

A large, stylized hand in a white glove holds a yellow construction crane. The background is a cityscape with various buildings and a cloudy sky. A green rectangular box is overlaid on the center of the image, containing the text 'Part 1 Business Operations'.

Part 1

Business Operations

1.1 Business Policy and Overview

Focus Development and Construction Public Company Limited operates the construction business since 1989 in various types of construction, e.g. office buildings, condominiums, hotels, resorts, etc. In 2010, the Company has expanded the business to the property development with “Focus on Saladaeng” as the first development project, the construction of which has been completed in 2011, and “Focus Ploenchit” as the second development project, the construction of which has been completed in 2015.

Later on in 2016, the Company has adjusted its business strategies by joint venturing with Wheig S.A.S. from France in order to expand its business to invest in the waste management business as well, e.g. recycling business, Refuse Derived Fuel or RDF and electricity generating from waste, etc. This new business is being progressed according to the plan determined by the Company.

1.1.1 Vision, Mission and Value of the Company

In order to develop the Company for sustainable growth, the Board of Directors’ Meeting No. 3/2014, held on 13 August 2014 has approved the new Vision, Mission and Value of the Company and the New Corporate Governance Policy 2014 and the Code of Conduct for Directors, Management and Staff of the Company* in order to improve the Corporate Governance Policy 2004 and include new policies to be in line with the Principles on Good Corporate Governance 2012 of the Stock of Exchange of Thailand and the Guidelines on Corporate Social Responsibility of the Stock of Exchange of Thailand 2012, in particular, the Policy on Anti-Fraud and Corruption, Non-Violation of Intellectual Property, Non-Violation of Human Rights, etc.

We do hope that the New Corporate Governance Policy 2014 and the Code of Conduct for Directors, Management and Staff of the Company* would be the important mechanism to help develop the Company for sustainable growth with its continuing responsibilities to community, society and environment.

Vision

To be professional in construction and property development businesses with the participation of all stakeholders and with the responsibilities to community, society and environment in order to develop the Company for sustainable growth.

Mission

1. Develop the Company’s working systems and personnel in order to be professional in construction and property development businesses
2. Support and encourage the rights and duties of all relevant stakeholders in participating in business operations of the Company
3. Support and encourage the Company’s personnel to be responsible to community, society and environment

Value

- F** = Focus on Customers’ Satisfaction
- O** = Outperform the Market as Professional
- C** = Corporate Social Responsibility for Community, Society and Environment
- U** = Understand the Roles and Participation of All Stakeholders
- S** = Sustainable Development for Sustainable Growth of the Company

* Amended by the resolution of the Board of Directors’ Meeting of the Company No.1/2017, held on 27 February 2017

August: The Company signed a construction contract with Bangkok Mass Transit System Public Company Limited to construct the station building in the area of Bangkok Metropolitan Region: Red Line Project covered from Bang Sue district to Taling Chan district in cooperated with Unique Engineering and Construction Public Co., Ltd. with the value of 482.36 Million Baht.

October:

- 12 October 2009, the Extraordinary General Meeting of Shareholders No. 1/2009, held on 12 October 2009 (EGM No.1/2009) passed a resolution to make a change of the share price for the private placement of 200,000,000 shares from 3 Baht per share to 2 Baht per share.
- The EGM No.1/2009 also passed a resolution to change Article 14 of the Company's Articles of Association on the number of directors from 5-11 directors to 5-12 directors and appointed two new directors, i.e. Mr. Tanakorn Leelasiri and Mr. Tanavich Jindapradis who were registered with the Ministry of Commerce on 26 October 2009.

December: The Company was approved by the ISO 9001: 2008 from United Registrar of System (Thailand) Co., Ltd. (URS).

In addition, the Company entered into construction contract amendments No. 7-26 of the Private Residence Bangkok with the value of 42.63 Million Baht.

2010

January: The Company signed a construction contract with Department of Rural Roads under the project of building a bridge across Klong Luang canal at Meuang district, Samutsakhon with the value of 55.70 Million Baht.

May: The Company worked on the 14-storey condominium project in cooperated with Wilailuck Development Co., Ltd. with the value of 49.37 Million Baht.

