>Baan Rock Garden Airport 2 :</b>			
Cost of land	5.82	7.31	4.20
Cost of project development	30.15	38.54	25.67
Cost of allocation of public properties in the project	2.48	4.81	3.03
<b>Baan Rock Garden Airport 3 :</b>			
Cost of land	-	-	6.08
Cost of project development	-	-	29.10
Cost of allocation of public properties in the project	-	-	3.22
<b>Total</b>	<b>38.45</b>	<b>57.18</b>	<b>76.98</b>

In 2016, the cost of sales was recorded at 38.45 Million Baht, decreased from year 2015 by approximately 1.82 Million Baht or 4.52%, since in 2015 has been revenue recognized more than in 2014 as a result costs decreased proportionately.

For 2017, the cost of sales was recorded at 57.18 Million Baht, increase from year 2016 by approximately 18.73 Million Baht or 48.71%, Revenue recognition has increased from 2016. as a result costs increased proportionately.

For 2018, the cost of sales was recorded at 76.98 Million Baht, increase from year 2017 by approximately 19.80 Million Baht or 34.63%, Revenue recognition has increased from 2017. as a result costs increased proportionately

**Selling and administrative expenses**

In 2016, the company had the selling and administrative expenses of approximately 29.97 Million Baht, a decrease of approximately 0.38 Million Bath or 1.25% from the 2015 figure. The main cost in 2016 include (1) commission fee of approximately 3.24 Million Baht (2) marketing and advertising expenses of approximately 1.67 Million Baht (3) salaries of management and employees of approximately 6.36 Million Baht (4) specific business tax of approximately 2.04 Million Baht and (5) office rental fees of 2.36 Million Baht.

For 2017, the company had the selling and administrative expenses of approximately 34.34 Million Baht, increased of approximately 4.37 Million Bath or 14.58% from the 2017 figure. The main cost in 2016 include (1) commission fee of approximately 3.40 Million Baht (2) marketing and advertising expenses of approximately 1.98

Million Baht (3) salaries of management and employees of approximately 6.47 Million Baht (4) specific business tax of approximately 3.14 Million Baht and (5) office rental fees of 2.29 Million Baht.

For 2018, the company had the selling and administrative expenses of approximately 36.83 Million Baht, increased of approximately 3.04 Million Baht or 9.00% from the 2018 figure. The main cost in 2018 include (1) commission fee of approximately 5.25 Million Baht (2) marketing and advertising expenses of approximately 2.24 Million Baht (3) salaries of management and employees of approximately 6.63 Million Baht (4) specific business tax of approximately 4.34 Million Baht and (5) office rental fees of 1.89 Million Baht.

#### **Interest expenses**

In 2019, 2017 and 2018 the interest expense was recorded at 0.07 Million Baht, 0.09 Million Baht and 0.07 Million Baht respectively due to liabilities under financial lease agreement. The figures proved that the Company attempted to use own funds most, the make debt to least. To reduce the risk of the Company's liquidity. Which is an important factor in managed services.

#### **Gross profit**

In 2016, the Company's gross profit margin valued of approximately 23.40 Million Baht, an decrease of approximately 6.67 Million Baht from the 2015, or of approximately 22.18%, due to lower revenues than in 2015, resulting in a gross profit margin as a proportion.

For 2017, the Company's gross profit margin valued of approximately 33.31 Million Baht, increased of approximately 9.91 Million Baht from the 2016, or of approximately 42.35%, recognition of revenue increases from 2016.resulting in a gross profit margin as a proportion.

For 2018, the Company's gross profit margin valued of approximately 50.84 Million Baht, increased of approximately 17.53 Million Baht from the 2017, or of approximately 52.63%, recognition of revenue increases from 2017.resulting in a gross profit margin as a proportion.

#### **Operating profit and net profit**

In 2016, the Company had the operating profit and the net profit by approximately 6.94 Million Baht and 5.46 Million Baht, respectively, the company's turnover decreased from 2015 due to the economic conditions, competitors have more and customer choice have manifold, thus making it difficult for sell and operating.

For 2017, the Company had the operating profit and the net profit by approximately 4.54 Million Baht and 3.48 Million Baht, respectively, the company's turnover decreased from 2016, due to Other higher than 2017

For 2018, the Company had the operating profit and the net profit by approximately 18.55 Million Baht and 18.14 Million Baht, respectively, the company's turnover decreased from 2017, due to Other higher than 2018

#### **Return to shareholders**

In 2016, the Company's return to equity ratio decreased to 0.45% due to lower sales volume and net profit, compared to the 2015 figure.

For 2017, the Company's return to equity ratio decreased to 0.28% due to lower sales volume and net profit, compared to the 2016 figure.

For 2018, the Company's return to equity ratio increase to 1.46% due to lower sales volume and net profit, compared to the 2017 figure.

### Financial Statement Analysis

#### Assets

The main components of the Company's assets in 2016, 2017 and 2018 were development costs and undeveloped-land costs, accounting for about 79.98%, 78.19% and 85.83% of the total assets, respectively. In 2018, the development costs and undeveloped land costs were at 13.51% and 62.32% of the total assets, respectively. The details of the aforementioned costs were summarized below:

(Unit: Bt. million)

Costs of property development :	2016	2017	2018
● Project under development – net: Baan Rock Garden Bypass 6 Phase 1	12.58	6.29	-
● Project under development – net: Baan Rock Garden Airport 2	90.19	43.72	13.45
● Project under development – net: Baan Rock Garden Airport 3	-	126.31	212.18
● Project under development – net: Baan Rock Garden Arena - Nong Chok	-	-	79.57
<b>Total</b>	<b>102.77</b>	<b>176.32</b>	<b>305.20</b>
<b>Undeveloped land :</b>			
● Vacant land: approximately 40 rais - Bangsaothong, Srisajorakenoi, Samuthprakarn	90.62	-	-
● Vacant land: approximately 3.5 rais - Soi Vacharapol, Bangkok	38.18	38.18	38.18
● Vacant land: approximately 508 rais - Pa-Klog, Talang, Phuket	*513.08	513.08	513.08
● Vacant land: approximately 212 rais – Ratsada, Muang, Phuket (Baan Rock Garden Bypass 6 Phase 2-10)	196.51	196.51	196.51
● Vacant land: approximately 104 rais - Baan Pae, Muang, Rayong	61.18	61.18	61.18
<b>Total</b>	<b>899.57</b>	<b>808.95</b>	<b>808.95</b>

At the end of 2016, the Company's cost of the property development reduced to 102.77 million Baht, or 31.72 million Baht (23.59%) lower than that of 2016. The Company had no new development project but continued to develop the Baan Rock Garden Airport 2 and Baan Rock Garden Bypass 6 Phase 1 project.

\*In 2559 the auditor has tested the land impairment of undeveloped in Note 9 of the financial statements (independent appraiser on December 21, 2559).

At the end of 2017, the Company's cost of the property development reduced to 176.32 million Baht, or 73.55 million Baht 71.57% increased than that of 2016. The Company Development of the property in the Baan Rock Garden Airport 3 and continued to develop the Baan Rock Garden Airport 2 and Baan Rock Garden Bypass 6 Phase 1 project.

At the end of 2018, the Company's cost of the property development reduced to 305.20 million Baht, or 128.88 million Baht 73.09% increased than that of 2017. The Company Development of the property in the Baan Rock Garden Airport 3 and the Baan Rock Garden Arena-Nonk Chok project.

#### **Account receivables**

The Company recognizes revenues after right transfer and making of sales agreements. First down payments and installments which are not counted as revenues will be recorded as deposits from properties sales. Therefore, the Company normally has no account receivable from properties sales.

#### **Cash flow and liquidity**

In 2016, the Company had cash inflow from operating activities in an amount of 24.14 million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2016.

For 2017, the Company had cash inflow from operating activities in an amount of 20.87 million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2017.

For 2018, the Company had cash inflow from operating activities in an amount of (96.80) million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2018.

In 2016, the Company's cash flow for investment activities was approximately 12.15 million Baht. The overall investment in 2016 covered (1) short-term investment of 15 million Baht, (2) cash payment for equipment purchase of about 2.92 million Baht and (3) interest receipt of about 5.77 million Baht, respectively.

For 2017, the Company's cash flow for investment activities was approximately 38.22 million Baht. The overall investment in 201 covered , short-term investment of 45 million Baht, interest receipt of about 4.38 million Baht, respectively.

