



## Part 1

### Business Operation

#### 1. Business Policies and Operation

##### 1.1 Overview of Business and Vision

###### Visions

We strive to be the leader in consulting business and related businesses in AEC via good governance with continuous upgrading standards by innovation to ensure sustainable business practice.

###### Missions

1. We differentiate our services by
  - 1.1. Enhance innovation to all operating processes
  - 1.2. Develop innovation serving current business's needs and to generate new future business
  - 1.3. Develop our own internal database system and knowledge management
2. Develop our organization to ensure sustainable growth by
  - 2.1. Human resource development
  - 2.2. Internal processes development
3. Maintain successive revenue growth from variety sources of income under controllable risk level
4. Maintain practical profitability under professional ethics and ensure stakeholders' benefit

###### Values

- "PPS" Never let up and working as a team
- "PPS" Care for stakeholders' benefit
- "PPS" Knowledgeable, international standards practice, trustworthy with professional ethics
- "PPS" Always coordinate and work with others proactively
- "PPS" Trustworthy Project Manager

###### Strategy

1. We will strive to be the leader of our industry by fully utilization of information technology throughout our process and also increase our ability to work in process via ISO 9000 quality management system. We will fully develop our knowledge management system so our knowledge is fully maintained, researched and analysed. We will strive to be the leader of our industry.
2. We will develop and expand potential of our personnel to be able to work in more sectors i.e. industry, public sector and AEC markets.
3. We will clearly demonstrate our staff career path so our people could achieve their personal goals.



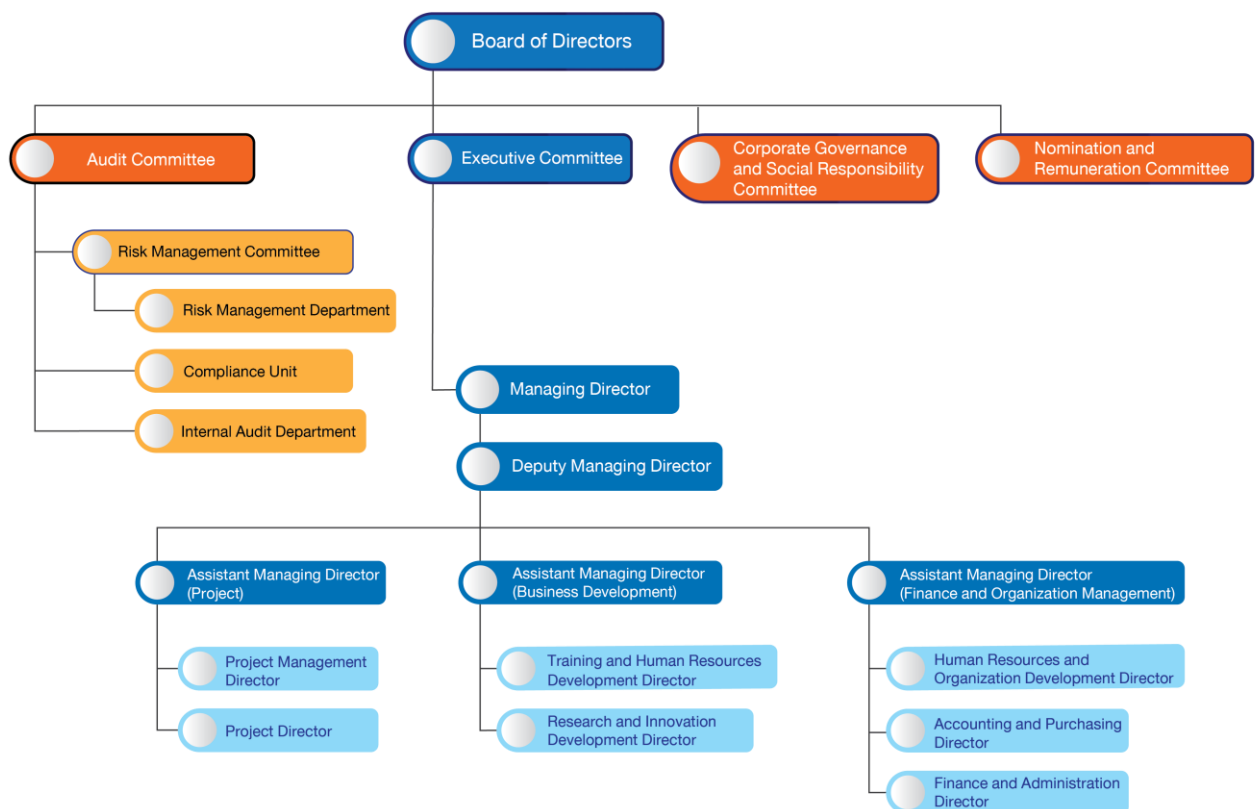
## Long Term Goals

Create good quality engineer A good model for professional development And support social development of good engineers To promote the values of a professional engineer to be honored It is recognized and honored

1. Enterprise Knowledge Engineering consists of personnel with integrity
2. The revenue side, sustainability and growth that is appropriate to the risk and economic volatility
3. Have the ability to do business in the ASEAN countries
4. A good governance throughout the business processes for the sustainability of society

*Remarks: Approved by the Board of Director's Meeting No. 4/2016 held on November 12, 2016*

## Organization Chart of the Company





## 1.2 Significant developments during 2014-2016 are as followed:

### Nature of Businesses

Established in 1987 by Mr.Prasong Tharachai and Mr.Somphant Hongchintakul, Project Planning Service PLC (PPS) was the first engineering consulting company with the certification of quality standard ISO 9002 from the Engineering Institute of Thailand under His Majesty the King's Patronage and EAQA (Environmental Accredited Quality Assessment) Institute in the UK since March 1999. From January 2005 to present, the company has been improving and developing the quality system until being certified with the quality standard ISO 9001:2000 from BVQI. Currently, the Company has been offering a numerous of services in management and construction supervision of construction works such as building and Infrastructure, structural & architectural works, civil works, utilities system (electrical and communication systems, air conditioning and ventilation systems, sanitary and fire protection system), landscape, interior decoration including particular projects that need conversant skill for both private and public sectors. To reach clients expectation and gain trustworthiness, the company has applied ISO system to all projects and assigns the trained employee to perform internal audit along with the follow-up of BVQI for every six months. With over 29 years of management and construction supervision of construction experienced, the company has executed more than 200 domestic and cross-border projects for both private and public sectors as below:

#### Public Sector Projects and Public Enterprise Sector

- The Second Stage Expressway
- Water-Pipeline Project of the Metropolitan Waterworks Authority
- Sirindhorn Hospital, Bangkok
- King Chulalongkorn Memorial Hospital, Thai Red Cross Society
- Communication Authority of Thailand (CAT) Building
- Second Bangkok International Airport -Suvarnabhumi Airport
- Mass Rapid Transit Authority of Thailand (Underground Transportation Project)
- Sirat-Outer Ring Road Expressway
- MRTA : Blue Line Extension Project
- New Tobacco Factory Project
- Standing Buddha at Wat Thip – Kanchanaburi
- Supreme Court of Thailand Building
- The Bank of Thailand New Headquarters Building