July: The Company signed a design contract and constructed the apartment for the athletes at National Tennis Development Center with the value of 20 Million Baht.

September: The Company obtained the contract of swimming pool construction under the Rayong Marriott Resort & Spa project in cooperated with Puphatara Co., Ltd. with the value of 36.38 Million Baht.

October:

- The Company signed a construction contract of building the rice godown and building component in cooperated with Pathum Rice Mill and Granary Public Co., Ltd. with the value of 34.24 Million Baht.
- The Company held the grand opening for the first project of the property development business under the name of "Focus on Saladaeng Condominium" at Dusitthani Hotel.

In addition, the Company entered into another amendment to construction agreement of the Private Residence Bangkok with the value of 17.12 Million Baht.

2011

February: The Company signed a construction contract of the 8-storey residential building and 2-storey basement under the Collezio (Sathorn-Pipat) project with the value of 84 Million Baht. On July, the Company also signed a construction contract of the architecture project with the value of 49.80 Million Baht. Therefore, the total value turned out as 133.80 Million Baht in cooperated with Major Development Public Co., Ltd.

May: The Company signed a construction contract of the structure and the system project at Thaksina Business Administration School in cooperated with M.P. Education Co., Ltd. with the value of 202.10 Million Baht.

August: The Company signed a construction contract of structure and architecture project under the Equinox (Phahol-Vibha) project, which is 42-storey residential building in cooperated with Major Development Public Co., Ltd. with the value of 578 Million Baht.

December: The Company agreed to sign the agreement to buy of Sukhumvit Soi 2 land, Khlongtun, Prakanhong district, Bangkok as of the total area of 345 square wah with the value of 180 Million Baht for the future development of the real estate business.

2012

March: The Company signed a construction contract of the structure, architecture, and engineering system project for the 8-storey residential building and one basement under the project “The Nest” in cooperated with The Nest Property Co., Ltd. with the value of 103, 50 Million Baht.

June:

- The Company signed a construction contract of the structure, architecture, and sanitary system project for the food and beverage production plant, Nakhonpathom in cooperated with General Beverage Co., Ltd. with the value of 125 Million Baht.
- The Company signed a construction contract of the structure, architecture, and electrical, water supply, and air-conditioning system project for Kanyarat Lakeview Condominium which is 14-storey building, Khonkan in cooperated with Kanyarat Property Co., Ltd. with the value of 302.50 Million Baht.
- The Company signed a construction contract of the structure, architecture, and electrical, water supply, and sanitary system, and road project for the car showroom, repair and maintenance building which is located in Rama II Rd., Bangkok in cooperated with Siam Nissan Rod Dee Rama II Co., Ltd. with the value of 51.36 Million Baht.

October: Both directors and employees brought the right offering warrant to be using in buying the common stock with the total of 579,000 stocks with is valued 3 Baht per stock the Ministry of Commerce on 7 November 2012. Such capital stocks started to be trading in MAI on 12 November 2012.

December: The Company signed a construction contract of the structure, architecture, and engineering system project for the W District Trunc C, Prakanong in cooperation with Centerland Co., Ltd. with the value of 83.50 Million Baht.

2013

January:

- The Company signed a construction contract of the structure, architecture, and building components system project for the H2O Condominium, Pakchong district, Nakornratchasima in cooperated with Puphatara Kaoyai Co., Ltd. with the value of 136 Million Baht.
- Both directors and employees brought the right offering warrant to buy altogether of 192,000 common stocks with 3 Baht per stock. Also, the Company registered for the increasing capital from 125,579,000 Baht to 125,771,000 Baht with the Ministry of Commerce on 6 February 2013. Such capital stocks started to be trading in MAI Stock Market of the Securities Exchange of Thailand on 8 February 2013.

February: The Company signed a construction contract of the mill and silo (Package 1) under the Rice Complex project, Thukfah, Chaiyo district, Ang Thong in cooperated with Siam Par Boilrice Co., Ltd. with the value of 97.50 Million Baht.

April: Both directors and employees brought the right offering warrant to be using in buying the common stock with the total of 949,000 stocks which is valued 3 Baht per stocks. Also, the Company registered for the increasing capital from 125,771,000 Baht to 126,720,000 Baht with the Ministry of Commerce on 8 May 2013. Such capital stocks started to be trading in MAI Stock Market of the Securities Exchange of Thailand on 13 May 2013.