For 2018, the Company's cash flow for investment activities was approximately 89.17 million Baht. The overall investment in 2018 covered , interest receipt of about 4.04 million Baht, respectively.

In 2016, the Company had the liquidity ratio of 12.90 times, due to the liability in 2016 decrease from 2015.

For 2017, the Company had cash flow from financing of 13.40 times Current assets increase from 2016

For 2018, the Company had the liquidity ratio of 8.38 times, due to Current liabilities increased from 2017.

**Sources of funds****-Liabilities-**

As of 31 December 2016, the Company had the total liabilities of 29.26 million Baht, decreasing by approximately 9.97 million Baht (32.98%), could be summarized as follows.

- (1) Accounts payable of 1.53 million Baht (normal accounts payable or other parties)
- (2) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)

As of 31 December 2017, the Company had the total liabilities of 32.72 million Baht, decreasing by approximately 3.46 million Baht or increased 11.83%, could be summarized as follows.

- (1) Accounts payable of 5.44 million Baht (normal accounts payable or other parties)
- (2) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)

As of 31 December 2018, the Company had the total liabilities of 52.44 million Baht, decreasing by approximately 20.22 million Baht or increased 61.81% , could be summarized as follows.

- (1) Accounts payable of 6.08 million Baht (normal accounts payable or other parties)
- (2) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)

In the year 2016, the Company had debt to equity ratio of 0.02 times, that the Company has risk of the ability is less repayment because of the Company's policy, financing investment in equity of shareholders more than creating liabilities in financing investment for operations.

For the year 2017, the Company had debt to equity ratio of 0.03 times, that the Company has risk of the ability is less repayment because of the Company's policy, financing investment in equity of shareholders more than creating liabilities in financing investment for operations.

For the year 2018, the Company had debt to equity ratio of 0.04 times, that the Company has risk of the ability is less repayment because of the Company's policy, financing investment in equity of shareholders more than creating liabilities in financing investment for operations.

**- Shareholders' equity -**

As of 31 December 2016, the Company had the shareholders' equity of 1,253.27 million Baht, decreasing by approximately 16.25 million Baht, comprised the common stock of 1,025 million Baht, the surplus on common stocks of 32.12 million Baht, the surplus on adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 19.15 million Baht which increasing of 0.30 million Baht from the year 2015 and the retained earnings of 146.59 million Baht, respectively.

As of 31 December 2017, the Company had the shareholders' equity of 1,260.17 million Baht, increased by approximately 6.90 million Baht, comprised the common stock of 1,025 million Baht, the surplus on common stocks of



32.12 million Baht, the surplus on adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 19.35 million Baht which increasing of 0.20 million Baht from the year 2016 and the retained earnings of 149.83 million Baht, respectively.

As of 31 December 2018, the Company had the shareholders' equity of 1,245.28 million Baht, increased by approximately 17.83 million Baht, comprised the common stock of 1,025 million Baht, the surplus on common stocks of 32.12 million Baht, the surplus on adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 20.35 million Baht which increasing of 1.00 million Baht from the year 2017 and the retained earnings of 166.66 million Baht, respectively.

(TRANSLATION)  
INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

**Opinion**

I have audited the accompanying financial statements of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED. ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

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

**Valuation of Inventories**

Inventories, mentioned in note to the financial statements No. 8, are significant to the financial statements. They comprised of real estate projects for sale and real estate development projects that still in the development process for sale. The cost of inventories measure at the lower of cost or net realizable value as in note to the financial statements No. 5.5. The management exercise significant judgment in detailed analysis of the project nature, determination selling price, estimation for provided discount or sale promotion in order to stimulate sales in the future. Therefore, I have identified that considering the valuation of inventories is the significant matter that requires for the significant in above matter audit.

Therefore, my audit procedures have included obtain an understanding the internal control relevant to the value of inventories, and test the real estate development cost for sale during the year including the process of determination of budget sales, cost estimate and related selling expenses for the measurement of net realizable value of the real estate projects for sale and real estate development projects for sale, observing the projects of real estate. Assessment the appropriateness of net realizable value with the actual selling price after the end of the year and also the approved sell price less related selling expenses. The methods also included the assessment of the sufficiency of the information disclosed under the financial reporting standards.

**Other Matters**

The financial statements of Baan Rock Garden Public Company Limited for the year ended 31 December 2017, were audited by another auditor in the same firm as me who expressed an unqualified opinion as report dated 15 February 2018.

**Other Information**

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order to those charged with governance for correction of the material misstatement.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing (TSAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing (TSAs), I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report by attention to the disclosures in the related financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance in various importance matters, including the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if I identify during my audit.

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

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

(Miss Waraporn Intaraprasit)

Certified Public Accountant Registration No. 7881

CWWP Company Limited

Bangkok,

15 February 2019

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## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	1,198,575.47	9,268,069.68
Temporary Investments	27.3	113,000,000.00	220,000,000.00
Other Current Receivables	7	1,717,339.70	1,794,976.25
Inventories	8	305,199,936.79	176,322,987.16
Current Tax Assets		-	218,104.15
<b>TOTAL CURRENT ASSETS</b>		<b>421,115,851.96</b>	<b>407,604,137.24</b>
<b>NON-CURRENT ASSETS</b>			
Land Held for Development	9	808,954,462.23	808,954,462.23
Property, Plant and Equipment	10	6,681,577.61	7,456,402.30
Deferred Tax Assets	11	5,610,415.74	1,807,024.24
Deposit at Bank used as Collateral	12	53,842,765.05	32,522,180.16
Other Non-Current Assets		2,020,396.58	1,830,424.99
<b>TOTAL NON-CURRENT ASSETS</b>		<b>877,109,617.21</b>	<b>852,570,493.92</b>
<b>TOTAL ASSETS</b>		<b>1,298,225,469.17</b>	<b>1,260,174,631.16</b>

Notes to the financial statements are an integral part of this financial statements.

## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Current Payables	13	22,752,555.95	5,437,343.24
Current Portion of Liabilities under Financial			
Lease Agreements	15	383,530.54	360,890.20
Current Income Tax Payable		2,503,962.90	-
Provision-Accrued Interest	27.3	6,627,996.31	6,627,996.31
Estimate from Prosecuted Cases	14	18,000,000.00	18,000,000.00
<b>TOTAL CURRENT LIABILITIES</b>		<b>50,268,045.70</b>	<b>30,426,229.75</b>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities under Financial Lease Agreements	15	584,904.65	968,435.19
Non-Current Provisions for Employee Benefit	16	1,598,422.97	1,000,201.05
Other Non-Current Liabilities		493,364.46	325,233.65
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,676,692.08</b>	<b>2,293,869.89</b>
<b>TOTAL LIABILITIES</b>		<b>52,944,737.78</b>	<b>32,720,099.64</b>

Notes to the financial statements are an integral part of this financial statements.



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## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	17		
Authorized Share Capital			
1,231,099,916 Ordinary Shares @ Baht 1.00		1,231,099,916.00	1,231,099,916.00
Issued and Paid-Up Share Capital			
1,025,000,181 Ordinary Shares @ Baht 1.00		1,025,000,181.00	-
1,024,999,930 Ordinary Shares @ Baht 1.00		-	1,024,999,930.00
Share Premium on Ordinary Shares		32,123,707.55	32,123,085.07
Retained Earnings			
Appropriated			
Legal Reserve	18	20,350,000.00	19,350,000.00
Unappropriated		166,657,376.01	149,832,049.62
Other Components of Shareholder's Equity		1,149,466.83	1,149,466.83
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,245,280,731.39</b>	<b>1,227,454,531.52</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,298,225,469.17</b>	<b>1,260,174,631.16</b>

Notes to the financial statements are an integral part of this financial statements.

## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
Revenue from Sales		127,813,630.00	90,492,000.00
Cost of Sales		(76,977,281.30)	(57,183,358.96)
<b>GROSS PROFIT</b>		<b>50,836,348.70</b>	<b>33,308,641.04</b>
Other Incomes		4,614,023.33	5,107,217.46
Distribution Costs		(15,457,487.07)	(13,102,307.18)
Administrative Expenses		(21,368,144.72)	(20,678,401.09)
Finance Costs		(71,109.80)	(93,211.39)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>18,553,630.44</b>	<b>4,541,938.84</b>
Tax (Expense) Income	20.1	(417,404.05)	(1,066,890.79)
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>18,136,226.39</b>	<b>3,475,048.05</b>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>			
<b>ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO</b>			
<b>PROFIT OR LOSS</b>			
Gain (loss) on Remeasurements of Defined Benefit Plans - Net of Tax	20.2	(310,900.00)	(30,961.60)
<b>TOTAL ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO</b>			
<b>PROFIT OR LOSS - NET OF TAX</b>		<b>(310,900.00)</b>	<b>(30,961.60)</b>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR</b>		<b>(310,900.00)</b>	<b>(30,961.60)</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR</b>		<b>17,825,326.39</b>	<b>3,444,086.45</b>
BASIC EARNINGS PER SHARE	21	0.018	0.003

Notes to the financial statements are an integral part of this financial statements.