#### Private Sector

- Grand Hyatt Erawan Hotel
- Baiyoke Tower 2
- Headquarters of Bank of Ayudhya Public Company Limited
- Information Center of Krungthai Bank Public Company Limited
- Information Center of Bangkok Bank Public Company Limited
- Thana City Project
- Jewelry Trade Center
- Gaysorn Plaza
- World Trade Center
- Central World
- The Grand Rama 9 Project
- Centara Grand Hotel
- Thairath TV Project
- The Paseo Town Project
- I Condo Salaya
- RHYTHM Condominium
- Central Festival Chiangmai
- Various branches of TESCO Lotus
- Central Plaza Changwattana
- Central Westgate
- Central Embassy
- G Tower
- U-Place Project
- Icon Siam C2
- Makro Stores, Nakhonnakok, Nakhon-In
- Thanya Shopping Park
- Toyota Sukhapiban 3
- MegaBangna
- TESCO Lotus Store, Lumlukka, Khon kaen, Surat thani
- The Park Chidlom condominium
- Central Plaza Rama 9
- Terminal 21
- Amway New Head Office
- Pullman Phuket Arcadia Naithon Beach Resort
- Banyan Tree Resort & Spa , Koh Samui
- The Renaissance Hotel, Phuket



- The Street Ratchada
- Langsuan Village
- Langsuan Parkview
- NEO Factory, Pathumthani
- Homepro Rama 3 and Rama 9

#### International Sector

- Hongsa Power Plant Project (Laos, PDR)
- Vientiane Hospital (Laos, PDR)
- Central Plaza I-City (Malaysia)

In order to grow the organization sustainably, develop the company effectively and successfully gain the business opportunities in the future, the company has become a Public Company and fundraised in MAI stock market since 2012. After fundraising in 2012, Project planning Service PLC has grown steadily both in the main business and other businesses in subsidiary and joint-venture companies. These have been in accordance with the plan to develop the Company's capabilities beyond merely offering services of engineering advices and management of construction projects. At the moment, we have been able to offer services in various Via subsidiaries and companies in various machine aspects including;

**PPS Design Company Limited** offers services in structural designs work and system building works.

**Swan & Maclaren (Thailand) Company Limited** offers services in architectural and interior designs. This is a joint-venture with Swan & Maclaren LLP, Singapore which is one of the oldest companies that offer services in architectural designs in Singapore.

**PPS Information Consultant Company Limited** offers services in information technology in particular the media and advertising media including create its own program to facilitate construction supervision

**Ensemble Equity Pte.,Ltd. (registered in Singapore)** offers Provision of Project Management and Engineering Consulting Services & Products.

#### 2016 Operating Results and Target for 2017

Thailand political situation in year 2016 was more stable than the year 2015. The government stimulated economic system by investment on basic infrastructure which generating more monetary liquidity of the economic system. Such economic stimulation measurements is driving construction sector and related construction industries to early stage of growth resulting to the Company's positive trending.

The Company's Projects on progress the year 2016 were:

#### Building Projects

- Chulalongkorn Memorial Hospital, Thai Red Cross Society
- New Factory for Thailand Tobacco Monopoly
- New Supreme Court Office
- Rhythm Sukhumwit 36-38 and Sukhumwit 42
- The Street Ratchada
- Central Westgate
- Central Embassy
- Thairath TV and Facilities
- Rama 9 Square
- U-Place
- I Condo Salaya
- Icon Siam C2 & C1
- Makro Stores, 3 branches
- Tesco Lotus Stores
- HomePro Rama 3
- The Food Street Ratchada



- Muaeng Thai Phatara Complex Renovation
- Langsuan Village, LSV
- I Net IDC3
- Vientiane Hospital; Lao PDR
- Bann Hua Hin
- Hongsa Power Plant Project (Laos, PDR)
- Bangkok Residence
- Aspire Wutthakas
- Bangkok Midtown Hotel
- Bounce Thailand
- Man Fu Yuan @ Emquartier

**Infrastructure Projects**

- Suvarnabhumi Airport Development Project Phase 2
- MRT Blue Line Project
- Srirat - Outer Ring Road Project
- Srirat Expressway Stage 3/5 Renovation

**Special Project**

- Standing Buddha at Wat Thip – Kanchanaburi

The Company's operating results in year 2016 was in good expansion compare to year 2015. Total revenue of the Company in 2016 is 319.10 million Baht significantly increasing from the 2015 which was at 238.93 million Baht which is 33.56% increase from last year. The profit of 2016 is 32.18 million Baht significantly increasing from the 2015 which was at 3.39 million Baht which is 849.26% increase from last year. The increasing of revenue and profit were the results that PPS has been awarded of a mega project for Supervision services of construction project for the second phase of Suvarnabhumi International airport. Furthermore, many projects of the Company were in full growth period.

As per market segment, the total revenue in 2016 came from local market for 300.13 million Baht which could divided into private sector for 230.17 million Baht (72.13% of total revenue) and public sector for 69.96 million Baht (21.92% of total revenue) while the revenue from foreign market is 6.79 million Baht which is 2.13% of total revenue.

Return on equity is significantly increased from year 2015 as the net profit is increased by 28.79 million Baht (849.26%).

At the end of December 2016, there are 39 projects in hand with a backlog value of 553 million Baht.

Further to the above results, the company still maintain our course in increasing our competitiveness including operation standard to differentiate our service values and also intensely train our staff to ensure that their skills are competitive which is the main value of the company.

The company still moves forward towards Information Technology competitiveness. Google cloud software has been utilized throughout the company as one integrated cloud system to ensure better communication and access to information efficiently including sharing of organization knowledge to serve the needs of clients. The company has been investing in development of innovation and IT technology together with PPS Information Consultant Company Limited (PIC). We are targeting that all of our projects and our internal process to be fully utilized on our innovation and IT in 2017. The development of our own ProjectLive is being moved forward to be used in all projects to differentiate our operations from competitors and enhancing our efficiency in managing and supervising construction projects. We are proud to inform that PPS has received an award of TIM Forum "Innovative Organization to Sustainability in SET".

The company still maintain its course in continuingly developing our human resource skills to serve our expanding business. PPS Future Leaders Program has been continuing to ensure our next generation of leaders are identified and trained. Professional development incentive program in line with the professional levels of the Council of Engineers were deployed to ensure that our engineers and architects are professionally qualified to take on public projects soon to be realized.



### Internal Training Program

For internal training, the human resource plan has been developed in line with our business plan. Our human resource development calls for various trainings including in-house training by our experienced staffs and outside experienced trainers, public training, on the job training, self learning via e-learning and coaching. Competency skills were benchmarked to ensure specialty skills needed for organizational development and business development towards the business goals of moving towards AEC market. Our training unit is certified by the Council of Engineers to be part of the Continuing Professional Development (CPD) program so the trainees are awarded with CPD points as per the Council of Engineers' regulations.

The company targets training hours required for all staff at 40 training hours per year in 2016. This target has been achieved with the following training programs:

1. Professional ethics for professionals and managers
2. Project and construction management for condominium projects including facade works
3. Soil protection system for deep excavation including fire / life safety practice in construction project
4. ProjectLive practice in construction projects
5. English conversation skills training and self image development
6. Anti-corruption workshop under the policy "Operational Transparency with Good Governance and Anti-Corruption)
7. Environmental conservation and best utilization of resources training
8. ISO 9001; On the job training at project sites
9. Stakeholder duties and responsibilities towards information disclosure and human rights
10. Good governance, disclosure, stakeholders and board of directors responsibilities

Apart from the above, succession plans were developed to ensure that project managers are well groomed from the company's resources and be in line with business growth.

The operating results from the company's subsidiaries and joint ventures for the year 2016 are reported as follows:

**PPS Design (PPSD)** has engineering design works on hand for both local and foreign projects including design work of two projects in Cambodia. It is expected the market will expand in the year 2017 resulting from the domestic economic uptrend with the relax of fee competition. It is also expected that PPSD will expand the revenue from construction management works for small projects.

**Swan & Maclaren Thailand (S&M)** operating target for 2017 is focusing to architectural and interior design work of projects in AEC country market (Vietnam, Myanmar and cambodia) and local market from foreigner's investment.