May:

- The Company signed a construction contract of the multi-residential building, Sucre Khaoyai Building A and B, Pakchong, Nakornratchasima in cooperated with Sucre Asset Co., Ltd. with the value of 173.91 Million Baht.
- The Company signed a construction contract of the mill and silo (Package 2) under the Rice Complex project, Lhuckfah, Siyo district, Ang Thong in cooperated with Siam Par Boilrice Co., Ltd. with the value of 87.28 Million Baht.

June: The Company signed a construction contract of the structure, architecture, and building components system project for 3-storey office building on Ploenchit Rd., Bangkok in cooperated with Proud Group Holding Co., Ltd. with the value of 36.95 Million Baht.

July: The Company signed a construction contract of the Villa Work Phase No.3 for four units and this is under the Phupatara project, Khaoyai, Nakornratchasima in cooperated with Phupatara Khaoyai Co., Ltd. with the value of 18.28 Million Baht.

August: The Company signed a construction contract of the structure, architecture, and building components system project for ten houses under the V Huahin project, Huahin district, Prachuap Khiri Khan in cooperated with V Huahin Co., Ltd. with the value of 42.36 Million Baht.

November: The Company signed a construction contract with On-nuch Construction Co., Ltd. for the structure and sanitary system works of 6-storey hotel building called “Splendid Resort Hotel”, Amphur Pakchong, Changwad Nakornratchasima with the value of 33.50 Million Baht.

2014

January: The Company signed a construction contract of structural and architectural works for The Phyll Project, Soi Sukhumvit 54, Sukhumvit Road, Bangkok with Saranrat Development Co., Ltd. with the value of 290 Million Baht.

April: The Company signed a construction contract with Le Votel Khao Yai Co., Ltd. for structural and architectural works of DusitD2 Hotel, Khao Yai, Tambol Moosi, Amphur Pakchong, Changwad Nakornratchsima with the value of 177 Million Baht.

May: The Company signed a construction contract with On-nuch Construction Co., Ltd. for the architectural and electrical and air-conditioning works for a 6-storey hotel, Gudkla-Parnsuek Road, Tambol Moosi, Amphur Pakchong, Changwad Nakornratchsima with the value of 66.5 Million Baht.

June: The unexercised warrants to buy ordinary shares of the existing shareholders or RO Warrants in the amount of 62,499,958 units (from the total 62,500,000 units) and the unexercised warrants to buy ordinary shares of the directors and staff or ESOP Warrants in the amount of 10,780,000 units (from the total 12,500,000 units) had expired since 16 June 2014. The paid-up capital of the Company as of 19 June 2014 is 126,720,042 Baht.

July: The CSR Task Force chaired by the Managing Director was set up with all department heads of the Company acting as members of the task force. The key function of this task force is to develop and follow up CSR in Process activities of the Company.

August: The Board of Directors' Meeting No.3/2014, held on 13 August 2014 approved the Vision, Mission, Value of the Company and the new Corporate Governance Policy 2014 with 11 Chapters, including new CG policies, e.g. the Anti-Fraud and Corruption Policy, Non-Violation of Intellectual Property Policy and the Non-Violation of Human Rights Policy, etc.

2015

February: In order to be comply with the Good Corporate Governance Principles, the Board of Directors of the Company has determined another role of the Audit Committee to supervise and monitor the business of the Company and has resolved that the name of the Audit Committee be changed to be the "Audit and Corporate Governance Committee". The Board also determined another role of the Construction Committee to manage the risks of the Company, and has resolved that the name of the Construction Committee be changed to be the "Construction and Risk Management Committee".

April: The Company has been awarded the construction works (structure, architect and system) of Issara Collection Sathorn with the value of 290 Million Baht which is a high-end condo project and located in Soi Nang Lin Chee 4, Nang Lin Chee Road, Kwaeng Chongnonsee, Khet Yananwa, Bangkok. Charn Issara Vibhapol Company Limited is the project owner. The construction is expected to be completed on 30 November 2016 under the contract.