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**BAAN ROCK GARDEN PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the year ended 31 December 2018

	Notes	Issued and Paid-up Share Capital	Share Premium on Ordinary Shares	Retained Earnings		Other Components of Shareholder's Equity		Total
				Appropriated Legal Reserve	Unappropriated	Surplus from Change in Shareholders Structure	Baht	
<b>Balance as at 1 January 2017</b>		<b>1,024,999,930.00</b>	<b>32,123,085.07</b>	<b>19,150,000.00</b>	<b>146,587,963.17</b>	<b>1,149,466.83</b>	<b>1,224,010,445.07</b>	
<b>Other Comprehensive Income (Expenses) for the Year</b>								
Profit for the Year		-	-	-	3,475,048.05	-	3,475,048.05	
Other Comprehensive Income (Expense)		-	-	-	(30,961.60)	-	(30,961.60)	
<b>Total Comprehensive Income (Expenses) for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,444,086.45</b>	<b>-</b>	<b>3,444,086.45</b>	
Appropriated Legal Reserve	18	-	-	200,000.00	(200,000.00)	-	-	
<b>Balance as at 31 December 2017</b>		<b>1,024,999,930.00</b>	<b>32,123,085.07</b>	<b>19,350,000.00</b>	<b>149,832,049.62</b>	<b>1,149,466.83</b>	<b>1,227,454,531.52</b>	
<b>Balance as at 1 January 2018</b>		<b>1,024,999,930.00</b>	<b>32,123,085.07</b>	<b>19,350,000.00</b>	<b>149,832,049.62</b>	<b>1,149,466.83</b>	<b>1,227,454,531.52</b>	
<b>Transactions with Owners</b>								
<b>Contributions by and Distributions to Owners of the Company</b>								
Increase of Ordinary Share	17	251.00	622.48	-	-	-	-	873.48
<b>Total Contributions by and Distributions to Owners of the Company</b>		<b>251.00</b>	<b>622.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>873.48</b>
<b>Total Transactions with Owners</b>		<b>251.00</b>	<b>622.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>873.48</b>
<b>Other Comprehensive Income (Expenses) for the Year</b>								
Profit for the Year		-	-	-	18,136,226.39	-	18,136,226.39	
Other Comprehensive Income (Expense)		-	-	-	(310,900.00)	-	(310,900.00)	
<b>Total Comprehensive Income (Expenses) for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>17,825,326.39</b>	<b>-</b>	<b>17,825,326.39</b>	
Appropriated Legal Reserve	18	-	-	1,000,000.00	(1,000,000.00)	-	-	
<b>Balance as at 31 December 2018</b>		<b>1,025,000,181.00</b>	<b>32,123,707.55</b>	<b>20,350,000.00</b>	<b>166,657,376.01</b>	<b>1,149,466.83</b>	<b>1,245,280,731.39</b>	

Notes to the financial statements are an integral part of this financial statements.

## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Income Tax Expense		18,553,630.44	4,541,938.84
Adjustment to Profit before Income Tax Expense for Cash Received (Paid)			
from Operations			
Doubtful Debts		62,573.21	-
Loss on Decline in Value of Inventories (reversal)		418,735.59	(307,589.54)
Depreciation		1,309,553.89	1,408,256.07
Loss on Disposal of Fixed Assets		18,785.05	-
Inventories Reduced to be Cost of Sales		76,558,545.71	57,490,948.50
Employee Benefit Expenses		209,596.92	119,289.36
Interest Income		(4,065,375.13)	(4,382,617.51)
Interest Expense		71,109.80	93,211.39
Profit from Operating Activities before Changes in Operating Assets		93,137,155.48	58,963,437.11
and Liabilities			
(Increase) Decrease in Operating Assets			
Other Current Receivables		15,063.34	(400,262.33)
Inventories		(205,854,230.93)	(40,108,096.36)
Other Non-Current Assets		(1,273,332.93)	(102,924.00)
Increase (Decrease) in Operating Liabilities			
Trade and Other Current Payables		17,315,212.71	3,658,602.43
Other Non-Current Liabilities		168,130.81	57,757.08
Cash Received (Paid) from Operating Activities		(96,492,001.52)	22,068,513.93
Cash Received from Interest Income		26,235.14	71,363.94
Cash Received from Income Tax		1,301,465.49	-
Cash Paid for Income Tax		(1,639,107.65)	(1,197,334.90)
<b>NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>		<b>(96,803,408.54)</b>	<b>20,942,542.97</b>

Notes to the financial statements are an integral part of this financial statements.

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## BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	31 December 2018	31 December 2017
		Baht	Baht
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash Paid for Purchase Temporary Investments		-	(45,000,000.00)
Received from Disposal of Temporary Investments		107,000,000.00	35,000,000.00
Cash Received from Disposal of Fixed Assets		11,214.95	-
Cash Paid for Purchase of Fixed Assets		(564,729.20)	(502,389.21)
(Increase) Decrease in Deposit at Bank used as Collateral		(21,320,584.89)	(32,103,888.67)
Cash Received from Interest Income		4,039,139.99	4,311,253.57
<b>NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>		<b>89,165,040.85</b>	<b>(38,295,024.31)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Paid for Liabilities under Financial Lease Agreements		(432,000.00)	(503,988.00)
Cash Received from Issuance of Ordinary Shares		873.48	-
<b>NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(431,126.52)</b>	<b>(503,988.00)</b>
<b>NET CASH AND CASH EQUIVALENTS INCREASE (DECREASE)</b>		<b>(8,069,494.21)</b>	<b>(17,856,469.34)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>9,268,069.68</b>	<b>27,124,539.02</b>
<b>CASH AND CASH EQUIVALENTS AT ENDING OF THE YEAR</b>	<b>6</b>	<b>1,198,575.47</b>	<b>9,268,069.68</b>

Notes to the financial statements are an integral part of this financial statements.

**BAAN ROCK GARDEN PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****1. General Information**

Baan Rock Garden Public Company Limited (“the Company”) is a public limited company and is incorporated in Thailand. The Company is listed on Stock Exchange of Thailand. The address of the Company’s registered office is 601 Ramkhamheang 39 Pracha-Uthit Road, Wangthonglang, Bangkok Thailand.

The Company’s major shareholder is the Chinprapinorn family is a shareholder, holding 21.01% (2017 : 21.01%) Silaprarat family, holding 20.50% (2017 : 20.54%) and Chonecadeedumrongkul family is a shareholder, holding 16.90% (2017 : 14.16%) of the issued and paid-up share capital.

The principal activities of the Company involve the business of real estate development in type of allotted houses so as for disposal while there is the project of completed development and being development in progress at Bangkok, Phuket and Samutprakran.

**2. Basis of Preparation of Financial Statements**

- 2.1 The financial statements have been prepared in accordance with Financial Reporting Standards of Thailand including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and The Stock Exchange of Thailand.
- 2.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding of brief particulars must be contained in financial statements.
- 2.3 In order to prepare the financial statements to comply with financial reporting standards, the Company’s management had to make some estimates and suppositions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 2.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

### 3. Applied New and Revised Financial Reporting Standards

The Company has applied the accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and new and revised accounting guidances, which are effective for the accounting period beginning on or after 1 January 2018, with no effect on the current financial report.

### 4. New and Revised Financial Reporting Standards Not Yet Effective

Accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and new and revised accounting guidances, which are not yet effective for the current accounting periods that the Company has not early adopted, are as follows:

#### Effective for the accounting period beginning on or after 1 January 2019

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events after the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings per Share

TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible Assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First – Time Adoption of Financial Reporting Standards
TFRS 2 (revised 2018)	Share-based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases – Incentives
TSIC 25 (revised 2018)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosures
TSIC 32 (revised 2018)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018)



	Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Effective for the accounting period beginning on or after 1 January 2020

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company believes that the above financial reporting standards will not have any significant impact on the financial report when they are applied.