**PPS Information Consultant (PIC)** is continuing their course on media business and information technology. PIC grew from internal support to PPS with the initiative of utilizing information technology to the underutilized construction business. PIC also supports PPS in all of their training programs and also develops the training media and become a content provider via internet channels and cable TV. PIC's revenue comes from media services for PPS and other media channels including TV - ThaiRath TV, Radio - Changmuns FM 106 and internet channels. This also exposes better image and professional identity of PPS to general public.

PIC also supports PPS in ProjectLive cloud service software created to service the need for an online tool for construction management and supervision. ProjectLive features construction management workflows of the following tasks: Inspection and Testing Checklist (ITC), Defect Work, Non-Conforming Report (NCR), Safety Improvement Request (SIR), Documents, Dashboard.



Operating results of PIC in 2016 is better performed compared to 2015 resulting from provision of more various services and products.

**Ensemble Equity Pte.Ltd. (EE)** was founded on 18 November 2015 by registration in Singapore. The registered capital has been increased to be 500,000 SGD in 2016. EE offers Provision of Project Management and Engineering Consulting Services & Products. At the present, EE is still has not generated any revenue.

#### Target for the year 2017

In the year 2017, the company targets to expand and increase competitiveness including seeking opportunities from the main business and subsidiaries via joint venturing. Our growth strategies as follows:

##### 1. Local Market

We consider the local market as the main market of the business. In 2017 we see the public sector growth is the main drive of the local market especially the government's policy of infrastructure investments. We still moving forward on private sector market from both existing and new customers and alliances. We see more confidence of new investment of private sector resulting from government's continuous economic stimulation measurements. We target our total revenue on 2017 on 15% growth from previous year.

##### 2. Foreign Market

The revenue from AEC market in 2016 is under target as our attempt on expansion into construction management services in AEC market was unsuccessful. However, we see opportunity from our successive design works in Cambodia and engineering design work and construction management services in Vietnam market under alliance with Swan & McLaren Group Pte.Ltd. (SWAN) from Singapore.

##### 3. Design Work

PPS Design Co.,Ltd. (PPSD), our subsidiary company and Swan & McLaren (Thailand) Co.,Ltd., our joint company are alliance by submission of co-proposal on design work. Swan & McLaren (Thailand) Co.,Ltd has obtained design work of large scale project which will significantly recognized of revenue in early of 2017.

##### 4. Improving Competitiveness Through Innovation and IT

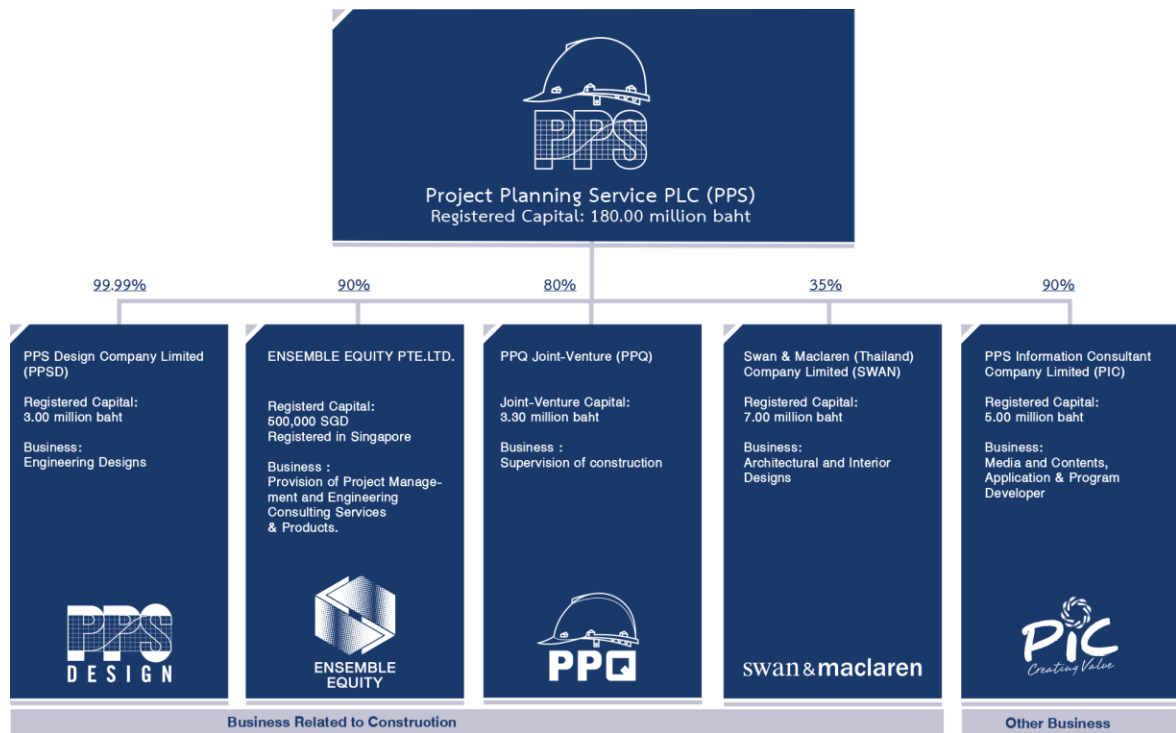
Our IT utilization policy is now moving forward. We see IT utilization as our enhancement of our people and process competitiveness throughout 2016. The company has been investing in development of innovation and IT technology together with PPS Information Consultant Company Limited (PIC). We are targeting that all of our projects and our internal process to be fully utilized on our innovation and IT in 2017. Our competitiveness enhancement not only generate Company's sustainable business for long term but also provide opportunities for PIC to roll out this innovation and IT tools to related construction businesses.

Apart from revenue targets, the company also has a policy of increasing business competitiveness and improving operation competitiveness by continuously develop ISO 9000 management system, internal IT system workflow and operation applications including database and training together with knowledge management to ensure differentiation from competitors and optimize net profit margin from previous year.

The company will also ensure transparency throughout our business processes including care of stakeholder rights relating to all of our business. This will ensure sustainable growth of the company, the profession, the society and the country as a whole.



### 1.3 Shareholding Structure



### 1.4 Relationship with Business units of Major share holders

- None -





## 2. Operation of Key Business Units

### Revenue Structure

Type of Revenue (according to project type)	2014		2015		2016	
	MB	Ratio (%)	MB	Ratio (%)	MB	Ratio (%)
Revenue from Services	263.65	98.82%	234.22	98.03%	306.92	96.18%
Revenue from Construction Supervision	258.32	97.98%	219.13	93.56%	301.68	98.29%
• Office Buildings	23.95	9.27%	22.73	10.37%	24.72	8.19%
• Retail Areas	89.05	34.47%	69.10	31.53%	93.70	31.06%
• Residential Buildings	60.51	23.42%	61.73	28.17%	85.27	28.27%
• Multi-purpose Building (Mix Use) <sup>/1</sup>	35.31	13.67%	17.95	8.19%	6.95	2.30%
• Hotels	-	-	4.19	1.91%	12.68	4.20%
• Hospital	12.22	4.73%	11.22	5.12%	19.39	6.43%
• Factory	-	0.00%	-	0.00%	2.41	0.80%
• Infrastructures	15.17	5.87%	19.14	8.73%	42.62	14.13%
• Others <sup>/2</sup>	22.11	8.56%	13.07	5.96%	13.94	4.62%
Revenue from Design	5.33	2.02%	2.99	1.28%	5.24	1.71%
Revenue from Concerts	-	-	12.10	5.17%	-	0.00%
Revenue from Sales	-	-	-	-	-	-
Other Revenues	3.16	1.18%	4.71	1.97%	12.18	3.82%
Total Revenues	266.81	100%	238.93	100%	319.10	100.00%

*Remarks* <sup>/1</sup>: Comprises : Retail Areas, Office Buildings, Hotels

<sup>/2</sup>: Comprises : Distribution Center, Data Center, Temple Measure, Showroom