May: The construction of Focus Ploenchit which is located in Sukhumvit Soi 2, Kwaeng Klongtoey, Khet Klongtoey, Bangkok, has been completed and the ownership has gradually been transferred to customers.

In addition, in 2015, the Management of the Company has reviewed, developed and improved the system and working format of various sections of the Company in order to enhance the efficiency, including, to be prepared for new projects when the economic improves in 2016. The Authority Table of the Company has also been reviewed and improved as appropriate and to be in line with the current situation.

2016

On 5 October 2016, the Company has entered into a joint venture with Wheig S.A.S. from France to set up a joint venture company, called as "Focus Wheig Corporation Limited" with the registered capital of 15 Million Baht, divided into 1,500,000 shares with a par value of 10 Baht each. The Company has 60% share while Wheig S.A.S. has 40% share, whereby the shareholders agree to jointly control this newly established company. Focus Wheig Corporation Limited will be a holding company to invest in the waste management business, e.g. recycling business, Refuse Derived Fuel or RDF and electricity generating from waste, etc.

On 18 October 2016, Focus Wheig Corporation Limited has started to invest in the waste management business by purchasing 99.99% ordinary shares of Focus Wheig Bangna Limited for 49,998 shares with a par value of 100.- Baht each, totally 4,999,800.- Baht.

1.2 Nature of the Business Operations

1.2.1 Business Overview

The Company itself is considered a medium construction company operating general construction projects, including private and public sector projects. Our construction is diversified in various types of construction works, for example, factories, office buildings, residential buildings, condominiums, hotels, schools, hospitals, infrastructure, etc. However, the Company mainly focuses on potential and credible customers or those who are in a good financial position. The Company acts as the main contractor and subcontractor. Furthermore, the Company also cooperates with other specialized contractors in joint bidding or joint working as a joint venture or consortium for a high value project. With the track records from its past experiences, the Company is able to expand to construction works with higher value.

Since 2012 we have expanded our business to the property development with “Focus on Saladaeng” as our first development project and Focus Ploenchit as our second development project.

1.2.2 Revenue Structure of the Company

The revenue structure of the Company during the year 2014-2016

Product Line/Business Group	Year 2016		Year 2015		Year 2013 (Restated)	
	Revenue	%	Revenue	%	Revenue	%
1. Revenue from Construction	152.77	46.52	228.55	45.84	532.63	97.01
2. Revenue from Property Development	165.93	50.23	261.38	52.42	-	-
3. Other Income	11.64	3.52	8.68	1.74	16.41	2.99
Total	330.34	100.00	498.61	100.00	549.04	100.00

1.2.3 Business Goal

The Company supports all projects of public sector, private sector, and state enterprises by considering those customers who are qualified and credible or have a good financial condition. The Company accepts to work on many kinds of businesses such as condominium, factory, office building, hotel, education institution, car showroom, repair and maintenance building, department store, and silo.

In order to expand the Company’s revenue and not to rely only on the construction business, the Company has expanded its business to property development.

However, the Company aims to develop its professionalism in construction and property development businesses on an ongoing basis in order to reduce the risks and variations of income derived only from the construction business.

1.3 Risk Factors

1.3.1 Business Operational Risk

1.3.1.1 Economic and Political Uncertainty

Even though Thai economy in 2016 has expanded by 3.2% approximately, compared to the year 2015, there is the fierce competition in the construction industry and property development business with the high risks, coupled with the fact that financial institutions are rather stricter in providing residential financing. Therefore, the sales of Focus Ploenchit Condominium Project was not in line with the target as determined by the Company.

However, the Company has determined the business plan and carefully adjusted itself to various factors by diversifying the risks in accepting construction works from the government and private sectors in various types of construction, e.g. residential building, shopping malls, manufacturing plants, office buildings, hotels, resorts, etc. For the property development business, the Company will carefully study the location, reasonable costs of land and customer segmentation for a new project in order to achieve the sales target.

1.3.1.2 Competitive Risk

If the investment projects of the public sector are delayed in withdrawing the expense budget, it will affect the large construction companies being hired by the government to change and work for the public sector instead. This will result in fiercer competition in the market because projects of the private sector do not compete only with the price but also the reliability of the construction company and price.