## 5. Significant Accounting Policies

### 5.1 Measurements bases used in the Preparation of Financial Statements

Measurement bases used in the preparation of financial statements are historical cost measurement basis and combination of variety measurement bases used. Some assets and liabilities that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

### 5.2 Financial Instruments

Financial assets which recognized in the statement of financial position include cash and cash equivalents, investments and trade and other current receivables. Financial liabilities

which recognized in the statement of financial position include trade and other current payables and liabilities under financial lease agreements. The specific accounting policies for each item are disclosed in the respective accounting policies.

### 5.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

### 5.4 Other Current Receivables and Allowance for Doubtful Debt

Other Current receivables are stated at net realizable value. Allowance for doubtful debt are estimated which is assessed primarily on analysis of payment and review of all outstanding amounts at the end of the reporting period.

### 5.5 Inventories

Inventories consisted of cost of real estate development is reflected according to the cost price or net realizable value whichever is lower. Cost price is composed of cost of land acquisition, land development, project construction, cost to public utility system and direct other expenses.

### 5.6 Land Held for Development

Land held for development means the land the Company aims to hold for the future benefit and recorded as non-current asset by reflecting according to the cost price which may adjust by allowance for asset impairment. The cost price is composed by land cost and other related expense so as to acquire the land.

### 5.7 Property, Plant and Equipment

Land is recorded at initial cost. Plant and equipment are recorded at initial cost after deduction of accumulated depreciation, accumulated loss on impairment (if any) and calculated depreciation on a straight-line method over their approximate useful lives as follows:

Building	20 years
Fixture and building improvements	10 years
Vehicles	5 years
Office equipment	5 years

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and

able to measure the cost of that transaction reliably. Replacement cost will be depreciated by the basis of approximate useful lives. Repair and maintenance expenses are recognized as expense in profit or loss for the period that they incurred.

Gain or loss on disposal of property, plant and equipment is computed from discrepancy between net proceed and carrying amount and recognized as revenue or expense in the profit or loss when incurred.

#### 5.8 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss is recognized as expenses in profit or loss immediately.

##### Calculation of Recoverable Amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash- generating unit or its value in use.
- In assessing value in use of an asset by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### Reversals of Impairment Loss

- The loss on impairment of assets recognized in the prior period will be reversed if the estimation for indicated net realizable value changes since the last impairment loss was recognized. The carrying amount of the asset not exceed just to be the carrying amount that would have been (net of depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

## 5.9 Employees Benefit

### Short-term Employee Benefits

Salaries, wages, bonus and contributions to the social security fund are recognized as expenses when incurred.

### Post-employment Benefits

#### - Defined Contribution Plan

The Company operates a provident fund which is funded by payments from employees and by the Company. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

#### - Defined Benefit Plan

The Company has the employee benefit obligation in case of retirement or termination under the labor law by an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method and presents as non-current liabilities. Hereby, the costs associated with employee benefits will be recognized as expense in profit or loss so as to spread the cost over the employment period. All actuarial gains and losses are recognized in other comprehensive income.

## 5.10 Provision

The Company recognized provision when it is probable that there is a present legal or constructive obligation as a result of past events and an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The reimbursement is recognized as a separate asset when, and only when, the reimbursement is virtually certain after the provision is settled.

## 5.11 Long-term Leases

The Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations less finance charges, are included in other long-term payables. The interest element of the

finance cost is charged to profit or loss over the lease period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long-term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operation leases (net of any incentives received from the lesser) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

#### 5.12 Recognition of Revenues

The Company are recognized revenues from sales of land and houses are recognized as income when the significant risks and rewards of ownership have been transferred to the buyer that the Company retains neither continuing managerial involvement nor effective control over the land and house sold, directly and indirectly. The recognized amount revenue and cost incurred in respect of the transaction can be measured reliably. The initial down payment and the installment received that have not yet fit the criteria for revenue recognition shall be record under deposits received from sale of real estate.

Interest income is recognized on the effective interest rate.

#### 5.13 Recognition of Cost

Cost of land and houses sold and cost consist of cost of land, land improvement, design fees, construction, public utilities and other related cost.

The Company are recognized cost of land and houses, the Company allocates cost of the entire development anticipated to incur of each project (considering actual cost) to land and houses add in accordance with selling area of each project and recognized as cost of goods sold in percentage of sold area of each project.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognized when sale incurred.

#### 5.14 Recognition of Expenses

Expenses are recognized on accrual basis.

#### 5.15 Income Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in the profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in the shareholders' equity which will recognize in other comprehensive income or recognized directly in equity as same as that item.

##### Current Tax

The Company recorded current tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation, using the tax rates enacted at the end of reporting period.

##### Deferred Tax

The Company recorded deferred tax which calculated from temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

#### 5.16 Earnings per Share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares held by outside shareholders outstanding during the year and diluted earnings per share is calculated by dividing profit for the year adjustment with the effect of item related to diluted ordinary shares by the weighted average number of already issued and fully paid shares during the year plus number of ordinary shares which may be issued in order to convert all diluted ordinary shares to ordinary shares.

#### 5.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market

price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 – Inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 – Input are other observable inputs either directly and indirectly, for the assets or liabilities, other than quoted price included within Level 1 inputs.

Level 3 – Input are unobservable inputs for the assets and liabilities.

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5.18 Significant Accounting Judgments for Estimates Used

In order to prepare the financial statements to comply with financial reporting standards, the Company's management had to make some judgment and estimates which may have an effect on the amount shown in financial statements and notes to financial statements, therefore the actual result may differ from the estimated amount. Significant judgments and estimates used are as follows:

##### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

##### **Allowance for Doubtful Debts**

In determining an allowance for doubtful debts, the management needs to make judgment in estimating the potential loss which may incurred from each receivable with considering the past collection history, aging profile of outstanding debts and the prevailing economic condition etc.

**Project Development Costs Estimation**

In calculating cost of land and houses sold, the Company have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs and other related costs. The management estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

**Property, Plant and Equipment/ Land Held for Development**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and land held for development for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Allowance for Impairment of Land Held for Development**

The Company treat land held for development as impaired when the management judges that there has been a significant decline in the fair value below their cost. The management determines the devaluation of land held for development based on net recognized value. The determination of what is "significant" and such devaluation requires the management to exercise judgement.

**Deferred Tax Assets**

The management has to use judgment in the consideration to recognize deferred tax assets by estimating the future taxable profit in each period and assess the probable that the Company will have sufficient future taxable profit which can be utilized.

**Post-Employment Benefits**

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, turnover rate and other demographic factors etc. However, actual post-employment benefits that may be different from those estimated.



**Litigation**

The Company has contingent liabilities as a result of litigation. The management has used judgment to assess the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

**6. Cash and Cash Equivalents**

Consist of:

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Cash	45,830.00	99,495.31
Saving Deposit Accounts	1,504,489.50	4,585,518.04
Current Deposit Accounts	(351,744.03)	4,583,056.33
Total	<u>1,198,575.47</u>	<u>9,268,069.68</u>

**7. Other Current Receivables**

Consist of:

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Other Receivables	157,228.52	352,624.43
Advance-Subcontractor	2,454,553.61	2,660,739.18
Advance-Staff	78,542.40	42,997.91
Prepaid Expense	1,481,568.78	1,130,595.13
Total	<u>4,171,893.31</u>	<u>4,186,956.65</u>
<u>Less</u> Allowance for Doubtful Debts	<u>(2,454,553.61)</u>	<u>(2,391,980.40)</u>
Net	<u>1,717,339.70</u>	<u>1,794,976.25</u>

For the year ended 31 December 2018 and 2017, allowance for doubtful debts have the movement as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Beginning Carrying Amount	(2,391,980.40)	(2,391,980.40)
Increased during the Year	(62,573.21)	-
Ending Carrying Amount	<u>(2,454,553.61)</u>	<u>(2,391,980.40)</u>

## 8. Inventories

Consist of:

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Finished Goods		
Demonstration Land and Houses for Sale	14,669,684.76	2,799,467.64
Land and Houses	121,679,397.55	47,700,460.49
Development in Progress		
Land	113,089,268.65	66,983,722.57
Work in Construction	39,299,988.38	25,518,320.58
Deferred Utilities	18,287,256.89	34,727,939.73
Total	<u>307,025,596.23</u>	<u>177,729,911.01</u>
Less Allowance for Decline in Value of Inventories	<u>(1,825,659.44)</u>	<u>(1,406,923.85)</u>
Net	<u>305,199,936.79</u>	<u>176,322,987.16</u>

For the year ended 31 December 2018 and 2017, allowance for decline in value of inventories have the movement as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Beginning Carrying Amount	(1,406,923.85)	(1,714,513.39)
Increased during the Year	(418,735.59)	-
Reversed during the Year	-	307,589.54
Ending Carrying Amount	<u>(1,825,659.44)</u>	<u>(1,406,923.85)</u>

On 17 August 2018, the Company entered into purchase agreement for land and constructions of development project with a company. The contractual value in amount of Baht 72.00 million. The term of payment is as follow:

- 1<sup>st</sup> installment: Baht 4.00 million shall be paid within 22 August 2018
- 2<sup>nd</sup> installment: Baht 57.00 million shall be paid when the land development committee granted a resolution to transfer all assets and the seller has registered the transfer of asset ownership to the Company.
- 3<sup>rd</sup> installment: Baht 11.00 million shall be paid when the seller performs the transferal of the land subdivision permits, building construction permits, and other documents related to the land development project within 45 days from the date which the asset ownership transferal have been executed.

