

**SECTION 1**  
**BUSINESS OPERATIONS**

**1. POLICY AND BUSINESS OVERVIEW**

Keppel Thai Properties Public Company Limited (Keppel Thai Properties), previously known as Five Star Properties Company Limited, was converted and registered as a Public Limited Company on 1 June 1994. It was renamed to Keppel Thai Properties Public Company Limited (KTP) on 9 July 2002 following the acquisition of a 45.45% stake in the Company by Keppel Land Limited (Keppel Land). KTP's core business is in real estate development. The Company has a registered and paid-up capital of Baht 2.2 billion as at 31 December 2013.

KTP has two landed residential developments in Bangkok under the Villa Arcadia brand. Featuring modern architecture, tropical landscaping and quality finishes, Villa Arcadia Srinakarin and Villa Arcadia Watcharapol are located within close proximity to major amenities. Buyers include those from the middle- and upper-middle market segments.

KTP holds shareholding of more than 50% in nine property development companies. These include:

- Thai-Kami Company Limited
- Gold Star Property Company Limited
- Top Property Company Limited
- Cornerstone Realty Company Limited
- Uthayan Property Development Company Limited
- Uthayan Town Development Company Limited
- Uthayan Real Estate Development Company Limited\*
- Uthayan Urban Development Company Limited\*
- Uthayan Realty Company Limited\*

\* Acquired on 29 March 2013

**1.1 VISION, TARGET AND STRATEGY*****Our Vision:***

To be a developer of choice, creating hallmark quality properties of enduring value for the community and achieving sustainable returns for our shareholders

***Our Target:***

We target to bring positive financial results to KTP through investments in trading properties.

***Our Strategy:***

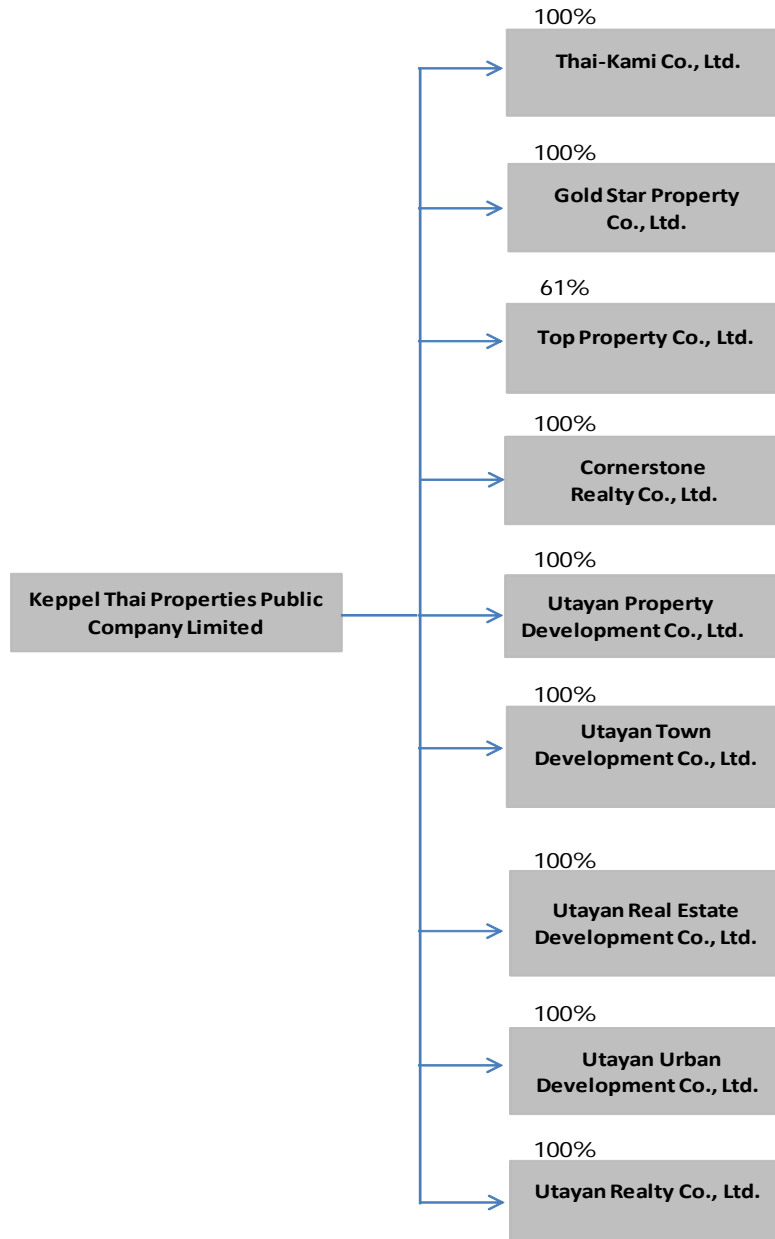
Keppel Thai Properties will continue to develop and invest in low-rise and high-rise residential projects within Bangkok.