### 2.1 Product or Service Features

#### Nature of Businesses

Currently, Project Planning Service PLC (PPS) has been offering a numerous of services in management and construction supervision of construction works such as building and Infrastructure, structural & architectural works, civil works, utilities system (electrical and communication systems, mechanical systems, sanitary system and fire protection system), landscape, interior decoration including construction consultant and construction management. For the owners, the Company have provided the service of project planning, construction supervision from the beginning until handover projects and also provided the service during warranty period. The providing services of the Company are described as below:

- Project Feasibility
- Structural Design
- Quantity Survey
- Project and Lay out Planning
- Design, Review and Coordination for excellent output
- Value Engineering



- Construction Management
- Construction Permit Coordination
- Project Survey and Cost Estimation
- Construction Supervision
- Checking and Testing all Utilities before Project Handover
- Project Cost Control
- Energy Management
- Building Utilization and Building Renovation

Project Planning Service PLC (PPS) was the first engineering consulting company with the certification of quality standard ISO 9002 from the Engineering Institute of Thailand under His Majesty the King's Patronage and EAQA (Environmental Accredited Quality Assessment) Institute in the UK since March 1999. From January 2005 to present, the company has been improving and developing the quality system until being certified with the quality standard ISO 9001:2000 from BVQI. The Company has applied ISO system to all projects and assigns the trained employee to perform internal audit along with the follow-up of ISO 9001:2008 for every year. In 2014, to monitor management quality within the organization and quality of projects efficiently, the Company has divided job responsibility into 13 units.

#### The Providing Services of the Company for Construction Management

The providing services of the Company for construction management can be divided into 3 phase

1. Pre-Construction Phase : The Company will advise owners and give the comments when necessary and also will help and support owners to choose the appropriate contractors for projects.
2. Construction Phase : This Phase will start from construction on the first day until the last day of the construction.
3. Post-Construction Phase : This phase will start from ending of the construction until project handover.

##### 1. Pre-Construction Phase

- 1.1 Advise about project goal planning.
- 1.2 Advise about structural management and project management system.
- 1.3 Establish project working plan for construction supervision.
- 1.4 Advise and cooperate with owners to set up Safety, Health and Environmental Care Plan (SHE) for project construction.
- 1.5 Check and review construction drawings and specifications to propose owners and also review construction drawings and specifications to save project cost.
- 1.6 Determine contract agreement between owners and contractors including payment term.
- 1.7 Advice about law and other regulations related to project construction.
- 1.8 Advice about the best choice or alternatives of project construction for making decisions.
- 1.9 Choose appropriate contractors to propose to owners.
- 1.10 Prepare bidding process to choose contractors for project constructions.
  - Make bidding documents and other regulations including recommendation for drawings and specifications and site survey.
  - Arrange a meeting to explain the TOR and answer the questions.



- Analyze bidder qualifications.
- Propose negotiation method.
- Propose bidder selection method.
- Create hiring document.
- Prepare contract and document.

## 2. Construction Phase

- 2.1 Construction supervision for whole project.
- 2.2 Review material approval.
- 2.3 Review shop drawings approval.
- 2.4 Advise, recommend, revise or change construction method to make it more efficiently.
- 2.5 Set meetings with owners, contractors and/or designers to follow project progress and solve project problems.
- 2.6 Review and check working process including accelerate contractors to work follow by the schedule.
- 2.7 Check contractor payment following by contract and actual work progress.
- 2.8 Solve project problems during project construction such as drawings.
- 2.9 Explain drawings and contracts of project construction to facilitate and build the project effectively.
- 2.10 Stop project construction temporary when project construction is not safe enough to keep constructing.
- 2.11 Check material testing based on contracts.
- 2.12 Reject under standard contractor works.
- 2.13 Approve and recheck sub-contractor and contractor execution.
- 2.14 Propose suitable recommendations and appropriate solutions to compromise among other related construction departments.
- 2.15 Assist owners in several ways.
- 2.16 Report and create monthly project progress report.
- 2.17 Conclude reasons, conditions, and quantity of project variation.
- 2.18 Create cash flow evaluation to be cash flow database of owners.
- 2.19 Coordinate among contractors.
- 2.20 Recheck and advise owners about contractor's claims in case of project extension, addition works and other related topics.
- 2.21 Construction supervision, accidental and environmental protection plan from project construction, demolition and supervision of existing building demolition.
- 2.22 Coordinate among owners and owner's representatives to facilitate building utilization.

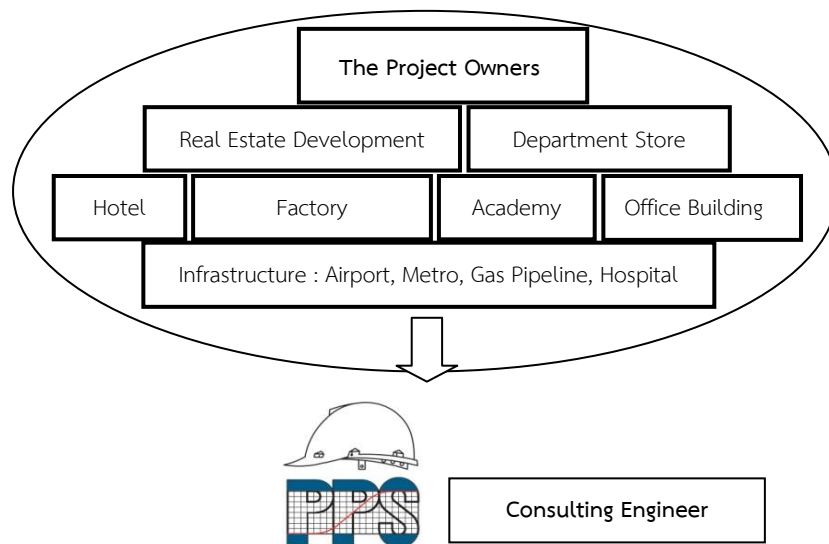
## 3. Post-Construction Phase

- 3.1 Set post-construction plan to manage building utilization after project operation including architectural and engineering maintenance based on warranty contracts.
- 3.2 Check defect lists and report to owners including supervise contractors to fix all defect lists completely before handover.

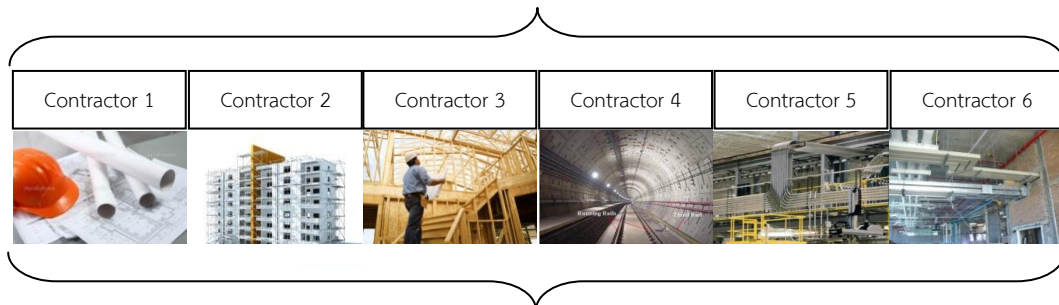
3.3 Collect and review as-built drawings of contractors and handover to owners.