On 8 October 2018, the Company has requested for the bank to issue the letter of guarantee in amount of Baht 20.88 million to guarantee against the construction and the maintenance of the public utilities to the land development committee.

The Company paid the whole amount to the purchase agreement for land and constructions along with the asset ownership transferal have been executed yet.

**9. Land Held for Development**

Consist of:

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Cost of Land	808,954,462.23	808,954,462.23

As at 31 December 2018 and 2017, the Company has the land held for development with cost of Baht 38.18 million equally for both years, which is mortgaged as collateral for credit facilities of bank overdraft, long-term borrowing and letter of guarantee from bank, Moreover, two directors of the Company have guaranteed in full amount of credit line.

In year 2004, the Company borrows loan from two shareholders while the contract is agreed to repay the interest by transferring land after development in number of 5 Rais to such borrowers on 30 November 2006 (date which is due for loan repayment). Moreover, on 5 October 2010, two shareholders have prepared letter of land ownership transfer in number of 5 Rais to one director who is solely ownership in such land without any remuneration fee. Such land, carried the value of Baht 6.63 million equally for both years, which the land pending development has not been transferred to the director. However, the Company has estimated the accrued interest in amount of Baht 6.63 million as in Note 27.3.

## 10. Property, Plant and Equipment

Consist of:

	Land	Building	Office Equipment	Fixture and Building Improvements	Vehicles	Total
<b>As at 31 December 2016</b>						
Costs	92,836.04	2,508,672.57	3,512,050.38	1,010,864.68	10,847,510.82	17,971,934.49
Less: Accumulated Depreciation	-	(847,985.13)	(2,874,605.44)	(885,294.70)	(5,001,780.06)	(9,609,665.33)
<b>Carrying Amount</b>	<b>92,836.04</b>	<b>1,660,687.44</b>	<b>637,444.94</b>	<b>125,569.98</b>	<b>5,845,730.76</b>	<b>8,362,269.19</b>
Transactions during the year ended 31 December 2017						
Purchase of Assets	-	-	176,989.21	35,400.00	290,000.00	502,389.21
Depreciation for the Year	-	(267,654.85)	(154,871.21)	(40,389.54)	(945,340.47)	(1,408,256.07)
<b>Ending Carrying Amount</b>	<b>92,836.04</b>	<b>1,393,032.59</b>	<b>659,562.94</b>	<b>120,580.44</b>	<b>5,190,390.29</b>	<b>7,456,402.30</b>
<b>As at 31 December 2017</b>						
Costs	92,836.04	2,508,672.57	3,689,039.59	1,046,264.68	11,137,510.82	18,474,323.70
Less: Accumulated Depreciation	-	(1,115,639.98)	(3,029,476.65)	(925,684.24)	(5,947,120.53)	(11,017,921.40)
<b>Carrying Amount</b>	<b>92,836.04</b>	<b>1,393,032.59</b>	<b>659,562.94</b>	<b>120,580.44</b>	<b>5,190,390.29</b>	<b>7,456,402.30</b>

	Land	Building	Office Equipment	Fixture and Building Improvements	Vehicles	Total
<b>As at 31 December 2017</b>						
Costs	92,836.04	2,508,672.57	3,689,039.59	1,046,264.68	11,137,510.82	18,474,323.70
Less Accumulated Depreciation	-	(1,115,639.98)	(3,029,476.65)	(925,684.24)	(5,947,120.53)	(11,017,921.40)
<b>Carrying Amount</b>	<b>92,836.04</b>	<b>1,393,032.59</b>	<b>659,562.94</b>	<b>120,580.44</b>	<b>5,190,390.29</b>	<b>7,456,402.30</b>
Transactions during the year ended 31 December 2018						
Purchase of Assets	-	-	172,469.20	122,770.00	269,490.00	564,729.20
Disposal of Assets	-	-	-	-	(90,000.00)	(90,000.00)
Depreciation for the Year	-	(164,403.87)	(154,096.73)	(32,132.34)	(958,920.95)	(1,309,553.89)
Accumulated Depreciation for Disposal of Assets	-	-	-	-	60,000.00	60,000.00
<b>Ending Carrying Amount</b>	<b>92,836.04</b>	<b>1,228,628.72</b>	<b>677,935.41</b>	<b>211,218.10</b>	<b>4,470,959.34</b>	<b>6,681,577.61</b>
<b>As at 31 December 2018</b>						
Costs	92,836.04	2,508,672.57	3,861,508.79	1,169,034.68	11,317,000.82	18,949,052.90
Less Accumulated Depreciation	-	(1,280,043.85)	(3,183,573.38)	(957,816.58)	(6,846,041.48)	(12,267,475.29)
<b>Carrying Amount</b>	<b>92,836.04</b>	<b>1,228,628.72</b>	<b>677,935.41</b>	<b>211,218.10</b>	<b>4,470,959.34</b>	<b>6,681,577.61</b>
Depreciation for the year ended 31 December 2017 (Included in Administrative Expenses)						1,408,256.07
Depreciation for the year ended 31 December 2018 (Included in Administrative Expenses)						1,309,553.89

As at 31 December 2018 and 2017, a part of plant and equipment has been fully depreciated but still in use has the cost before deducting accumulated depreciation of above assets in amount of Baht 11.14 million and Baht 8.72 million respectively.

As at 31 December 2018 and 2017, the Company has vehicles under the finance lease agreements at the carrying amount of Baht 2.06 million and Baht 2.91 million respectively.

## 11. Deferred Tax Assets

Consist of:

	As at 31 December 2017	Recognized in the profit (loss) for the year	Recognized in the other comprehensive profit (expense)	As at 31 December 2018
	Baht	Baht	Baht	Baht
<u>Deferred Tax Assets</u>				
Inventories	281,384.77	83,747.12	-	365,131.89
Provision - Accrued Interest	1,325,599.26	-	-	1,325,599.26
Estimate from Prosecuted Cases	-	3,600,000.00	-	3,600,000.00
Non- Current Provisions of				
Employee Benefit	200,040.21	41,919.38	77,725.00	319,684.59
Total	<u>1,807,024.24</u>	<u>3,725,666.50</u>	<u>77,725.00</u>	<u>5,610,415.74</u>

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	As at 31 December 2016	Recognized in the profit (loss) for the year	Recognized in the other comprehensive profit (expense)	As at 31 December 2017
	Baht	Baht	Baht	Baht
<u>Deferred Tax Assets</u>				
Inventories	342,902.68	(61,517.91)	-	281,384.77
Provision - Accrued Interest	1,325,599.26	-	-	1,325,599.26
Non- Current Provisions of				
Employee Benefit	218,441.94	(26,142.13)	7,740.40	200,040.21
Total	<u>1,886,943.88</u>	<u>(87,660.04)</u>	<u>7,740.40</u>	<u>1,807,024.24</u>

**12. Deposit at Bank used as Collateral**

As at 31 December 2018 and 2017, the Company constitutes fixed deposit with a commercial bank in amount of Baht 53.84 million and Baht 32.52 million respectively, as collateral maintenance fees for public utilities or public services.