**1.2 SIGNIFICANT EVENTS IN YEAR 2013**

- |                 |  |
|-----------------|--|
| <b>February</b> | <ul style="list-style-type: none"><li>■ Mr Choo Chin Teck resigned as director</li><li>■ Mr Ng Ooi Hooi was appointed to the Board of Directors.</li></ul>   |
| <b>March</b>    | <ul style="list-style-type: none"><li>■ Acquired three new subsidiaries: Utayan Real Estate Development Company Limited, Utayan Urban Development Company Limited and Utayan Realty Company Limited.</li><li>■ Obtained approval for the SBLC Loan Facility of Baht 1 billion from United Overseas Bank (Thai) PLC for land acquisition and working capital for business operations.</li></ul> |
| <b>May</b>      | <ul style="list-style-type: none"><li>■ Mr Tan Swee Yiow resigned as Chairman of the Board and the Executive Committee.</li><li>■ Mr Ng Ooi Hooi was appointed as Chairman of the Board and the Executive Committee.</li><li>■ Mr Oh Weng Soon was appointed Company Secretary. He takes over from Ms Yodjuta Kunjara Na Ayudhya, who resigned from the Company.</li></ul>                     |
| <b>August</b>   | <ul style="list-style-type: none"><li>■ Ms Supattra Tasilapa was appointed Company Secretary. She took over Mr Oh Weng Soon who resigned from the position.</li></ul>  |

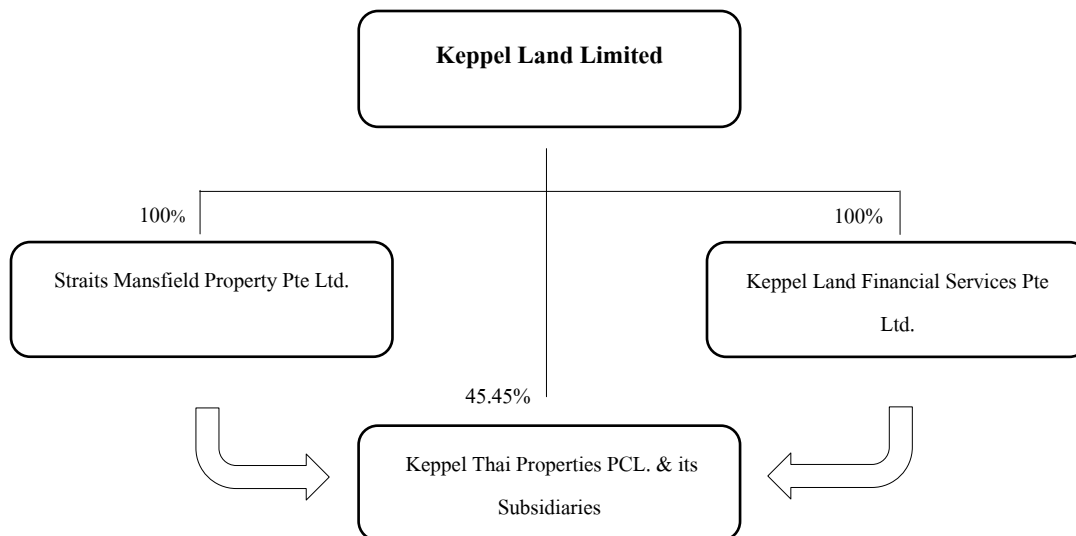
- |                 |  |
|-----------------|--|
| <b>October</b>  | ■ Launch of Villa Arcadia Srinakarin Phase 2.    |
| <b>December</b> | ■ Re-launch of Villa Arcadia Watcharapol Phase 1 |

### 1.3 GROUP STRUCTURE



#### 1.4 RELATIONSHIP WITH MAJOR SHAREHOLDER

KTP is a subsidiary of Keppel Land, one of the largest listed property companies by total assets on the Singapore Exchange. One of Asia's premier property developers, Keppel Land provides urban living solutions through the twin core businesses of property development for sale and property fund management.