3.4 Collect and recheck operation manual of all equipment that install in the building and handover to owners.

### The Conclusion of Management and Construction Supervision



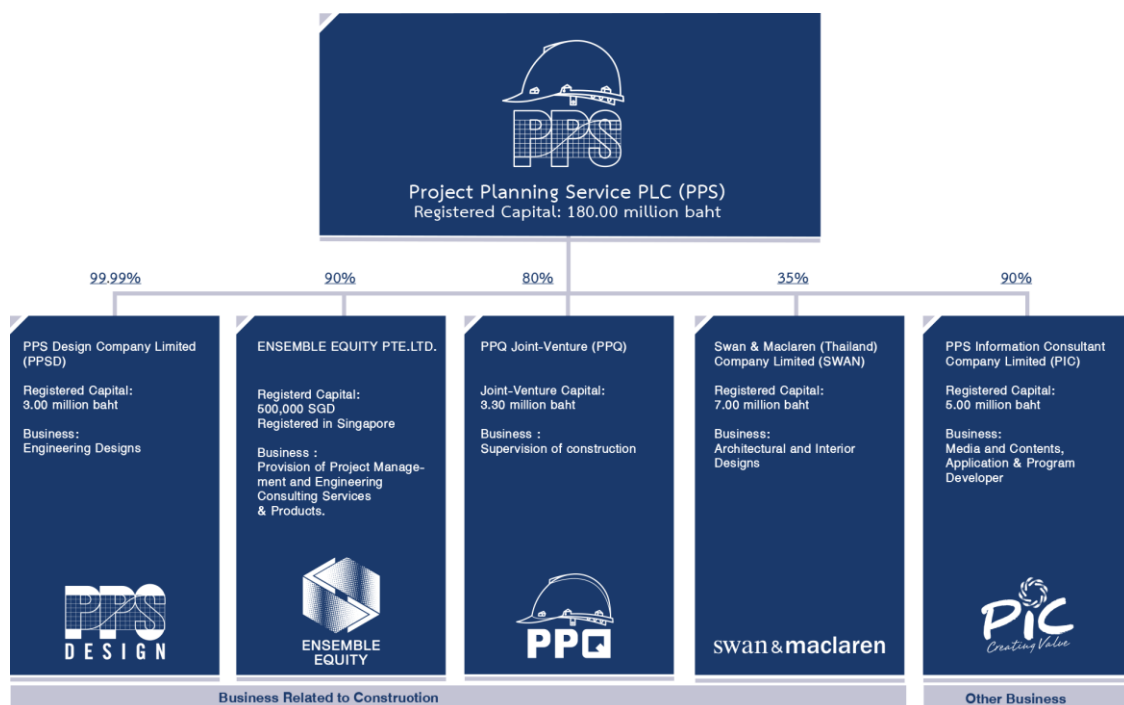
Until construction is complete.



## Conducting Businesses

Overall picture of the businesses of the Company, subsidiary companies and joint-venture company.

1. 3 Subsidiary Companies : PPS Design Company Limited (Shareholding 99.99%)  
: PPS Information Consultant Company Limited (Shareholding 90%)  
: ENSEMBLE EQUITY PTE.LTD.(Shareholding 90%)
2. 1 Venture : Swan & Maclaren (Thailand) Company Limited (Shareholding 35%)
3. 1 Joint-Venture Company : PPQ Joint-Venture (Shareholding 80%)



## Policy to divide the operations of companies in the group.

The Company has provided clear policy to divide operations of subsidiary companies in the group;

1. PPS Design Company Limited (PPSD) offers services in structural designs work and system building works.
2. PPS Information Consultant Company Limited (PIC) offers services and leads the business in media and content services related to information technology. PIC is a result of an observation that IT system was rarely used in the administration of construction projects. Systems were developed and tested internally within the PPS before expanding the services outside. This is one of the revenue channels of the Company.
3. ENSEMBLE EQUITY PTE. LTD. (EE) Registered in Singapore. EE offers provision of Project Management and Engineering Consulting Services & Products.
4. Swan & Maclaren (Thailand) Company Limited (SWAN) offers services in architectural and interior designs. This is a joint-venture with Swan & Maclaren LLP, Singapore which is one of the oldest companies that offer services in architectural designs in Singapore.
5. PPQ Joint-venture (PPQ) offers services in supervising construction of the Supreme Court building.



## 2.2 Market and Competition

Engineering consultant business on design and project management which is the main business of the company is closely related to the property development and infrastructure development business. Thus, the analysis of these two businesses must be done to reflect the company's business as a whole.

In 2016 Thai economy grew by approximately 3.2% slowly improving from last year. Investment is expanding at a higher growth especially public sector projects. Government spending is increasing referring to the fiscal spending and injecting money into the economy. However, private investment is slowing down. According to Economic and Social Development Board data, the first nine months see expansion of the country's construction business of 7.9% while public sector expanded by 15% and private sector expanded by 1.5 %.

Property development sector in 2016 has been decelerating after the government's stimulus packages to the sector had been ended leading to negative sentiment to the construction industry and engineering consultant business. However the better political stability and economic uptrend create positive sentiment to property development sector. High growth sector has been condominium which is comparatively sees more growth than horizontal residential segment. The company still sees this as a continuing trend since the high land cost and more development of public transportation in the capital. Land cost in Bangkok increased by 7.9% and the cost of residential condominium increased by 8.2%. For other segment, the company sees consecutive growth for office for rent segment especially nearing mass transit stations however the growth outside of Bangkok Metropolitan is weak especially when the agricultural economy is weak at present and factoring in the government's delay in developing railway projects.

Wholesale and Retail business is successive growing in line with household spending growth and accelerating growth rate of foreign tourist from 5.5% in 2016 which is growing into 2017. Therefore the major firm in the wholesale and retail business are continuing to expand their branches to retain their competitiveness and serving such higher demand.

In 2016 and continuing on to 2017, the company sees more growth in hospital and healthcare service business which require additional construction facilities both domestic and regional countries.

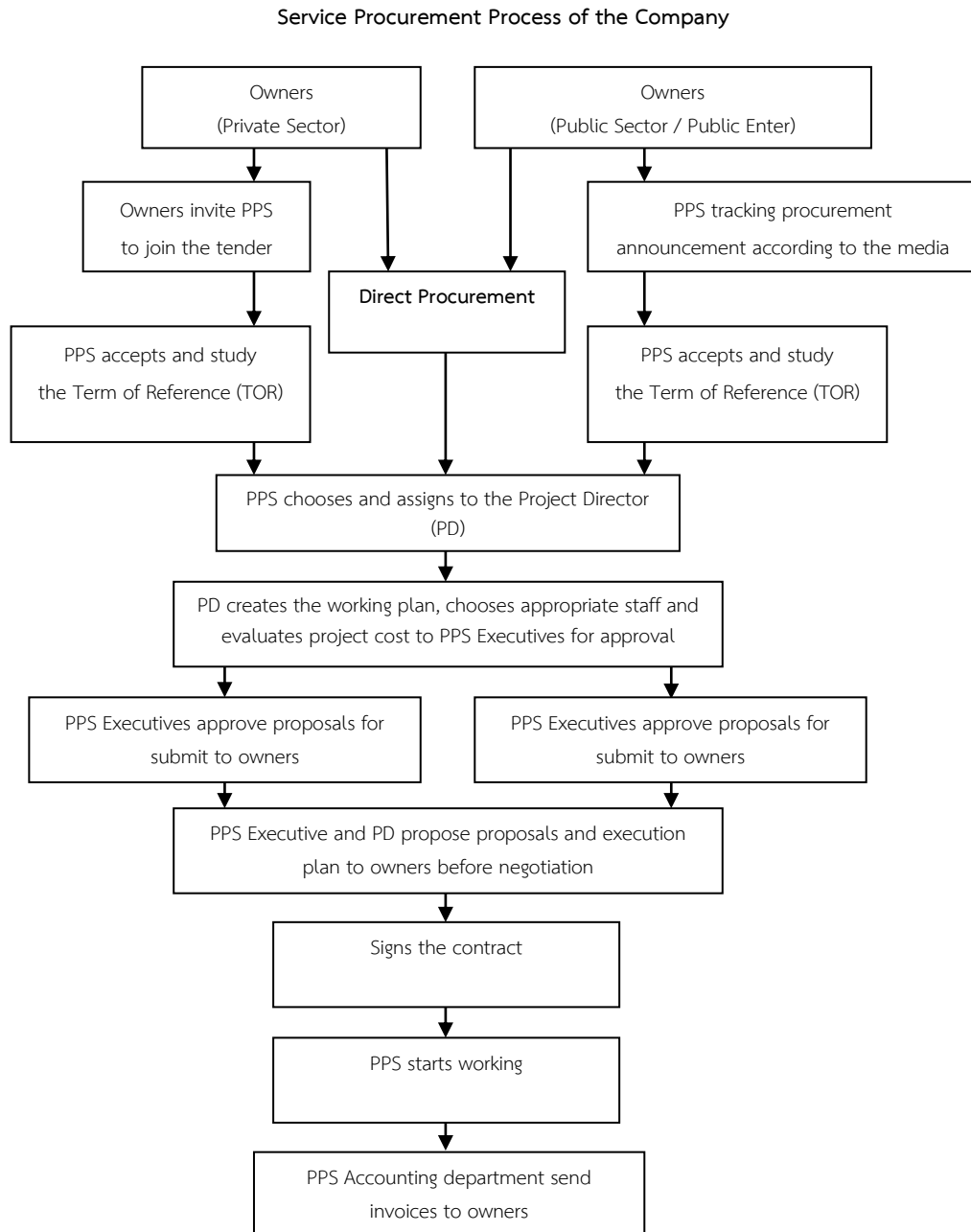
For public sector projects which saw high growth in 2016 from the government policy of spending and investments, the trend should continue in 2017. More project tender invitations are expected for infrastructure projects. The company sees more than 20 projects rolling from both directly from the government and public enterprises such as motor way projects, mass rapid transit lines, railway lines, airports and including special economic zones. However, there are risks from delays of such projects internally from the government processes and also from the clarity of public private participation scheme and difficulties on expropriation of project lands. So, there are opportunities that could also associated with risks which needs to be carefully managed.