**13. Trade and Other Current Payables**

Consist of:

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Trade Payables	6,083,092.38	2,061,682.66
Other Current Payables	16,669,463.57	3,375,660.58
Total	<u>22,752,555.95</u>	<u>5,437,343.24</u>



Other Current Payables consist of:

	As at 31 December 2018 Baht	As at 31 December 2017 Baht
Retention form Building Contractor	6,493,270.00	1,346,455.34
Deposits Received from Sales of Land and Houses	900,000.00	423,000.00
Prepaid Cheque	3,261,829.79	-
Advance Received	2,600,000.00	-
Accrued Expenses	2,395,739.60	1,220,708.36
Others	1,018,624.18	385,496.88
Total	<u>16,669,463.57</u>	<u>3,375,660.58</u>

#### 14. Estimate from Prosecuted Cases

As at 31 December 2018 and 2017, the Company estimated liability in the lawsuit. Being sued for the whole amount during the year 2010, The Company has been sued by 13 purchasers of houses for the total of Baht 36.48 million in compensation of the damage incurred from the inconvenience in usage of the common roads because the purchasers thought the common area of the Rock Garden Village Project has no obligation and the Company has the ownership of the said common area per the advertisement of the Company. However, the ownership of the said project's common area belongs to related and outside persons whom have registered the servitude of access for the land in the said project to use as access roads. The real estate agents responsible for the sales of land together with housing in the project have already informed the plaintiff about the said information. On 8 February 2013, the Civil Court has adjudged to acquit the case. In May 2013, the 12 purchasers of the houses lodged appeals to the Court of Appeals claiming compensation of the damage at the total amount of Baht 41.43 million, bearing interest (one of the purchasers has filed the request to withdraw the litigation to the Court). On 20 December 2013, the Court of Appeals adjudged to reverse the judgment and the Company lost the case. Under this judgment, the Company shall proceed to clear the servitude of access for the common area of the said project. In the event the Company unable to complete the said procedure, the Company shall pay the compensation of the damage to the purchasers of houses at Baht 18.00 million. In January 2014, the Company has appointed a new legal counsel to submit an appeal to the Supreme Court against the

adjudication of the Court of Appeals, and proceeding to file a petition for stay of execution. In August 2017, the court has no injunction to authorize a petition. The case is dissolution.

On 13 September 2017, the Company has filed the request to inform the Court on the execution in compliance to the court order that the Company has already performed the execution in compliance to the court order and is negotiating with the landowner. Currently, the Company is negotiation the price with the landowner. On 7 December 2017, the Civil Case Enforcement Bangkok Office 1 issued the attaching of claim notification for Baht 900,000.00 of savings deposit at bank, Rayong branch, where Baht 552,653.80 of 2 bank savings accounts, Rayong branch are under the attachment from 9 January 2018 and 11 January 2018. On 7 May 2018, the Samutprakarn Legal Execution Office issued the seizure of immovable property notification for 13 plots of land and order the Company to deliver the original land title-deeds to the executing officer within 30 days from the receipt of notification date.

On 7 June 2018, the Company submitted a motion to the Civil Court to remove the attachment of claim on money and seizure of assets, and stay of execution on the secondary nature of the execution. The Company requested the removal of the attachment of claim on the money and seizure of 13 plots of land since the Company has continuously executed in compliance with the court order without negligence as stated in the motion submitted to the court dated 13 September 2017. However, the said execution is involved a large number of land owners and require longer time period for the execution to be completed. The Company has requested for the court to stay the execution for 1 year after the date of the court order.

On 7 August 2018, the Civil Case Enforcement Bangkok Office 1 issued the attaching of claim notification for 3 saving deposit accounts at bank at Baht 500,000.00 each. Baht 500,000.00 in savings account at Thanachart Bank, Srivara sub-branch are under the attachment from 10 August 2018, Baht 103,333.97 in savings account at Thanachart Bank, Pracha-uthit branch are under the attachment from 10 September 2018, and Baht 141,458.16 in savings account at Bank of Ayudhya, Thiam Ruam Mit branch are under the attachment from 25 September 2018. The total number of deposit accounts under the attachment is 5 accounts and the total sum is Baht 1,297,445.93 shown in other non-current assets.

On 24 September 2018, the court issued an order to temporary stay the execution of the attachment of claim on money and seizure of assets until the 24 October 2018 and On 24 October 2018, the court issued an order to dismiss the motion to temporary stay the execution of the

attachment of claim on the Company's money and seizure of the Company's assets and the court should revoke the previously issued writ of execution dated 20 September 2017 and issued a new writ of execution dated 20 November 2018, which the content of the judgement has been revised to correspond with the judgement of the Court of Appeals. At present, the Company is negotiating with the plaintiffs on the compensation to be paid in accordance with the Court of Appeals' judgement.

However, as at 31 December 2018 and 2017, the Company's has recognized the allowance for damage at Baht 18.00 million, which the Court of Appeals has adjudged for the Company to pay the said compensation for the damage to the purchasers of houses, in the financial statements equally for both years.

#### 15. Liabilities under Financial Lease Agreements

Consist of:

	As at 31 December 2018 Baht	As at 31 December 2017 Baht
Present Value of Minimum Lease Payments under Finance Lease Agreements		
- Within 1 year	432,000.00	432,000.00
- Over 1 year but not over 5 years	612,000.00	1,044,000.00
Total	1,044,000.00	1,476,000.00
<u>Less</u> Deferred Interest	(75,564.81)	(146,674.61)
Net	968,435.19	1,329,325.39
	As at 31 December 2018 Baht	As at 31 December 2017 Baht
Minimum Lease Payments under Finance Lease Agreements		
Current Liabilities		
- Within 1 year	383,530.54	360,890.20
Non - Current Liabilities		

- Over 1 year but not over 5 years	584,904.65	968,435.19
Total	968,435.19	1,329,325.39

## 16. Non-Current Provisions for Employee Benefits

Non-Current Provisions for Employee Benefits has detail as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Non-Current Provisions for Employee Benefits at		
Beginning of Year	1,000,201.05	1,092,209.69
Included in Profit or Loss:		
Current Service Cost	79,443.96	93,674.28
Past Service Cost	106,833.00	-
Interest Expenses	23,319.96	25,615.08
Included in Other Comprehensive Income:		
Gain (Loss) on Remeasurement of Defined Benefit Plans		
Financial Assumptions Changes	(50,045.00)	-
Demographic Assumptions Changes	239,157.00	-
Experience Adjustments	199,513.00	38,702.00
Paid Employee Benefits During the Year	-	(250,000.00)
Non-Current Provisions for Employee Benefits at		
End of Year	1,598,422.97	1,000,201.05

The above expenses which are recognized in the profit or loss are included in the items as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Administrative Expenses	209,596.92	119,289.36

As at 31 December 2018 and 2017, the weighted average duration of the non-current provisions for employee benefits is 6 years.

The key assumptions used for the purposes of the actuarial valuation are summarized as follows:

	2018	2017
Discount rate	2.30% per annum	2.16% per annum
Average salary increase rate	2.42% per annum	3.18% per annum
Proportion of employees opting for early retirement	0.00% - 14.00% per annum	0.00% - 14.00% per annum

#### Sensitivity Analysis

Reasonably possible changes to each relevant actuarial assumption, holding other assumptions constant, would have affected non-current provisions for employee benefit which are summarized as follows:

	As at 31 December 2018 Baht	As at 31 December 2017 Baht
Discount rate		
Rate increase 0.50%	(36,570.00)	(24,425.00)
Rate decrease 0.50%	37,983.00	25,357.00
Average salary increase rate		
Rate increase 0.50%	37,298.00	29,886.00
Rate decrease 0.50%	(36,259.00)	(28,975.00)
Turnover Rate		
Rate increase 1%	(82,600.00)	(68,059.00)
Rate decrease 1%	88,095.00	79,294.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company have additional liabilities for non-current provisions for employee benefits. The Company has recorded the effect of the change by recognizing past service costs as expenses in the income statement.

## 17. Share Capital

Consist of:

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Par Value	Number of Share	Amount	Par Value	Number of Share	Amount
	Baht	Share	Baht	Baht	Share	Baht
Authorized Share Capital						
Beginning Ordinary Shares	1.00	1,231,099,916	1,231,099,916.00	1.00	1,231,099,916	1,231,099,916.00
Ending Ordinary Shares	1.00	1,231,099,916	1,231,099,916.00	1.00	1,231,099,916	1,231,099,916.00
Issued and Paid-up Share Capital						
Beginning Ordinary Shares	1.00	1,024,999,930	1,024,999,930.00	1.00	1,024,999,930	1,024,999,930.00
Issue of Ordinary Shares						
from Warrant	1.00	251	251.00	-	-	-
Ending Ordinary Shares	1.00	1,025,000,181	1,025,000,181.00	1.00	1,024,999,930	1,024,999,930.00

During the second quarterly 2018, have expressed intention to exercise the right to exercise the warrant (BROCK-W1) 250 units converted to common stock 251 ordinary shares, of Bath 3.48 per share which be the cause of an increase of share premium on ordinary in amount of Baht 622.48.