KTP has entered into an agreement with Straits Mansfield Property Marketing Pte Ltd. to provide professional and consultancy as well as internal auditing services. In addition to bank loans, KTP, through its subsidiary, Top Property Company Limited (“TOP”) has also entered into a loan agreement with Keppel Land Financial Services Pte Ltd. to provide working capital.

All the aforementioned are deemed normal business transactions based on reasonable commercial terms, and have been approved by KTP's Board of Directors.

**2. NATURE OF BUSINESS**

## REVENUE OF KEPPEL THAI PROPERTIES (KTP) AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2013

Product Line / Business Group	Operated by	% Shares held by KTP	Revenue (Million Baht)					
			2013	%	2012	%	2011	%
Lease and Services of office space	KTP	-	38.3	25.7	40.6	24.5	37.7	24.5
Sale of Land and Houses	Thai-Kami	100%	108.7	73.1	95.0	57.3	115.4	75.0
	Gold Star	100%						
	Cornerstone	100%						
	Top Property	61%						
Others	-	-	1.8	1.2	30.2	18.2	0.8	0.5
Total	-	-	148.8	100.0	165.8	100.0	153.9	100.0

**Note:** Details of revenue of KTP and its subsidiary companies are disclosed in the Company's Financial Statements (pages 39 and 40 of annual report)

**2.1 BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES**

KTP and its subsidiary companies are in the main businesses of property development for sale as well as the leasing of commercial buildings and residential homes.

**2.1.1 PROPERTY DEVELOPMENT FOR SALE**
***VILLA ARCADIA SRINAKARIN***

Developed within a well-established residential enclave, Villa Arcadia Srinakarin comprises 365 detached houses within a gated community. The development is situated close to the Suvarnabhumi International Airport, with shopping centres and international schools in the vicinity. Residents of Villa Arcadia Srinakarin can enjoy greater connectivity to the city centre when the new monorail train line commences operations in 2019.

Phase 1 comprising 209 units is about 93% sold as at end-February 2014, while Phase 2 comprising 156 units with improved designs was launched in October 2013. About 35% of the 55 launched units have been sold as at end-February 2014.

#### *VILLA ARCADIA WATCHARAPOL*

Comprising 270 detached houses, Villa Arcadia Watcharapol is well-connected to major commercial and lifestyle amenities via the Ram Intra-Art Narong Expressway and Eastern Outer Ring Road. It is a 30-minute drive from the central business district. A new six-lane road, Phahonyothin-Rattanakosin Sompotch, will be completed this year, further improving accessibility. Residents can look forward to more dining and entertainment options with the opening of a new shopping mall in mid-2014. Residents can also enjoy greater connectivity when the new sky train line commences operations in 2017.

Villa Arcadia Watcharapol was re-launched in mid-December 2013. About 62% of the 45 launched units have been sold as at end-February 2014.

### **2.1.2 OTHER OPERATIONS**

#### *JEWELLERY CENTRE BUILDING*

The 34-storey commercial building is located at 138 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok. As at 31 December 2013, the retained interest under the Company's name for sale and lease is 12,145.64 sqm or 28.36% of the total gross floor area, of which about 84% has been leased as at end-February 2014.

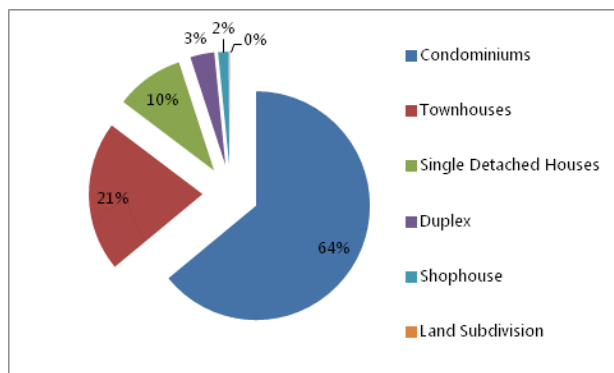
## **2.2 MARKET ANALYSIS**

The minimum daily wage of Baht 300 came into effect on 1 January 2013. This resulted in a shortage of labour in the construction industry and caused further increase in costs. In recent years, banks have also been more cautious with mortgage lending.