Another factor that will benefit construction business sector is the AEC investments both inbound and outbound. The company sees Thai investors investing in AEC countries and also foreign investors investing in Thailand due to AEC opportunities. Strategic locations are towns and cities at border crossings to Myanmar, Lao and Cambodia. The company sees this trend as growing in 2017.

In an overall picture, the engineering consultant business should grow in 2017 due to political stability, government investments, private sector confidence, better balance of demand and supply in property development sector, low interest rates and low construction material costs. However, fee competition are still seen and there are business pressure from lack of staff due to competition in increasing wages which could put more pressure the business operators as a whole.

However, PPS will continue to move the business forward cautiously with sustainable growth and continuously monitoring the market sentiment and competition so the company could adjust its strategy accordingly and manage the risks associated efficiently.

### 2.3 Product or Service Procurement



#### Diagram Description

1. Owners invite the Company to join the tender.
2. The Company accepts the invitation and/or study the details of TOR.
3. The Company creates the working plan, chooses appropriate staff to work on this project and evaluates project cost to propose technical proposal and financial proposal to owners.



4. The Company presents proposals to the Company's executives for approval before submitting.
5. Executives and/or assigned person propose technical proposal and financial proposal including execution plan to owners before negotiation.
6. The Company signs the contract.
7. The Company starts working followed by execution plan and also assigns suitable staff to work on the whole project until project handover.
8. Accounting department and financial department send invoices to owners every month based on the contract agreement.

### Outsource Procurement

In case that project's owners determine specific scope of service and qualifications in Term of reference (TOR) with the Company has not had enough experiences, the Company might hire outsource to join and propose the new management and construction supervision project proposal together.

The Company has established procedures and criteria for the outsource selection that qualified based on the initial conditions in the project TOR.

1. The Company will assign project director to send the invitation to outsources to attend the meeting about project detail clarification.
2. Outsourcers will propose their technical proposal and financial proposal to the Company.
3. Assigned project director will negotiate with outsources about project conditions and project cost to find the conclusion of preliminary rates.
4. Assigned project director will propose the outsource proposals to executive committees for consideration in terms of conditions, quality and charge rates comparing to project budget.
5. Executive committees will choose the appropriate outsource and sign the contract with them to work together.

### Environmental Impact

Our main activities does not create any negative impact to environment. At most, the impact could be caused by the contractors involved in the project. Therefore, we also require the contractors to provide the safety plan that also covers environmental impact.

## 2.4 Undelivered Projects on High-Valued Purchase Agreement

Backlog projects on high-valued agreement of the Company are as followed

### Backlog projects on high-valued agreement of the Company on December 31<sup>st</sup>, 2016

	Million Baht
<b>Value until the end of 2018</b>	<b>553</b>
Private Sector	227
Public Sector	326
<b>Value until the end of 2017</b>	<b>266</b>
Private Sector	142
Public Sector	124



### 3. Risk Management

#### Risk Management

Project Planning Service Public Company Limited or PPS recognizes the importance of risk management. Because the ever-changing internal and external factors could affect the company performance, the company have established the board of risk management since 2012 to be responsible for corporate risk management. The major function of the board of risk management is to prepare, monitor, and continuously evaluate the risk management plan. In the current situation, the board has summarized the risk issues into 5 main categories including business risk, management risk, financial risk, social environmental and corruption risk, Innovation Risk as explained in the following

#### Enterprise Risk Management Organizational Structure



#### 1. Business risks

##### 1.1 Risks associated with continuity and certainty of revenue

Our major revenue streams are from the service revenue associated with construction project management, in which they are project-based by nature. Therefore, the revenue streams is dependent with the contractual agreement, resulting in the possible discontinuity and uncertainty of revenue which may be caused by the delay and variation order in each project. The discontinuity of revenue may be caused by the gap between each project. Generally, this risk depends on the overall market condition.

Our risk management plan for this risk is by carefully selecting to engage in projects in which they can provide the continuity and growth of revenue. We mitigate this risk by continuously engaging in new projects of existing customers. Besides, we aim to build the partnership with new clients, expand to AEC, broaden the scope of service; in some cases beyond the core activities.



## 1.2 Risks from business competition

The business of construction project management and supervision is very competitive. There is low entry barrier given that the business is not capital incentive. However, the business requires the professional license to enter. There are a few new entrants to the business. Also, the existing players have expanding to support the growing opportunities in the market in the last few years. Therefore, when there are slowdowns in the market, the competition gets intense and the price can be aggressive.

Despite the growing competition which gives more choices to the clients and more pressure on fee structure, we believe reputation, experience, and acceptance on professionals are still the most important factors that clients use in selecting the construction project manager. Therefore, we still be able to manage the higher risk in this regards.

Nevertheless, we are fully aware of the risk from growing competition. It is our policy to create additional competitive advantage. We aim to make our differentiation more concrete and noticeable. For example, we have developed "ProjectLive" which is the program the company have developed to be used internally to enhance construction project management activities. In addition, we have followed our quality policy to continue to improve the efficiency of our operation. These are to ensure that we can maintain our existing clients and attract new clients from positive referral.

## 1.3 Risks associated with revenue from major clients

In the past, we have a relative few groups of clients, resulting in limited portfolio. However, in the last few years, we have managed this risk better by expanding the client base to the new groups and also in AEC. We will maintain this policy the ensure our client portfolio is well balanced among different types of business. This is to mitigate the risk in case there could be any situation that could negatively impact any particular sector of our clients.

## 1.4 Risks associated with uncontrollable external factors

In the past, we have a relative few groups of clients, resulting in limited portfolio. However, in the last few years, we have managed this risk better by expanding the client base to the new groups and also in AEC. We will maintain this policy the ensure our client portfolio is well balanced among different types of business. This is to mitigate the risk in case there could be any situation that could negatively impact any particular sector of our clients.