**18. Legal Reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company has to appropriate the legal reserve at least 5% of net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. This shall not be distributed as dividend.

For the year ended 31 December 2018 and 2017, the Company has appropriated net profit amounting to Baht 1.00 million, according to the board of directors' meeting of the Company held No. 1/2019 on 15 February 2019 and amount of Baht 0.20 million, according to the board of directors' meeting of the Company held No. 1/2018 on 15 February 2018 to the legal reserve.

**19. Capital Management**

The objectives of the Company's capital management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure.

As at 31 December 2018 and 2017, the debt to equity ratio in 0.04:1 and 0.03:1 respectively.

**20. Tax (Expense) Income**

20.1 Tax (Expense) Income is recognized in the profit (loss) for the year, consist of:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Current Tax		
Tax (Expense) Income for Current Year	(4,143,070.55)	(979,230.75)
Deferred Tax		
Deferred Tax (Expense) Income	3,725,666.50	(87,660.04)
Tax (Expense) Income Recognized in Profit (loss) for the Year	<u>(417,404.05)</u>	<u>(1,066,890.79)</u>

The difference between tax (expense) income which was calculated from accounting profit at the tax rate for the year ended 31 December 2018 and 2017, in 20%, can be presented as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Profit before Income Tax	18,553,630.44	4,541,938.84
Tax (Expense) Income by Tax Rate at 20%	(3,710,726.09)	(908,387.77)
Expenses that are not Deductible for Income Tax	(306,677.96)	(158,503.02)
Temporary differences in prior period which is unrecognized	3,600,000.00	-
Tax (Expense) Income Recognized in Profit (loss) for the Year	(417,404.05)	(1,066,890.79)

20.2 Tax (Expense) Income which is recognized in other comprehensive income (expense) consists of:

	Amount Before Tax Baht	Tax (Expense) Income Baht	Amount Net Tax Baht
<b>For the year ended 31 December 2018</b>			
Gain (Loss) on Remeasurements of Defined Benefit Plans	(388,625.00)	77,725.00	(310,900.00)
	Amount Before Tax Baht	Tax (Expense) Income Baht	Amount Net Tax Baht
<b>For the year ended 31 December 2017</b>			
Gain (Loss) on Remeasurements of Defined Benefit Plans	(38,702.00)	7,740.40	(30,961.60)



20.3 Deferred tax assets which are not recognized in the financial statements consist of:

	As at 31 December 2018 Baht	As at 31 December 2017 Baht
Deductible Temporary Differences	-	10,000,000.00

The Company has not recognized the above deferred tax assets because it is not probable that future taxable profit will be available which the Company can utilize the tax benefits there from.

## 21. Earnings Per Share

### 21.1 Basic Earnings (Loss) per Share

For the year ended 31 December 2018 and 2017, the Company has calculated basic earnings (loss) per share by dividing profit (loss) for the year with the weighted average number during the period of ordinary shares as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
Profit (Loss) for the Year (Baht)	18,136,226.39	3,475,048.05
Weighted Average Number of Ordinary Share During the Year (Shares)	1,025,000,181	1,024,999,930
Basic Earnings (Loss) per Share (Baht)	0.018	0.003

### 21.2 Diluted Earnings (Loss) per Share

For the year ended 31 December 2017, the Company does not present the diluted earnings per share due to the exercise price of warrants is higher than the fair value of ordinary shares.

**22. Warrant**

The resolution of the Annual General Meeting of Shareholders No. 1/2558 on 2 April 2015 has unanimity approved to issuance and allocation of the Company's Warrants to purchase ordinary shares of Baan Rock Garden Public Company Limited ("BROCK-W1 Warrants"), which the detail is as follows:

Issue and offer date of warrants	:	2 June 2015
Exercise price (Baht per share)	: Old	3.50
Exercise price (Baht per share)	: New	3.48
Exercise ratio (warrant per ordinary share)	: Old	1:1
Exercise ratio (warrant per ordinary share)	: New	1:1.0052
Exercised ordinary share (shares)	:	251
Expire date of warrants	:	1 June 2018

**23. Provident Fund**

The Company established a contributory registered provident fund in accordance with the Provident Fund Act.B.E. 2530, which comprise of the employees' contribution to the fund minimum 3% of their basic salary and the Company also contribute to the fund at 3% for the employees with less than 1 year of service and 5% for the employees with more than 1 year of service. The provident fund is managed Provident Fund. The benefit will be paid to the employees whom retire in accordance to the fund's regulations.

For the year ended 31 December 2018 and 2017, the Company has paid contribution to provident fund in the amount of Baht 0.30 million and Baht 0.31 million, respectively.

**24. Expenses by Nature**

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Construction in Progress and Labor	(52,737,139.51)	(15,750,779.76)
Change in Construction in Progress	129,295,685.22	73,241,728.26
Loss for Decline in Value of Inventories (reversal)	418,735.59	(307,589.54)
Depreciation	1,309,553.89	1,408,256.06
Doubtful debts	62,573.21	-
Employee Benefit Expenses	5,409,867.98	4,947,071.21
Management's Remuneration	4,905,992.48	4,530,452.56
Sales Compensation and Advertising	7,490,526.58	5,381,190.08
Other	17,647,117.65	17,513,738.36
Total	113,802,913.09	90,964,067.23

**25. Segment Information**

The Company operates in only one main sector, namely business of real estate development in type of allotted house for sale and operate in one geographic which is Thailand. Thus all income profit and assets as shown on the financial statements were related to the business sector and geographical area as already said and for the year 2018 and 2017, the Company have no major customer with revenue of 10% or more of the Company's revenue.

**26. Financial Instruments****26.1 Financial Risk Management Policy**

The Company does not hold or issue any derivative instruments for speculative or trading purposes.

**26.2 Interest Rate Risk**

The interest rate risk is a result of future fluctuation in market interest rates that will affect the results of the Company operation and cash flows. The Company exposure to interest rate risk primarily related to its cash at banks, temporary investments and financial lease agreements liabilities as follows:

(Unit : Baht)

	As at 31 December 2018				
	Floating Interest Rate	Fixed Interest Rates	Non-interest bearing	Total	Interest Rates (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	1,075,745.64	-	122,829.83	1,198,575.47	0.20 – 0.70
Temporary Investments	-	113,000,000.00	-	113,000,000.00	1.95
Deposit at Bank used as Collateral	-	53,842,765.05	-	53,842,765.05	0.08 – 1.50
<u>Financial Liabilities</u>					
Financial Lease Agreements					
Liabilities	-	968,435.19	-	968,435.19	6.10

(Unit : Baht)

	As at 31 December 2017				
	Floating Interest Rate	Fixed Interest Rates	Non-interest bearing	Total	Interest Rates (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	9,091,574.54	-	176,495.14	9,268,069.68	0.20 – 0.70
Temporary Investments	-	220,000,000.00	-	220,000,000.00	1.95
Deposit at Bank used as Collateral	-	32,522,180.16	-	32,522,180.16	1.35 – 1.50
<u>Financial Liabilities</u>					
Financial Lease Agreements					
Liabilities	-	1,329,325.39	-	1,329,325.39	6.10

### 26.3 Credit Risk

The Company constitutes low risk from credit risk since given the sale of property is sale which determined that liability from customers is fully repayable before the delivery of property is fulfilled.

### 26.4 Fair Value

Due to the fact that financial assets and liabilities are mainly in short-term maturity, their carrying amounts in the statement of financial position approximate their fair value.

### 26.5 Fair Value Hierarchy

Financial assets and liabilities not recognized at fair value

Book value of financial assets and liabilities which consists of cash and cash equivalents, temporary investments, other current receivables, deposit at bank used collateral, other non-current assets, trade and other current payables, liabilities under finance leased contract, other

non-current liabilities, does not differ from their values since these financial assets and liabilities are matured in near term.