According to the Agency for Real Estate Affairs, overall supply for new residential units in Bangkok and the vicinity stood at 131,645 units in 2013, a 29% increase from 102,080 units in 2012. Condominiums saw the highest increase in supply with 84,250 units or 64%, while supply of townhouses and single-detached houses increased to 28,047 units or 21% and 12,789 units or 10% respectively from the year

before. Overall new residential developments in Bangkok and the vicinity stood at 471 projects in 2013, a 15% increase from 408 projects in 2012.

*Graph 2.2.1 New units in Bangkok and its vicinity in 2013 by development type*

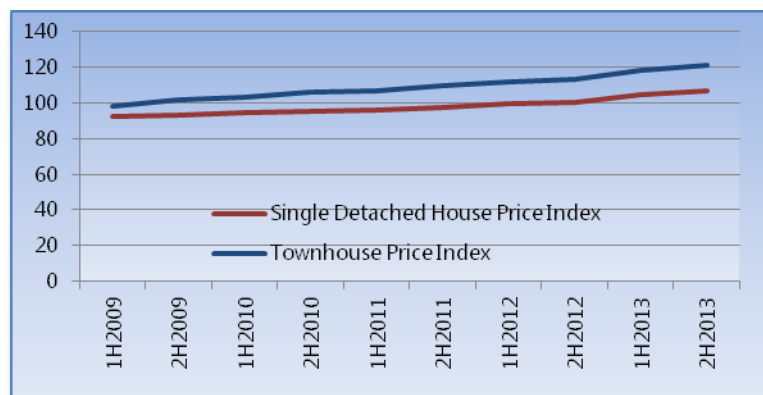


*Source: Agency for Real Estate affairs*

### **Landed Housing**

In 2013, prices of landed homes increased due to a rise in land prices and construction costs. According to the Real Estate Information Centre, prices of single-detached houses in Bangkok and its vicinity increased by 6.1% year-on-year while prices of townhouses in Bangkok and its vicinity increased by 6.9% year-on-year as at end-2013.

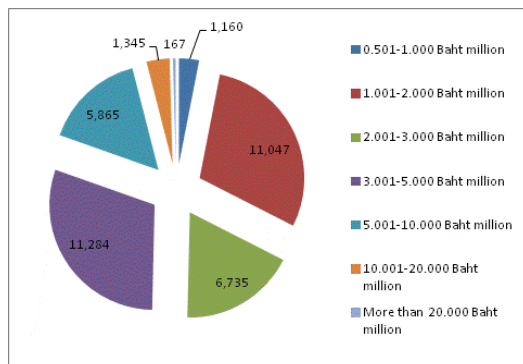
*Graph 2.2.2 Price Indices of Single-Detached Houses and Townhouses*



*Source: Real Estate Information Center*

The Agency for Real Estate Affairs reported that overall new landed homes in Bangkok and its vicinity stood at 45,273 units in 2013, a 20% increase from 37,603 units in 2012. Meanwhile, the overall value of new landed homes in Bangkok and its vicinity increased to Baht 154,516 million in 2013, 8% higher from Baht 143,702 million in 2012.