## 2. Management Risk

### 2.1 Risks associated with the lack of required staffs

Because our business is the service business, human resource is the most important resource of the company. Therefore, it is crucial the retain and continuously develop our human resource. To sustain the growth of the company, the all human resource management processes are very important; from the selection of new staffs, the development of existing staffs, and the development of new management team to continue the work from the old management.

The main reason for the higher risk in this concern is due to the growth of construction related businesses in general. The growth in the sector creates pressure in finding and maintaining the quality staffs.

We manage this risk by developing the human resource policy that continuously support the demand of human resource in each department and skillset which vary depending on the work and corporate strategy. The human resource planning is closely monitored on the monthly basis. The long term continuous human resource development plan has been



laid out. We also try to increase overall compensation and other benefits for our valuable staffs to maintain high morale and retain most important staffs.

## **2.2 Risks associated with unprofessional conduct by others**

Our business are performed in tandem with other parties working to achieve the common goals. Other parties include clients, designers/ consultants/ specialists, contractors and suppliers. We see risks to project success caused by unprofessional conducts from one or several of these parties that could impact project success. We foresee this risk so it is our normal practice to review and evaluate all contractors and suppliers before engaging them into any project. Apart from this, we will also proactively and continuously review their project execution performance as part of our service to the clients to ensure that their performance are conforming to their plans. Any non-conformances or potential problems will be notified with follow up in writing.

Furthermore, we also promote project risk management in all projects to ensure that risk elements are identified and mitigated.

## **2.3 Risks associated with unprofessional conduct by our own staffs**

Despite our company's professional recruitment process and continuously training, mistakes could still happen from our staff professional conduct which could affect our business and reputation. We have continuously mitigating this risk by stressing the importance of the detail work procedures via training and lastly insure the business against the unprofessional conduct by having Professional Indemnity Insurance (PII) so that we have always have the financial resources when required.

## **2.4 Risks associated with investing with others**

To expand our business beyond the main scope of the company, in some cases, the company invest with other parties that have expertise. We have partnered with Swan & McLaren LLP to develop our architectural design business, and we have invested in Builk Asia to capture the opportunity in construction e-commerce. As part of our strategy, we have always been set out to be the minority shareholders at first and try to increase our stakes based on growth and success of each business. This strategy will provide us with less financial risk exposure while maintain opportunities of expansion.

# **3. Financial Risk**

## **3.1 Risks due to delay of payments or contract defaults**

Even though all of our service contracts has payment scheduled stipulated as part of the contract, we could still see payments being delayed by clients for various reasons which could result in mismatching between actual and budgeted revenue. As part of our business practice to prevent the delay of payments and contract defaults, we always screen our clients altogether with performing our project at our best to ensure project success and client satisfaction. Besides, we have our financial department to monitor and manage our payment collection and mitigate this risk directly.

## **3.2 Risks from investments**

We have invested our excess capital to ensure it is utilized effectively. Therefore, there could be financial risk involved associated with each investment. Financial risk of this category is managed, our conservative investment policy. Our investment policy of this excess capital is to ensure that our operating cash flow and investment cash flow in our business are not affected. The investment is being reported to the executive committee on the monthly basis.



#### 4. Risks associated with society, environment, and corruption

##### 4.1 Risks associated with society and environment

Our main activities does not create any negative impact to society and environment. At most, the impact could be caused by the contractors involved in the project. Therefore, to mitigate the risk, it is our policy to select partners that have good social and environmental responsible policy. We also require the contractors to provide the safety plan that also covers environmental impact.

##### 4.2 Risks associated with corruption malpractice

Despite the low risk from internal fraud, we still see risks associated with corruption malpractice at project level. The malpractice may involve conspiracy with contracts or suppliers, or any other corruption activities that may existing during construction process. These malpractice is crucial to our reputation. We do not tolerate any of this risk. Therefore, we have set our anti-corruption policy along with our operational policy. Our management closely monitor our operation to ensure transparency throughout operating process. Furthermore, PPS has set up a whistleblower line directly to the company's board of director at [whistleblow@pps.co.th](mailto:whistleblow@pps.co.th)

#### 5. Innovation Risk

The Company realize to importance of internal innovation development in order to differentiate our products and services from competitors in the same business. Discovery and initiation of our innovation has started from year 2015 and consecutively performing up to present.

This year, the Company has participated to the innovation competency supporting program arranged by MAI and national innovation competition project by NAI targeting to enhance our innovation such as Project Live. To manage the risk from duplication to our innovation from others, we have registered the patent of our innovation to the department of intellectual property and limit accessibility to the innovation for our staff only.



## 4. Asset Used in Operation

## 4.1 Total assets of the Company at the end of 2016 are as followed;

Asset Items	Type of Proprietary Right	Status	Asset Items	Type of Proprietary Right	Status
<b>1. Land</b>					
1.1) Title deed no. 122513 T.Suan Luang, A.Suan Luang, Bangkok Area 0-1-44 Rai	Hold by the Company	Used for Head Office Location	2,900,000	Mortgage with TMB Bank	100,000,000*
1.2) Title deed no. 16802, 16792 T.Bor, A.Klung, Chanthaburi Area 2-0-22 Rai, 1-3-19 Rai	Hold by the Company	Investment Properties	460,000	- None -	- None -
<b>2. Buildings and Building improvement</b>					
2.1) No. 381/6 (Title deed no. 122513) T.Suan Luang, A.Suan Luang, Bangkok Area 648 Sq.m.	Hold by the Company	Head Office of the Company and Building of Subsidiary Companies	4,074,124	Mortgage with TMB Bank	100,000,000*
2.2) Room No. 1444/43 1 <sup>st</sup> Floor PlamHill Condominium 8 Bypass Road, Cha-Um, Phetburi Area 262 Sq.m.	Hold by the Company	Welfare for executives and employees	1	- None -	- None -
<b>3. Office Equipment</b>	Hold by the Company	Used at Head Office and Sites	1,294,852	- None -	- None -
<b>4. Office Furniture</b>	Hold by the Company	Used at Head Office and Sites	173,295	- None -	- None -
<b>5. Computer Accessories / IT Equipment</b>	Hold by the Company	Used at Head Office and Sites	903,007	- None -	- None -
<b>6. Vehicle</b>	Hold by the Company	Used at Head Office and Sites	6	- None -	- None -
<b>Total</b>			<b>9,805,285</b>		

\* Total mortgage financial amount is 100 million Baht. (Including land, building and part of building improvement)



## Intangible Assets

Total intangible assets of the company and subsidiary companies at the end of 2016 were 2,783,509 Baht comprising of computer programs, accounting software, human resource software and designing software.