However, there are a lot of construction entrepreneurs, resulting to the high competition and the risk of earning revenue. In the meantime, when the project is awarded, the construction management could be a risk factor of achieving the targets set in the contract, which results from various factors. However, the Company has established the guidelines to reduce such risks by setting up a function to be responsible for new construction projects which will participate in auctions or negotiations, which will help the Company to have the stable performance and revenue, including the follow-up of the cost control in accordance with the plan set by the Company

1.3.1.3 Property Development Risk

For the overall picture of the property business in 2015, large and small scale property developers have faced various risk factors, including labour costs and material costs which could be increased.

In 2016, the risk factors which would give an impact to the property business still include the problem of labor shortage and key personnel of the project, such as engineers and architects which results from the expansion of public utility infrastructure investment regarding to transportation, contractors and labors are required in high level and the construction and materials costs are expected to be higher adjusted according to the higher demand in the market.

The risk management in the property development which will directly affect the business operation of the Company is as follows:

- (1) Risk of land acquisition: The Company will purchase potential land for development at a reasonable price. For the development of residential condominium project, the Company will choose the location situated in the city center by focusing mainly on the BTS sky train line and MRT line. The Company has reduced the risk by creating a network for searching potential locations.
- (2) Risk of changes in laws and regulations concerning property development business: The Company operates the property business for residential purpose under the relevant laws and regulations. Therefore, the risk issues will include limitation of land utilization in constructing some types of building, setback distance of buildings, land border disputes with neighbors, problems of complaints during the construction, etc. the Company has an approach to reduce such risks by inspecting and examining legal limitations and regulations of relevant government agencies relating to the land utilization before purchasing any land for development. The Company will consider what limitation affects the plan of land development and study the feasibility of the project.
- (3) Risk from being unable to achieve sales target of condominium unit: The Company will establish the size and quantity of unit required development in each project to meet the demand of the target customers. The estimated sales derive from the sale and the marketing and the Company also intimately follows up the market situation. However, if the economic situation does not support, it may affect the sales which will not be in accordance with the estimation and will not reach the break-even point, possibly causing an impact to the financial position of the Company. The Company has reduced the risk from the remain stock of condominium units by establishing the marketing strategy and promoting sales focusing on the target customers and also controlling expenses effectively.

1.3.2 Management and Operational Risk

1.3.2.1 Accepting New Projects Risk and Contract Compliance Risk

Most revenue of the Company derives from the construction works awarded by both government and private sectors as the main contractors and sub-contractors as the case maybe. However, the quantity of accepted projects depends on the economic conditions, competition, price and so on. Therefore, the estimation for new projects accepted by the Company cannot be expected since each project takes time for the auction process, including the complex of contractor selection process. Therefore, performance of the Company will vary on the timing of awarding new projects. The company's recognised revenue will depend on the value of the project award duration of construction of the project, and procedures of the construction, including the construction site hand-over of project owner and the modification of the project design. The Company has established the measure to reduce such risks by assigning a function to be responsible for providing new construction projects and the Construction and Risk Management Committee shall be responsible for planning, making a decision and solving the problems throughout the operation period under the construction contracts.

1.3.2.2 Risk of Construction Material Price Variations

It the prices of construction materials increase in 2016 following the higher demand in the market, it would directly affect the cost of projects. The Company has preventive measures and approaches, including special supervision, by collecting purchase orders from several projects before placing an order in a large quantity for bargaining power, providing partial deposit for pre-ordering materials, and setting fixed prices, etc. The Company begins to consider such risk at the stage of proposing a new project. The price calculation will depend on the risk of construction material price variations. In addition, the Company also enhances the efficiency of the procurement section in order to provide reliable suppliers who can offer us appropriate terms of payment.

1.3.2.3 Risk of Relying on Experienced Engineers and Architects

Construction business requires knowledge and capability of personnel, especially at the level of project directors, project managers, engineers and architects who have the ability of controlling work and managing the projects to achieve the target. Lack of qualified engineers and architects causes an impact to the ability of accepting works and performance of the Company in the future. As a result, the Company has the policy of personnel's quality management and development by providing appropriate remuneration and welfare, including supporting personnel to participating in additional trainings in order to retain these personnel with the Company.