*Graph 2.2.3 New landed homes in Bangkok and its vicinity in 2013 by unit price*

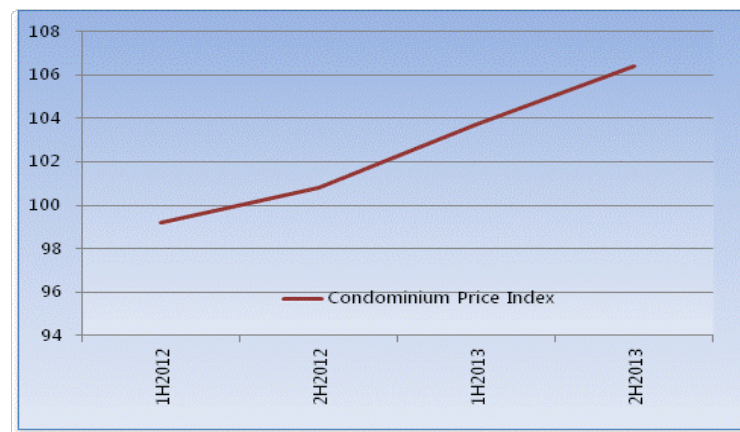


*Source: Agency for Real Estate affairs*

### **Condominium Sector**

The condominium sector also saw healthy price increases in 2013. According to Real Estate Information Centre, the price of condominiums in Bangkok and its vicinity increased by 5.6% in end-2013, compared to 2012.

*Graph 2.2.4 Condominium Price Index*

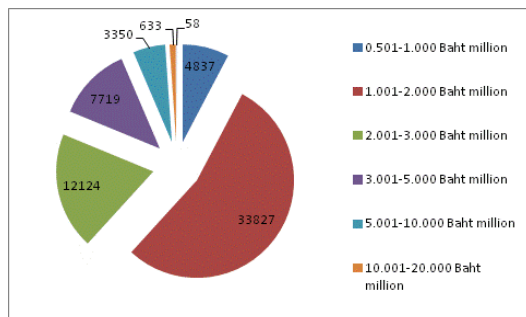


*Source: Real Estate Information Center*



The Agency for Real Estate Affairs reported that overall new condominium units in Bangkok and its vicinity stood at 84,250 units in 2013, 35% higher than 2012's figures of 62,548 units. Meanwhile, the overall value of new landed homes in Bangkok and the vicinity stood at Baht 219,894 million in 2013, a 50% increase from Baht 146,221 million in 2012.

*Graph 2.2.3 New condominium units in Bangkok and the vicinity in 2013 by unit price*



*Source: Agency for Real Estate affairs*

## 2.3 PROCUREMENT

### 2.3.1 Land Acquisition

In keeping with KTP's core business, the Company looks to acquire well-located sites for the development of its properties for sale. The Company works with land owners and real estate agents to source sites that are well-located and well-served by amenities. Depending on market conditions, projects are developed in phases and launched at the appropriate times.

### 2.3.1 Procurement of Construction Material

Construction materials are generally procured through the main contractor for the respective projects. However, in some cases, the Company may assist in the purchase of these materials. Purchasing and procurement of materials undergo stringent processes to ensure quality. Most of the materials are sourced and purchased locally.

**2.4 HAND-OVER**

As at 31 December 2013, 19 residences with total sales value of Baht 146 million have been sold. These units will be handed over to homebuyers in 2014.

**3. RISK FACTORS**

Risk management is an integral part of Keppel Thai Properties' (KTP) strategic and operational processes. The Company has in place a risk management framework to enable Management to respond swiftly to challenges and leverage new opportunities in the dynamic business environment.

KTP has identified the key risks and the appropriate mitigating actions:

**3.1 SHORTAGE OF QUALITY CONTRACTORS**

Shortage of skilled labour will impact the construction quality and could result in increased cost. KTP regularly evaluates the capabilities of its contractors and sources new ones to build up a reliable network.

**3.2 FOREIGN CURRENCY**

KTP still holds some loans denominated in foreign currencies and is therefore subject to foreign exchange risk. The Company continues to seek funding options in Thai Baht to minimize risks in foreign exchange fluctuation.

**3.3 INTEREST RATE FLUCTUATIONS**

KTP has a short-term loan from a financial institution and its interest rate is dependent on Money Markets' Floating rates. During an economic expansion mode, this could result in higher financing cost for the Company. KTP will utilise various financial instruments, where appropriate, to hedge against interest rate fluctuations. The Company also ensures that cash flows are properly managed.

**3.4 LAND SOURCING**

High land prices could result in the Company facing challenges in acquiring land at competitive prices. KTP works with numerous agents to source for land as well as deal directly with individual land owners.