## 27. Transactions with Related Persons and Parties

The Company had significant business transactions with related persons and parties. Such transactions, which have been concluded on commercial terms and bases, agreed upon between the Company, and related persons and parties and are in ordinary course of business are summarized below:

### 27.1 Relationship with the Company

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

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

The Company's major shareholder is the Chinprapinporn family is a shareholder, holding 21.01% (2017: 21.01%) Silaprarat family, holding 20.50% (2017: 20.54%) and Chonecadeedumrongkul family is a shareholder, holding 16.90% (2017: 14.16%) of the share capital of the Company. Transactions related to companies in which the Chinprapinporn family, Silaprarat family and Chonecadeedumrongkul family are the principal shareholders or directors are recognized as related parties to the Company.

<u>Name of Related Persons and Parties</u>	<u>Relationship</u>
Ratchthani Leasing Public Co., Ltd.	Common directors and some shareholders
Omnoi Massage Co., Ltd.	Common directors and some shareholders (the completeness of liquidation on 25 December 2018)
Pothivatchara Co., Ltd	Common directors and some shareholders
Rock Garden Group Co., Ltd.	Common directors and some shareholders

<u>Name of Related Persons and Parties</u>	<u>Relationship</u>
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Khun Virat Chinprapinorn	Directors
Khun Naowanart Jamornmarn	Shareholders
Khun Naowaruji Brennan	Shareholders
Khun Naowanit Silaprarat	Shareholders

## 27.2 Inter-Transactions

		For the year ended 31 December 2018	For the year ended 31 December 2017
	Pricing Policies	Baht	Baht
<b>Inter-Transaction with Related Companies</b>			
Interest Income	Annual Interest Rate at 1.95% per annum	3,594,357.54	4,307,897.26
Rental and Service Fee	Contract Price	1,407,418.00	2,208,617.99
Entertainment Expense	Cost Price Plus Margin	-	824,562.90
<b>Inter-Transaction with Related Persons</b>			
Rental and Service Fee	Contract Price	480,000.00	80,000.00
Entertainment Expense	Cost Price Plus Margin	320,000.00	282,253.50

## 27.3 Inter-Outstanding Balances

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Temporary Investments		
Related Company		
Ratchthani Leasing Public Company Limited		
Beginning Balance	220,000,000.00	210,000,000.00
Increase during the year	-	45,000,000.00
Decrease during the year	(107,000,000.00)	(35,000,000.00)
Ending Balance	113,000,000.00	220,000,000.00

## Advance Received

	As at 31 December 2018	As at 31 December 2017
	Baht	Baht
Related Person	2,600,000.00	-
Deposit of Land		
Related Person	150,000.00	150,000.00
Provision-Accrued Interest		
Related Person		
Beginning Balance	6,627,996.31	6,627,996.31
Increase during the year	-	-
Decrease during the year	-	-
Ending Balance	<u>6,627,996.31</u>	<u>6,627,996.31</u>

The Board of Directors Meeting No. 2/2010 on 12 May 2010, approved the Company to invest in temporary promissory note issued by Ratchthani Leasing Public Company Limited.

As at 31 December 2018 and 2017, the temporary investments are loans inform of at-call promissory note and carried interest rate at 1.95% per annum, equally for both years.

Provision-accrued interest, the Company estimates this provision base on the loans from shareholders as in Note 9.

#### 27.4 Commitments with Related Persons and Parties

As at 31 December 2018 and 2017, the Company has entered into lease agreements for office space and service with one related company for 1 year with options to renew. The Company constitutes obligation commitment that has to repay for such rental and service fee under these agreements amounting to approximately Baht 0.11 million equally for both years.

As at 31 December 2018 and 2017, the Company has entered into lease agreements for temporary office space with one related person for 1 year with options to renew. The Company constitutes obligation commitment that has to repay for such rental fee under these agreements amounting to approximately Baht 0.04 million per month equally for both years.

## 27.5 Key Management Personnel Remuneration

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Short-term Employee Benefits	4,751,000.00	4,378,000.00
Post-Employment Benefits		
- Defined Contribution Plans	87,000.00	87,000.00
- Defined Benefit Plans	67,992.48	65,452.56
Total	<u>4,905,992.48</u>	<u>4,530,452.56</u>

## 28. Cash Flow Information

## 28.1 Non-Cash Flow Transactions

Consist of:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	Baht	Baht
Transfer Land Held for Development to		
Cost of Real Estate Development	-	90,624,580.40
Employee Benefit Payable	-	250,000.00



## 28.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2018 and 2017, changes in liabilities arising from financing activities have the movements as follows:

	For the year ended 31 December 2018			As at 31 December 2018 Baht
	As at	Changes from	Other Changes	
	1 January 2018	Financing Cash Flows		
	Baht	Baht	Baht	
Liabilities under Finance Lease Agreements				
- Current	360,890.20	(432,000.00)	454,640.34	383,530.54
- Non-Current	968,435.19	-	(383,530.54)	584,904.65
Total	1,329,325.39	(432,000.00)	71,109.80	968,435.19

	For the year ended 31 December 2017			As at 31 December 2017 Baht
	As at	Changes from	Other Changes	
	1 January 2017	Financing Cash Flows		
	Baht	Baht	Baht	
Liabilities under Finance Lease Agreements				
- Current	410,776.61	(503,988.00)	454,101.59	360,890.20
- Non-Current	1,329,325.39	-	(360,890.20)	968,435.19
Total	1,740,102.00	(503,988.00)	93,211.39	1,329,325.39

## 29. Obligations

In addition to the liabilities presented in the statements of financial statements, as at 31 December 2018 and 2017, the Company has obligations as follows:

- 29.1 As at 31 December 2018 and 2017, the Company constitutes obligation commitment in the project development and property construction by amount of Baht 41.08 million and Baht 23.01 million, respectively.
- 29.2 As at 31 December 2018 and 2017, the Company constitutes letter of guarantee which issued by a bank to guarantee the repayment of land allotment by total Baht 59.96 million and Baht 36.08 million, respectively.

- 29.3 As at 31 December 2018 and 2017, the Company constitutes credit line of bank overdraft account which has not been withdraw in amount of Baht 5.00 million which there is land held for development are collateral and there is the Company's directors guarantee.
- 29.4 As at 31 December 2018 and 2017, the Company has security contracts with several companies. A period of one year, the Company has an obligation under the agreement at the rate of Baht 0.16 million per month and Baht 0.08 million per month, respectively.
- 29.5 As at 31 December 2018 and 2017, the Company has design contracts for the project New Rock Gardens Housing Prototype with a company. The obligation to pay under the agreement value in amount of Baht 0.90 million equally for both years.
- 29.6 As at 31 December 2017, the Company has advertising space rental contracts with a person. The obligation to pay under the agreement value in amount of Baht 0.06 million.
- 29.7 As at 31 December 2018 and 2017, the Company has architecture design contracts and demonstration house interior design contracts with a company. The obligation to pay under the agreement value in amount of Baht 0.71 million and Baht 1.08 million, respectively.
- 29.8 As at 31 December 2018 and 2017, the Company has sales management agreement with a company. The obligation to pay compensation at the rate 3% - 4.5% of contract price and the rate 4% - 4.5% of contract price, respectively.

### 30. Reclassification

The Company has reclassified some items in the financial statements for prior period which presented as comparative so as to comply with the classification of financial statements for current year, which does not have any effect on the profit (loss) for the year or the shareholders' equity already presented are summarized as follows:

	As Previously Reported Baht	Reclassification Baht	As Currently Reported Baht
<b>Statement of Comprehensive Income</b>			
<b>For the year ended 31 December 2017</b>			
Other Incomes	5,664,992.79	(557,775.33)	5,107,217.46
Cost of Sales	57,183,562.24	(203.28)	57,183,358.96
Distribution Costs	13,659,879.23	(557,572.05)	13,102,307.18

**31. Event after the Reporting Period**

In accordance with the Board of Directors of Meeting No.1/2019, on 15 February 2019, has resolved to approve the dividend payment for operation for the year ended 31 December 2018 and retained earnings unappropriated at Baht 0.02 per share and the right to receive the dividend payment on 4 March 2019 and the dividend payment will be paid on 30 April 2019 and resolved to appropriate the yearly net profit as legal reserve in the amount of Baht 1.00 million. This matter shall be proposed to the Meeting of shareholders for consideration and approval.

**32. Approval of the Financial Statements**

These financial statements have been approved for issue by company's Board of Directors of the Company on 15 February 2019.

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**BAAN ROCK GARDEN**  
PUBLIC COMPANY LIMITED

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