### 4.2 Contracts relating to property (At the end of 2016)

#### 4.2.1 Rental Contracts

The Company has signed the leasing contracts with PPSD and PPQ, which are the subsidiary companies and Joint-Venture, to rent the second floor and third floor out (Partial) to be the head office

Rental Contracts	
Lessor	Project Planning Service PLC (PPS)
Tenant	PPS Design Company Limited (PPSD)
Rental Rate	10,000 - 15,000 Baht per month
Duration	From January 1 <sup>st</sup> , 2016 to December 31 <sup>st</sup> , 2016

Rental Contracts	
Lessor	Mr. Mana O-pas
Tenant	PPS Information Consultant Company Limited (PIC)
Rental Rate	23,157.89 Baht per month
Duration	From January 1 <sup>st</sup> , 2015 to January 31 <sup>st</sup> , 2018

Rental Contracts	
Lessor	Project Planning Service PLC (PPS)
Tenant	PPQ Joint-Venture
Rental Rate	2,000 Baht per month
Duration	From January 1 <sup>st</sup> , 2016 to December 31 <sup>st</sup> , 2016

#### 4.2.2 Insurance Policy

Contract Party	Muang Thai Insurance PLC
Policy No.	FA163047-16RBK
Type of Insurance Policy	Fire and catastrophe insurance policy for dwelling house
Location of Property Insured	1444/43, 1 <sup>st</sup> Floor PlamHill Condominium 8 Bypass Road, Cha-Um, Cha-Um, Phetburi
Period of Insurance	From March 21 <sup>st</sup> , 2016 to March 21 <sup>st</sup> , 2017
Total amount Insured and Description of property insure	3,888,900 Baht (Added by the amount at risk of natural disasters 80,000 Baht)
Insured	Kasikorn Bank (Kbank)



Contract Party	Bangkok Insurance PLC
Policy No.	515-01111-24501
Type of Insurance Policy	Fire insurance policy
Location of Property Insured	Head Office, Project Planning Service PLC (PPS) 381/6 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Period of Insurance	From December 17 <sup>th</sup> , 2015 to December 17 <sup>th</sup> , 2016
Amount Insured under this Policy	2,500,000 Baht
Beneficiary	Bangkok Bank, Klongton

Contract Party	Bangkok Life Assurance PCL
Policy No.	2556078
Type of Insurance Policy	Group Insurance (Temporary)
Insured Person	Employees of Project Planning Service PLC (PPS)
Period of Insurance	From July 1 <sup>st</sup> , 2016 to December 31 <sup>th</sup> , 2016
Beneficiary	Employees of Project Planning Service PLC (PPS)

Contract Party	ACE INA Overseas Insurance Company Limited
Insurance Policy No.	PLI 0000099 PI-00360
Type of Insurance Policy	Professional Indemnity Insurance
Coverage / Responsibility	Engineering Service including related Design Work, Construction Supervision and Project Management
Period of Insurance	From January 1 <sup>st</sup> , 2016 to January 1 <sup>st</sup> , 2017
Coverage	Insurance coverage limits are not exceeded 40,000,000 Baht
Beneficiary	Project Planning Service PLC (PPS) or PPS Design Company Limited (PPSD)

#### 4.3 Financial Investments in Subsidiaries and Associate

On December 31<sup>st</sup>, 2016, the Company has 3 Subsidiary Companies, 1 Associate Companies and 1 Joint Venture. Total assets of the Company at the end of 2016 in subsidiaries, associate and joint-venture are 20,370,427 Baht or 6.94% of total assets of the Company.

Company	Paid up Capital (Baht)	Percentage of Shareholding (%)	Value of Investment (Baht)
PPSD	3,000,000	99.99%	3,453,720
PIC	5,000,000	89.99%	4,499,990
EE	12,949,822	90.00%	11,680,447
SWAN	7,000,000	35.00%	2,449,980
PPQ-JV	3,300,000	80.00%	2,640,000
Total			9,943,690
Deduct Provision for impairment of investment – PSD			24,724,137
Deduct Provision for impairment of investment – PIC			(3,453,720)
Deduct Provision for impairment of investment – Bulk			(899,990)
Grand-Total			20,370,427



#### 4.4 Investment Policy for Subsidiaries and Associate

The Company's investment policy is to consider business extension by being in partnership with famous business partners to establish joint venture or consortium. For mega project bidding, the Company will consider of staff efficiency, capability, profit and creditable partners to order to avoid risk in the future.

For the Company's investment policy for subsidiaries and associate, the Company will consider of investment return, risk and cash flow of subsidiary companies prudentially. Moreover, the company will concern about potential of subsidiary companies to support and facilitate the operations of the Company. Each invested project has to get approval from Board of Directors and shareholder meeting based on their authority. Also, most of subsidiary companies' committees come from the Company's committees and/or executives to lead business operation and policies of subsidiary companies in accordance with the Company policy.





## 5. Legal Disputes

At present, the Company and subsidiary companies have no legal dispute that may cause damage to the Company more than 5% of the stockholders' equity and result in a negative consequence with regards to the Company's businesses in any significant way.



## 6. Other related Information

### 6.1 General Information of the Company and other Referenced Persons

#### Head Office

##### Project Planning Service PLC (PPS)

Contact Address	381/6 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Telephone	0 2718 2785-9
Fax	0 2300 5545-6
Website	www.pps.co.th
Type of Business	Provision of engineer consulting services; advice and manage construction projects for project owners for building projects and various utility and infrastructure projects especially those projects that need special expertise in engineering.
Registered Capital	180 million Baht, Each share unit has a par value of 0.25 baht. The total shares amount to 720 million units.
Public Company	0107555000147
Registration Number	

#### Subsidiary Companies

##### PPS Design Company Limited (PPSD)

Contact Address	381/6 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Telephone	0 2718 2785-9
Fax	0 2300 5545-6
Website	www.pps.co.th/ppsd
Type of Business	Provision of structural and system designs
Registered Capital	3 million baht. Each share unit has a value of 100 baht. The total number of shares amounts to 30,000 units

##### PPS Information Consultant Company Limited (PIC)

Contact Address	77 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Telephone	0 2718 2785-9
Fax	0 2300 5545-6
Website	www.ppsic.co.th
Type of Business	Provision of Information Technology regarding the production of media and advertising media.
Registered Capital	5 million baht. Each share unit has a value of 10 baht. The total number of shares amount to 500,000 units.

**Ensemble Equity Pte.Ltd.**

Contact Address	10 Anson Road, #31-01 International Plaza, Singapore 079903
Telephone	(+65) 97428370
Fax	-
Website	www.ensembleequity.com
Type of Business	Provision of Project Management and Engineering Consulting Services and Products
Registered Capital	500,000 SGD., Each share unit has a par value of 1 SGD. The total number of shares amount to 500,000 units.

**Joint-stock Company****Swan & Maclaren (Thailand) Company Limited**

Contact Address	381/6 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Telephone	0 2300 5518
Fax	0 2300 5545-6
Website	www.pps.co.th
Type of Business	Provide architectural design service to accommodate architectural and engineering designs for domestic and ASEAN Economic Community (AEC) markets
Registered Capital	7 million baht. Each share unit has a value of 10 baht. The total number of shares amount to 700,000 units.
Shareholding Proportion	244,498 units or 35 percent

**Joint-venture****PPQ Joint-venture (PPQ)**

Contact Address	381/6 Soi Rama IX 58 (Soi 7 Seri 7), Rama IX Road, Suan Luang, Bangkok 10250
Telephone	0 2718 2785-9
Fax	0 2300 5545-6
Website	www.pps.co.th
Type of Business	Supervise construction project of the Supreme Court Building, Office of the Judiciary
Registered Capital	7 million baht. Each share unit has a value of 10 baht. The total number of shares amount to 700,000 units.
Joint-venture's Capital	3.30 million baht
Joint-venture proportion	2.64 million baht



#### Other referenced persons

##### Securities Register

##### Thailand Securities Depository Company Limited

Contact Address 4<sup>th</sup> and 7<sup>th</sup> floors, Stock Exchange of Thailand  
62 Ratchadapisek Road, Klong Toei, Bangkok 10110

Telephone 0 2229 2000

Fax 0 2359 1259

##### Auditor

##### DIA International Auditing Company Limited

Contact Address 316/32, Sukhumvit 22, Rama IV, Klong Tan, Klong Toei, Bangkok 10110

Telephone 0 2259 5300-2, 0 2332 5126-9

##### Legal Advisor

Contact Address 1193 Exim Building, Units 1106-1108, 11th Floor, Phahonyothin Road, Samsennai,  
Phayathai, Bangkok 10400.

Telephone 0-2278-1679-84

Fax 0-2271-2367, 0-2271-2587

#### 6.2 Other Information

-None-