#### 4. ASSETS OF THE COMPANY

Details of assets of the Keppel Thai Properties Public Company Limited and its subsidiaries as of 31 December 2013 are as follows:

**4.1 Keppel Thai Properties Public Company Limited**, a property development company owns the following properties:

Property Name	Jewellery Centre Building
Location	138 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500 Thailand
Type of Asset	34-storey commercial building covering a total area of 42,833.78 sq.m.
Asset Area	The Company has a total area of 12,145.64 sq.m. or 28.36 % of the total gross area of the building
Net Book Value	Baht 315,804,039
Appraisal Value	Baht 351,000,000
Appraisal Date	1 November 2013
Appraisal Company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	None

**4.2 Gold Star Property Company Limited**, a property development company owns the following properties:

Property Name	Sukhapiban 3 Mansion
Location	22/1 Sukhapiban 3 Road, Hua Mak Sub-District, Bang Kapi District, Bangkok 10240, Thailand
Type of Asset	19-storey residential condominium with 1,024 units
Asset Area	The Company has 2 units with a total area of 119.21 sq.m.
Net Book Value	Baht 2,390,000
Appraisal Value	Baht 2,390,000
Appraisal Dated	22 October 2013
Appraisal Company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	None

**4.3 Top Property Company Limited**, a property development owns the following properties:

Property Name	Land at Watcharapol Road
Location	Soi Watcharapol, Tha Raeng Sub-District, Bang Khen District, Bangkok 10220, Thailand
Type of Asset	Freehold land which will yield 270 units of two-storey detached houses when completed under the project name “Villa Arcadia Watcharapol”
Asset Area	73-1-5.3 rai
Net Book Value	Baht 793,036,032
Appraisal Value	Baht 838,800,000
Appraisal Dated	1 November 2013
Appraisal Company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	None

**4.4 Thai-Kami Company Limited**, a property development company owns the following properties:

(1)

Property Name	Land at Srinakarin Road
Location	Bang Kaew Sub-District, Bang Phli District, Samut Prakan Province, Thailand
Type of Asset	Freehold land which will yield 367 units of two-storey detached houses when completed under the project name “Villa Arcadia Srinakarin”
Asset Area	60-3-28 rai
Net Book Value	Baht 522,170,199
Appraisal Value	Baht 522,100,000
Appraisal Dated	30 October 2013
Appraisal Company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	Partial mortgage

(2)

Property Name	Land and Factory
Location	1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand
Type of Asset	The land and factory are vacant and granite operation has ceased since 2000. The machinery has been divested in early of 2002
Asset Area	60–2–70 rai
Net Book Value	Baht 22,368,200
Appraisal Value	Baht 23,060,000
Appraisal Dated	21 October 2013
Appraisal company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	None

(3)

Property Name	The Trio Chiang Mai (previously “Chiang Mai VIP Tower)
Location	118 Moo 1, Huay Kaew Road, Chang Pueak Sub-District, Muang District, Chiang Mai Province, Thailand
Type of Asset	Four-storey commercial building
Asset Area	The Company has four units with a total area of 890.88 sq.m
Net Book Value	Baht 23,200,000
Appraisal Value	Baht 23,200,000
Appraisal Date	24 October 2013
Appraisal Company	Agency for Real Estate Affairs Company Limited
Right / Possession	Freehold
Collateral	None

## (4) Information of the Concessions for Granite Mining of Thai-Kami Company Limited

Concession No.	Type of Mining Concession	Location	Total Area of Concession (rai)	Concession Right	Reserve Granite (cu.m.)
25727/14580	dimension stone as granite type	Mai Nagm, Muang District Tak Province	17 – 1 – 99	20 years (1 June 1992 – 31 June 2012)	36,300
25732/14581	dimension stone as granite type	Mae Salid, Baan Tak District Tak Province	240 – 3 – 32	25 years (1 June 1992 – 31 May 2017)	358,400

**Note** The Company had surrendered the Mining Concession to Department of Primary Industries and Mines, on 19 March 2012, as the Company had suspended the operation for the Mining Concession No. 25727/14580, located at Mai Ngam Sub-District, Muang District, Tak Province and Concession Mining No. 25732/14581, located at Mae Salid Sub-District, Baan Tak District, Tak Province. The announcements of the cancellation in the Government Gazette, were published on 10 January 2013 and 21 February 2013, respectively, and the said announcements for expropriation shall effect since 19 March 2012.