1.3.3 Financial Risk

1.3.3.1 Risk of Non – Payment under Construction Contracts

The Company has the risk of non- payment under construction contracts in case the owners have some financial difficulties or lack of liquidity. The Company is aware of such risk so we consider accepting only construction projects from competent or reliable owners with good financial position.

1.3.3.2 Working Risk of Capital

As being a construction and property development company, we must have sufficient working capital for purchasing construction materials and wage payment. Such working capital derives from the working capital of the Company and the support of financial institutes. In addition, the Company has negotiated on the strict terms of payment with any owners before entering into an agreement of each project, such as, requesting for the advance payment at the rate of 10-15% of the contract value, offering appropriate credit term, etc., including the efficient tracking and collection of revenue so that the Company will not lack of its liquidity.

1.3.4 Investors Risk

1.3.4.1 Risk of Dividend Payment

In the year 2016, the Company still has the accumulated loss of 45.5 Million Baht. The Company is not in the position to pay any dividends to shareholders as per the Company's dividend policy until the Company has a profit after clearing all the accumulated loss as required by law.

1.3.4.2 Risk of Having a Major Shareholder

As of 15 March 2016, Mrs. Naparat Sihanatkathakul is a major shareholder of the Company holding 34.24% of the total shares of the Company. She has the right under the law to object or disagree with any matters to be proposed for shareholders' resolutions, especially, the matters which require the votes of not less than $\frac{3}{4}$ of the votes of shareholders who attend the meeting and have the right to vote.

1.4 Assets for Business Operations

Head Office of the Company

The Company has leased an office space to be used as its head office for business operations on 9th Floor, Alma Link Building, No. 25 Soi Chidlom, Ploenchit Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330 from B. Grimm Alma Link Building Co., Ltd. and B. Grimm Alma Link Building Services Co., Ltd. as per the following details:

Floor	Area	Leased Term	Rental Rate for buildings and services
9	545 square meters	15 August 2014 – 14 August 2017	359,700 Baht/Month

Other Assets

Apart from the Company's Head Office, the Company also has other assets for the business operations as per the following details:

(Unit : Thousand Baht)

Details	Cost Price	Accumulated Depreciation	Book Value
Buildings	620	192	428
Machinery and Equipment	71,900	63,343	8,557
Furniture and Office Equipment	13,455	11,705	1,750
Vehicles	9,571	8,011	1,560
Copy Rights of Software	4,571	1,209	3,193
Total	99,948	84,460	15,488

1.5 Legal Disputes

As at 31 December 2016, the Company has no legal disputes which would give rise to significant impact on the business operations and assets of the Company by more than 5 percent of the shareholders' equity.

1.6 General Information and Other Important Information

Company's Name	: Focus Development and Construction Public Company Limited
Subsidiaries	: - None -
Registration Number	: 0107545000331 (formerly, 40854500706)
Head Office	: 25 Almalink Building, 9th Floor, Soi Chidlom, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330 Tel: 0-2650-3105-9, 0-2650-3063-4 Fax: 0-2650-3065-6 Email: info@focus-pcl.com Website: www.focus-pcl.com
Type of Business	: Construction and Property Development
Registered Capital	: www.focus-pcl.com
Registered Capital	: THB 126,720,042 divided into 126,720,042 ordinary shares with a par value of 1 Baht each
Paid-Up Capital	: 126,720,042 Baht divided into 126,720,042 ordinary shares with a par value of 1 Baht each
Listed on the MAI	: 5 October 2004
Securities Registrar	: Thailand Security Depository Company Limited. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel. (662) 009-9000 Fax (662) 009-9991
Auditor	: Mr. Udom Thanuratpong
	: CPA Registration No. 8501 PV Audit Company Limited 100/19, 14th Floor, Wong Wanich B Building Rama IX Road, Kwaeng Huay Kwang, Khet Huay Kwang, Bangkok 10310 Tel: 0-2645-0080 Fax: 0-2645-0020 www.pvaudit.co.th
Membership	: Listed Companies Association
Legal Consultant	: - None -

Remarks: For more information, please see the Annual Registration Statement (Form 56-1) of the Company posted in the website www.sec.or.th or the Company's website www.focus-pcl.com