**4.5 KTP's Fixed Assets**

KTP's fixed assets consist of land, property and equipment as per consolidated financial statements as at 31 December 2013 details are as follows:

Category	Located	Net Book Value (Baht)	Type of Ownership	Obligation
Land and Office Building*	Office	5,652,000	Wholly own	None
Office Furniture and Equipment	Office / Project Site	2,599,000	Wholly own	None

\* For the location of Head Office of the Company only.

**4.6 Investment Policy in subsidiaries and associate company**

The Company is focused on investing in the property sector because this is our main business. The company aims to invest in a proportion that is sufficient for it to be involved in management. Besides current subsidiaries and associate companies, we will consider further investment in the same business as opportunities arise.



**5. LEGAL DISPUTE**

As at 31 December 2013, the Company and subsidiaries have no litigation being defendant of which capital over 5 percent of shareholders' equity, however litigation presence would not materially and adversely affect financial conditions of the Company.

**6. CORPORATE INFORMATION AND OTHER REFERENCES****6.1 CORPORATE INFORMATION**

<b>Name of Issuer</b>	:	Keppel Thai Properties Public Company Limited
<b>Symbol</b>	:	KTP
<b>Business</b>	:	Property Development
<b>Registration Number</b>	:	0107537001951 (formerly Bor.Mor.Jor. 442)
<b>Head Office</b>	:	Jewellery Centre Building, 30 <sup>th</sup> Floor, 138/108 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500 Thailand
<b>Website</b>	:	<a href="http://www.keppelland.co.th">http://www.keppelland.co.th</a>
<b>Telephone Number</b>	:	(662) 237-1999
<b>Fax</b>	:	(662) 237-2666
<b>Registered Capital</b>	:	Baht 2,200,000,000
<b>Paid-up Capital</b>	:	Baht 2,200,000,000
<b>Class of Share</b>	:	Ordinary Share
<b>Total issued shares</b>	:	220,000,000 Ordinary Shares
<b>Par Value</b>	:	Baht 10
<b>Company Secretary</b>	:	Ms Supattra Tasilapa Keppel Thai Properties Public Company Limited Jewellery Centre Building, 30 <sup>th</sup> Floor 138/108 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500, Thailand Tel: (662) 237-1999 Fax: (662) 237-2666 E-Mail: <a href="mailto:Supattra@keppelland.co.th">Supattra@keppelland.co.th</a>

**Listing on Stock Exchange** : The Stock Exchange of Thailand  
The Stock Exchange of Thailand Building  
62 Ratchadapisek Road, Klongtoey District,  
Bangkok 10110, Thailand  
[www.set.or.th](http://www.set.or.th)

**Other Reference**

**Securities Registrar** : Thailand Securities Depository Company Limited (TSD)  
The Stock Exchange of Thailand Building  
62 Ratchadapisek Road, Klongtoey District,  
Bangkok 10110, Thailand  
Tel: (662) 229-2800  
Fax: (622) 359-1259  
<http://www.tsd.co.th>

**Auditor** : Ms Pimjai Manitkajohnkit  
Certified Public Accountant (Thailand) No. 4521  
EY Office Limited  
(Formerly known as “Ernst & Young Office Limited”)  
Lake Rajada Office Complex, 33<sup>rd</sup> Floor  
193/136-137 Ratchadaphisek Road, Klong Toey District,  
Bangkok 10110, Thailand  
Tel: (662) 264-0777  
Fax: (662) 264-0790

# INFORMATION OF SUBSIDIARIES

Keppel Thai Properties (KTP) directly holds share more than 50 percent in nine property development companies. These include:

Name and Address	Type of Business	Total Shares Issued	Shareholding	
			No. of Shares	Percentage
<b>Thai-Kami Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 37,475,000	37,475,000 Shares	100.00
<b>Gold Star Property Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 4,091,000	4,091,000 Shares	100.00
<b>Top Property Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 4,780,000 Preferred Share 854,000	Ordinary Share 2,915,800 Preferred Share 520,940	61.00
<b>Cornerstone Realty Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00
<b>Utayan Property Development Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00

Name and Address	Type of Business	Total Shares Issued	Shareholding	
			No. of Shares	Percentage
<b>Utayan Town Development Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00
<b>Utayan Real Estate Development Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00
<b>Utayan Urban Development Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00
<b>Utayan Realty Co., Ltd.</b> 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	10,000 Shares	100.00

## 6.2 OTHER INFORMATION

No further information which would have a material effect to the investor decision making.